

Programme OPERA – ENTRETIENS

Entretien – santé n°2

Pour citer cet entretien : Beaussier, Anne-Laure, Entretien santé n°2, Programme OPERA (*Operationalizing Programmatic Elite Research in America*), dirigé par W. Genieys (ANR-08-BLAN-0032) (*insérer hyperlien*).

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Responder: I was in France. My wife, who alleged that she could speak French-- she's so self-conscious about speaking it-- I know she can speak it, I've heard her do it, but when she's speaking to a native French speaker, she gets so uptight that she loses it. It's hilarious.

Interviewer: It's difficult. You were in France--

Oh, I've been in France many times over the years, but I was-- I actually had my kids with me, and my son speaks French, and luckily, he kind of came through, and at the time he wasn't much more than about 10, but he could at least order off a menu, and my wife-- you know, some towns we were in, the waiters didn't speak anything but French, of course, and, you know, when you're in a small town--

When you (inaudible) in French--

Oh, I find, actually, most places in France, look, they want your money, they want you to have a nice meal, they'll do their darnedest to understand you, and since French is the international language of food anyway, you know, I can read a menu in French. I can't read much else in French, but, anyway. Alright.

Let's see, have you started?

Yes.

Okay. I started in 1977.

Okay.

Working for the other committee of the House of Representatives, the Commerce Committee that does health policy, and I worked there for about three years. That's more issues related to public health, and I actually worked on some public health issues, and then I actually left the Congress and I went to work for the State of New York, and I worked there for about six years, I was a-- kind of at the second rank of civil servant in the health department, I was what

is called a Deputy Commissioner of Health, and then I came back to Washington in 1987, went to work for the Ways and Means Health Subcommittee, and worked there for about ten years, and became the staff director kind of towards the end of that time, just in time to work on the Clinton healthcare plan in 1992 and 1993 and '4.

And then the Democrats went into the minority, so Chip Kahn became the staff director, and I did that for about a year as a minority staff person, and I was bored to tears, so I went to work for this company, in which I basically do government relations on behalf of this company, or lobbying is the unpolite word, or the impolite word.

So, that's kind of the short story. The Ways and Means Health Subcommittee's primary jurisdiction is over Medicare, and not Medicaid, so elderly-- the actual distinction is between health programs supported by general revenue and health programs supported by payroll taxes.

Payroll, yes, okay. And Medicare is payroll--

And general revenue, so the part that is exclusively payroll taxes is exclusively in the jurisdiction of the Ways and Means Committee, Part A, and Part B is split with the Commerce Committee.

So, but-- also, of course, since the Ways and Means Committee is responsible for all tax policy, for example, the tax treatment of not-for-profits, and many healthcare institutions, most hospitals in the United States are not-for-profit, so it has other kinds of influence simply by using tax policy, and that can affect healthcare, although that's not really the focus, Medicare is, and, you know, Medicare is enough to spend your time on.

Yes, okay. So, when you were on the Ways and Means, you said that you were along to work on Clinton's plan? Can you explain to me what was the kind of work you were doing, and what was the process, legislative process?

Well, it-- starting-- the history of healthcare reform, that particular moment of healthcare reform, really started in 1990, before President Clinton was elected, and the reason was that in the State of Pennsylvania, in a Senate race, and now I'm going to blank on the names of the people running, but you can look it up, essentially the Democrat run--

I have heard this story.

Won on a healthcare reform platform, and the reason, if you go back and look at sort of where the economy was, not dissimilar to today, the economy was not in very good shape, and more and more people were losing their employer-sponsored healthcare, so there was a lot of anxiety among workers.

So, the Democrats started back in that time, and did various things, including, if you-- if you went back and looked in the record of the Congress, there are many different competing healthcare reform proposals that members introduce and, generally speaking, the staff write those proposals, I mean, that's really-- you know, it's kind of a process-- I always describe it, it's very symbiotic, it's very-- it's a lot of back-and-forth, but essentially, if I were sitting with the Chairman of the Subcommittee talking about a healthcare reform bill, I would probably

write an outline first, and it would be fairly high-level, and I would give that to him or her, and they would review it, and usually, pretty much 95% of it goes with what's in the original outline.

But that's partly because I, if I'm a good staff person, I know what you, the member want. You know, I've known you, I've worked with you, I know what you're coming from, what your approach is, so that's not really that hard, and so, you know, in that early period, there was a lot of that.

The other thing that we did is that we really wanted to educate the members, because, as you know, as a student of it, health policy is not something that a lot of people know a great deal about. It's a very esoteric area. So, we had all kinds of off-site meetings with experts coming in and talking to them, to the members of the subcommittee about healthcare reform. We had two offsite overnight retreats, we had breakfast meetings with experts, so we did that for a couple of years, and the other thing we did in the Ways and Means Committee, and that's particularly true as we got into that particular, you know, 1993, after Clinton was inaugurated-

And the deal about the Clinton healthcare bill is it took them a year, nine months, to produce it after they were inaugurated. In other words, he came into the office on January 20th, 1993, they introduced it September 15th, give-or-take, nine months it took them to write that bill. So, in that interim period, in the Ways and Means Health Subcommittee, we held hearings, and the hearing record runs to eight volumes.

In other words--

Eight volumes. That's a lot.

Yeah, eight volumes of hearings on healthcare reform in-- see, there's volume eight, so, you know, issues relating to inner-city and rural committees, and, you know, the American Health and Security Act, that's actually Clinton's. I'm not sure, actually, whose bill those are, but, anyway, these are--

Eight volumes like this one.

Yeah, yeah. Well, they're not all that big, actually, some of them are smaller, but, yeah, so, we held all those hearings-- we had every-- virtually every expert in this fairly big country come and testify about what-- you know, their expertise, and, like you see, that-- various topics-- and that's an important part of what the staff does. Staff identify the witnesses, create the draft, but it's, again, you create this draft witness list, you go see the chairman, want to have a hearing on such a topic, what do you think? And usually it's, "Oh, that's fine."

Okay. (inaudible) the chair-- (inaudible) just write it, but usually, you mean-- that the staff just write under their expertise and technical things?

Right, and, plus, the staff-- I mean, there are staff who-- not necessarily the staff director, but you have somebody who is essentially a clerk, and by that I mean somebody who takes care of the paperwork and makes sure that the transcript is done, and, you know, works with the people who schedule the rooms and, you know, all of that myriad of stuff, and that's the more

junior people, not the professional staff. There's usually a distinction between the professional staff, you know, who are kind of there for their intellectual expertise, and the clerical staff, who are there to do clerical work.

You know, so, we did all of those hearings, and we drafted, in the Ways and Means Committee, we had drafted a series of bills, and, you know, they all had-- you know, legislation does not spring from nowhere. It's generally so-and-so writes a bill years ago, and over a period of time, people look at that and they start fiddling with it, and they introduce a new bill that has-- based on that bill, and it may have much of the same legislative language in it, but it's just a new iteration, and sometimes, you know, because members want to have their name on a bill, they'll take somebody else's bill, take their name off it, put their name on it and introduce it.

Okay, and the members do that with the help of their personal staff?

Generally, although there's a big distinction between-- the bills that are actually enacted into law as opposed to the thousands of bills that go nowhere are generally introduced by the chairman of the subcommittee or committee with jurisdiction. In other words, you know, a member of the Ways and Means Committee could-- I mean, they're going to introduce legislation, but the bill that it's actually going to go on the floor of the House, is probably going to be a bill introduced by, now, Chairman Rangel.

In my day, there is up there Chairman Rostenkowski. He's right there. This is-- here, this is Mr. Rostenkowski.

Okay, because-- yes.

And this is him with-- this is Clinton, this is a discussion about healthcare.

Oh, sure. That's interesting.

And this is actually the healthcare reform bill being presented to the Committee by the staff, and you see-- these are the-- here's me, these are the staff, this woman, this man and this woman, and these are the White House Staff kind of sitting behind us in a row, and this is the same spot, the same people, in an article that was in the New York Times at the time.

Okay.

And that, actually, you can look that article up in the New York Times archives. I don't think I have another copy of it any more. I used to, but--

I can find it very easily.

You're a researcher, you should be able to.

I would just look at the date?

Is the date on there? I don't know that it is. You know what? I might have-- hang on a second. I used to keep copies of it, but--

It must be in 1993.

Here it is. August 6th, 1994.

Okay.

So, that would be useful. Anyway, now, of course, the other thing that was going on right then, which is important to remember, it has a lot to say about healthcare, you know, in 1993, when President Clinton came into office, similar to what will face the next President, hopefully President Obama, the country's budget was in severe deficit, so a big argument arose between sort of the healthcare people in the Clinton Administration, and the budget people, led by Secretary Ruben, famous guy, Bob Ruben.

Well, actually Secretary Vincent, Bob Ruben was not the Secretary that year, he was Head of the Council of Economic Advisers, but anyway. The deficit hawks, as they're called, the people who wanted to attack the deficit won out, and so the President decided to do deficit-reduction first, not healthcare, and so we spent the spring and fall-- or the spring and early summer of 1993 working on the Deficit Reduction Act of 1993, which, as it always is, the largest program slated for savings is always Medicare, because it's the largest program.

Now it's bigger than everything except Social Security, including Defense, so, you know, everybody has spent most of early 1993 working on that, and that's a somewhat different process in the Congress, but it's an interesting one. The key actor in deficit reduction is the Congressional Budget Office, which is, you know, a non-- nominally, non-partisan group of analysts who basically try to figure out what things cost or what, you know, a particular proposal might save, and what happens in the deficit reduction world is that, you know, the Congress lays out a framework called a budget resolution, which includes what are called reconciliation instructions, in which they tell the committees, "You have to save \$27.6 billion from Medicare in fiscal year, you know, now if they were doing it, it would be '09, '10, '11, etc."

So, you know, you basically-- what we always did was, we put together a grid of sort of potential savings ideas, plus they put out a book every year, a big, thick book called deficit reduction ideas, kind of, and, you know, savings ideas. And you kind of put together a grid, and you asked them what would all of these things save, and that's referred to as "scoring," so they-- you hear people talk about scoring a proposal, or, you know, what's the score.

What they mean by that is, what does the Congressional Budget Office say, and that's-- they're a very critical part of kind of the staff, not the committee staff, not the personal staff, but another staff that really served the Congress and really drive the process in an important way, and if you're doing research on sort of how the Congress affects health policy, understanding the role of the Congressional Budget Office is very, very important, and you should really make an effort to talk to some of them about their role, because they're--

And let me tell you how this played out in healthcare reform, which is kind of a relevant discussion. The Clinton people were very fond of a concept which I'm sure you've heard of called "managed competition," and actually, you know, in Europe, the Dutch are the ones who are kind of best-known for embracing this concept of managed competition, and the idea

is that all health insurance is run through some kind of a consortium, and everybody has to buy their insurance through that consortium, but the contribution for either the state or the employer is fixed, and so if you pick tightly-managed, you know, managed care, let's say, you might get a rebate, but if you choose unmanaged, you know, high-priced doctors and fee-per-service, you might have to pay out of your pocket.

So, the theory is, through that managed competition, you're going to put downward pressure, because people will choose the lesser-style, the lower-priced healthcare. Well, the problem is, the Clinton people were counting on savings from managed competition in employer health insurance which, if you drive down the cost of employer-purchased health insurance, tax revenues go up, because health insurance is not taxed, and the theory is that if premiums for health insurance go down, employee wages will go up, and thus produce higher taxes on those wages, okay?

They were counting on some of those savings to finance their proposal. Now, the only other way to finance their proposal is taxes, and they didn't want to do taxes. People don't like to pay taxes. So, but we kept saying, well, to them, to the Clinton folks, "But the Congressional Budget Office won't score it that way. We've talked to them, we know they won't," and they kept saying to us, "Well, they're wrong," and we kept saying, "You don't get it, it doesn't matter whether they're wrong or right. If they say it, it's the gospel, it's truth. It's like it came down from the Lord on high," and they just--

I mean, Ira Magaziner, stubborn guy, he just wouldn't go there, wouldn't understand it, and that's why I keep saying, this role, of the Congressional Budget Office, is so central, because now, also, as we are now, in those days, Congress had adopted rules around-- in a desperate effort to control the deficit or, really, to control themselves, called "pay-as-you go," sometimes referred to as PAYGO. But pay-as-you-go simply means that any proposal that spends money has to have an offset attached to it.

Yes, we have the same (inaudible) in France in our constitution.

In the constitution? Can it be overridden?

No.

Well, thank God we're not so stupid as to put it in the constitution, because sometimes you do need to spend. But, anyway, the PAYGO rules were in effect in 1993 and 1994, as they are today, so if you don't get the savings you want, then you can't spend what you want, and the only alternative is taxes, which you don't want to do, because the real problem that we have in this country with healthcare reform is that 85% of the people have really good health insurance, and they're not terribly willing to spend more money out of their pockets to make sure that the other 15% get it, too.

It's a very-- and the other point about it, which I have tried to make, particularly to the Clinton folks, is that health insurance-- generally speaking, people are satisfied with their current arrangements for health insurance, and, yes, it's messy, and it's very expensive, and there's a big, pluralistic system, and there are many better ways to do it, you can just about pick any other modern, industrialized country and say, "That's better," but the problem is, we have what we have.

You know, we can't turn around and go back to the time of Chancellor Bismarck and adopt the German system. We didn't do it, and that's really the issue, and that any time you propose huge changes, as managed competition sounds pretty benign, right, because everybody is going to be in private health insurance, but the problem is, it's not the private health insurance you know today, it's one controlled by this thing, this alliance, as they called it.

Yes, they called it--

Health alliance, a good French word that we just mispronounce.

Oh, I don't know.

How do you say it? It's alliance, isn't?

Alliance, yes. But it's not maybe the same--

(inaudible) a French word. It's why English is so fascinating. Actually, I found it fascinating, I learned Swedish once, and Swedish has a fair number of French words in it, because the court spoke French.

I didn't know that.

Yeah, I didn't-- what's interesting is, if you're a native English speaker, when you learn Swedish, is you figure out what all the original, Germanic words were, and which ones weren't, which come from French, from France. So, anyway.

So, what else should we talk about?

Yes, the health alliance--

(inaudible) yeah, and it disrupts-- yeah, alliance, you did great. It disrupts the existing arrangements that people have, and it's very susceptible to political sort of grandstanding, because people don't know what it is, and any time you have uncertainty, and then you create fear, and that's exactly what the private health insurance companies did in 1994, and, by the way, you should ask Chip about that, because he's the one who came up with the anti-Clinton healthcare thing for the then-Health Insurance Association, when he was working in the private sector.

Sure, I will. They must have feared more control, or--

Right, and people, politicians, particularly on the right, exploited that, mercilessly. You know, Big Brother's taking over your healthcare, and that's the most surefire way to get Americans riled up, even if it's not true, I mean, it'll do it every single time.

So, that was really what I think did in the Clinton healthcare plan. Now, the interesting point is that our committee did not take up the Clinton healthcare bill.

Oh? Why?

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And we did not-- well, because we had our own proposal.

Okay, yes.

And our proposal was basically-- see, our theory was that we could get away with expanding a Medicare to all of the uninsured population more readily than we could construct a private healthcare system that would take care of all the uninsured. In other words, we were going to leave everybody in the existing private health insurance system alone, just “You do whatever you want, that's fine with us,” and we were just going to create a parallel public system based on Medicare.

Medicare expansion?

Right, exactly. So, some people referred to-- I mean, ours was really what was referred to as the “pay-or-play” approach, where you either have health insurance, private health insurance that meets a standard, a set of standards, which is the “play,” or you pay a tax and you get public coverage.

So, in fact, the interesting thing about that proposal is that the second Clinton healthcare proposal, you know, Mrs. Clinton's healthcare proposal, was very similar to what we proposed in 1993, and that way, we had kind of consistently been proposing that.

And, you know, part of what inspired us, to some extent, is the concept, in the German system, of having everybody in the sickness funds, but you let the top 10% of the population out into private health insurance and give them the perk of having private doctors when they go into the hospital. You know, there's a lot to admire about that. It's-- one of the problems that one has politically in the United States, is it's very difficult to admit to sort of non-egalitarian solutions.

Actually, France is a lot like that, too, in the politics of France. Y'all have to pretend to be equal, even when you have huge discrepancies between the rich and the poor. You know, and in the US, we hate talking about the fact that-- you know, if you actually propose something that ends up in an unequal outcome, people will pillory you, even though you can say, “Wait a minute, it's totally unequal the way it is, what are you talking about?”

So, it's hard to get to that, so that's kind of what we proposed, and, you know, if you go back in the record, actually there's a book I have which I think does as good a job as any talking about what happened, if you've seen this book.

Have you seen this book?

Oh, not yet.

You should read this book.

Oh, sure.

That book will tell you almost everything you need to know about what happened with the Clinton healthcare bill. It's a very well-written book.

Okay.

David Broder, particularly, is considered to be one of the finest-- these are political writers, by the way, these are not healthcare people, so it won't tell you-- but you're not really focused on the health policy, per se, you're focused on the influence--

Oh, both.

Well, this is the political side.

Well, thank you very much. The (inaudible).

It's got to be '95.

'95. I'm just-- okay.

'96.

'96, okay. Thank you.

Anyway. Let's talk about-- what do they say about Chip Kahn? (inaudible) they say bad things about him.

It's like an internal story of what happens in Congress?

Yes. They say nice things about me, too. I had forgotten. I hadn't read it in years. It says I'm "slow, steady, unflappable." H, I, J, K, I thought they had Kahn in here. I, K, Kahn. Oh, God, they've got all kinds of references to Chip Kahn, and Harry and Louise Ads, yeah.

Okay, I will read it, sure, thank you for the reference.

But the other, you know, if you look at kind of where healthcare has gone, if you really think about what has happened in terms of, you know, when health policy has moved forward, the, you know, the most important thing to note, in my mind, is that in 1965, when Medicare and Medicaid were enacted, there was an overwhelming Democratic majority in both the House and the Senate, and it's at least possible that, well, and-- what makes that important is that the ability in-- the requirement, in the Senate, to have a supermajority in order to move legislation, because it takes, you know, they have the right of unlimited debate.

Sure, filibustering.

Correct, and it takes 60 votes to cut off a filibuster. So, you need 60 votes to move any controversial legislation. So, it's at least-- and, you know, I was just reading today that the Democrats are starting to count up the-- you know, sort of where they are right now with respect to the election in November. It's possible they could get to 60, or they could get sort of close enough, and you've got two or three very liberal, or, you know, by Republican

standards, the two ladies from Maine, Snow and Collins, and Senator Smith, from Oregon, who, you know, might vote with the Democrats to do healthcare reform.

So, I think there's actually more of a possibility of it than there really was in 1993 or 1994 in this go-round. But, again, as long as they don't do what the Clintons did which is scare all of the people who currently have health insurance, or make them think that they're going to have to pay for all those, you know, no-good poor people or whatever, which has always been the problem.

Yeah, they have to go further and to make people sure they won't lose.

Right, exactly, and, you know, Obama has talked about only focusing on children, you know, obviously the piecemeal approach is-- it makes healthcare cost-containment fairly difficult, and that's going to be an issue, but I think the main thing that-- when you think about the Congress in terms of really doing something huge, 1965 was really the last time that something really major occurred, and in this country, at that time, I believe less than half of the retired population had any health coverage, and, you know, the debate then was between sort of non-means-tested versus means-tested, and that's really how Medicaid came to be. Medicaid was a compromise, because the Republicans were pushing, in the Ways and Means Committee, the Republicans were pushing for an expansion of the program that, really, it only provided healthcare on a means-tested basis to the aged, blind and disabled, and, you know, Wilbur Mills kind of pulled a fast one and said, "Well, you want that, we'll do both," and that's what they did, and then out came Medicare and Medicaid.

Sure.

You know, I think part of the reason we don't have revolution in the streets around healthcare is because of Medicaid. Not Medicare, but because of Medicaid.

Medicaid.

And then, what you have over the next many years, really, is a series of bills, particularly in the '80s and the '90s, that were really focused on cost-containment, not improvements. Some improvements, coverage for certain preventative services that were not originally part of it were added. In 1972, they added the coverage for end-stage renal disease, which is the only-- we have one disease for which we have national health insurance, which I've always thought was fascinating.

But, you know, if you think about what happened in the '80s and '90s, it was all about saving money from these programs, it was all about trying to cut back their growth, some of which, you know, was very, very effective. I mean, the payment systems that were enacted for Medicare, the DRG payment system for hospitals and the relative-value scale approach for physicians are pretty sophisticated stuff, and they were fairly effective, for a while, in reducing the rate of growth, and then sort of Congress seems to have lost its discipline at some point.

I mean, up until the last major reconciliation bill was the Balanced Budget Act of 1997, and ever since then, they-- it seems to me they just don't seem to be too concerned about how fast these programs are growing, or at least they're not doing anything about it.

Yeah, and in 2003, the new drug benefits cost a lot of money also.

Yeah, although, you know, we passed legislation back in 19-- oh, man, when was that. The Catastrophic Act, which failed.

1989.

I guess it was '89, that's right, or it might have passed in '88 and was repealed in '89, I think that's what happened. That had a drug benefit in it, and the reason that it failed was, you know, it had a means-tested premium that was administered through the tax code, and it was really a very modest premium, and a good deal for most people, but people were, again, able to exploit that means-tested premium as being a tax on the elderly, and that was the end of that.

Okay, and do the people, or associations like, oh, I don't know, AARP do a lot of action in the Congress just to show their view and to make the law repealed?

Well, in that particular case, it wasn't AARP, AARP supported the legislation, tried very hard to maintain it, and they were in a really tough place, because these other groups, some of them-- that was actually all a big smokescreen funded by the pharmaceutical companies. They put together fake coalitions-- I mean, not fake, they were real, they had real coalitions, but they financed all of it, and they did all-- paid for all the advertising, and, you know, they really sent, you know, paid-- excuse me, paid for mailers that went to all these senior citizens complaining about this so-called tax.

And this is not a particularly well-known fact that the pharmaceutical companies paid for it, so, but I think it's true. I've never really researched it, but there's just enough evidence to make me believe it, that that's what happened with it. Yeah, I mean, lobbying is a pervasive fact of life around the Congress.

I mean, obviously, when you're talking about a several-trillion dollar enterprise over there, that they control, and this is all about fighting for one's piece of the pie, however that's defined. So, yeah, I mean, you know, the doctors and the hospitals, there are-- every specialty group you can imagine in the physician world has its own lobbyist. You know, look at this, this is only one company.

There are multiple-- (inaudible) something like the 13th or 14th largest health insurance company in the country. I mean, think about what the really big health insurance companies can do in terms of lobbying the Congress. So, I mean, yeah, it's--

Very, very big.

And that's a major role of the staff. I mean, the staff-- it kind of goes both ways, and I'm not-- I'm speaking of the professional staff of the Committees, who are generally educated in the field that they're-- in which they're working. You know, of that staff, one of those people is a lawyer, one of them is a PhD from-- where did he get his PhD, God, I can't believe I can't remember, then there's me, I only have a Master's Degree, and then the lady on the right in the

red suit has got a PhD from Hopkins, and then the one who's not in the picture has got a Master's of Public Administration from Michigan.

So, I mean, that's a very well-educated group of people, they're people like you, and, you know, part of their job is to try to leaven, if you will, or be a reality check on what the lobbyists are saying, and sometimes it can be very frustrating, because you have members who feel, well, how should I put this, a sense of obligation to the people who contribute to their campaigns, even though, you know, that particular lobbying group may be very sleazy, and you really don't want to go there.

We were very lucky in having the Chairman of the Subcommittee, who is the Chairman today, Congressman Stark, from California, you know, he's independently wealthy, he's very- - he's a very smart man, and he really doesn't care very much about, you know, kind of corporate interests, and he tends to be very negative about them. So, we had less of that than a lot of other people had to deal with.

And at the same time, you know, there are lobbyists who do know what they're talking about. They are useful sources of information. So, bringing them in and talking to them is something the staff, you know, does. So, I mean, it does go both ways, and that's a big part of, you know, what happens.

I mean, you know, it's written into the constitution that every American has the right to petition his-or-her government for a redress of their grievances, so that's essentially-- that's the hive-minded way of looking at lobbying, that it is people petitioning with respect to their grievances.

Now, sometimes, it seems like-- a lot of people like to blame lobbying for the fact that Congress has trouble enacting legislation. Personally, I think that's more a result of the fact that the country is so tightly balanced between Republicans and Democrats, so you don't get the kind of overwhelming majorities that were necessary, for example, to pass Medicare, and in fact, going back even further, the kind of majorities that President Roosevelt had when they passed Social Security.

So, the real problem is that you've only got 51 Democratic Senators, and they're not going to be able to do much as long as the Republicans are opposed, and the same things could have been said when it was the other way. I don't really like their proposals, but, yeah.

Sure. About (inaudible) fact along bipartisanship, I read some books just saying that today's Congress is much more bipartisan and--

Well, our political parties used to be really more a matter of almost class than ideology, in my mind. They weren't-- and, you know, you-- there are so many political scientists who have written about this that you've probably read during your time as a scholar, but when I first started, in 1977, I came to Washington from graduate school with no real entree, but I desperately wanted to work here, and the first place that I found who was interested in hiring me was the ranking Republican on the Health and Environment Subcommittee, of the Commerce Committee, the other health subcommittee on the House.

And I worked, for the first three years, for the Republicans, and the man who hired me was an old country doctor who had gotten himself elected to the House, from Kentucky. I mean, totally-- I'm from California, originally. Totally different from me, and I'll never forget. He looked at me, he says, "Son, I'm not going to ask you about your politics." I said, "Yes sir, that's a really good thing."

You couldn't do that today. You know, I have this-- I am chairman of the board of a fellowship that supports people coming to Washington to work on-- in health policy, and I always tell them, early, you know, "Look, unfortunately, nowadays, you have to pick a team, and once you pick the team, you're done."

You can't change.

Yeah. The fact that somebody like me could work for the Republicans-- now, then I went to New York, to work for Governor Cuomo, and I spent six or seven years, so I kind of reinvented myself in my regular Democratic guise, but you could not do that today. When I was working there, the Chairman of that Subcommittee was a Floridian named Paul Rogers, and Dr. Carter was the ranking Republican, and the deal was, Carter, in many ways, he represented an area that had a lot of coal fields in Kentucky, and a lot of problems with black lung disease and these very, very poor communities that really are, even to this day, one or another type of federal payment, federal support, whether it's support for black lung disease or whatever.

So, in a lot of ways, he was totally liberal, because he wanted money for his people, as he put it. Now, Rogers, on the other hand, was from Palm Beach, Florida, one of the wealthiest places around, and he was a Southerner. He was very conservative. So, I mean, yeah, they kind of toed the party line to some extent, but in reality, the Democrat was more conservative than the Republican.

Now, the other thing that has happened, of course, is that as the parties, you know, individual members used to be more dependent on their party for money to be re-elected, but as the country has grown and the size of the government has grown, you know, the interests-- they have been able to raise, individually, much more money.

So, they're not as dependent on the parties any more, and they're not as important, so they've tended to become freelancers, and, you know, for-- what that has led to is sort of fewer and fewer conservative Democrats, and fewer and fewer liberal Republicans. I mean, if you look at what's happening in places like New York, for example, upstate New York, and in New England, generally, the Republicans are being defeated, and they're being replaced by Democrats. Those are all liberal Republicans.

So, the rest of the Republicans, as a result, are all moving to the right, and in the South, the liberal Democrats-- I mean, the moderate Democrats went away a long time ago once the Republicans started to equate the Democratic party with African-Americans.

So, that (inaudible) out the right side of the Democratic Party. So, the two parties-- our parties are becoming much, much more like European parties, that they're more ideological. They're sort of-- they're beginning to be much more like the-- you know, I think the English parties, you know, the conservatives and liberals in England are-- because our Democratic

Party used to be, probably, of all the center-left parties in the world, was probably the most conservative, in my mind, looking at those other countries.

But-- and that, clearly, has made it harder and harder, and then when you have these razor-thin margins, and everybody is just voting with their party, it's a recipe for not doing anything.

Sure. How does this fact translate into a concrete situation? For example, the debates. Were the debates more violent, or (inaudible) more violent, or--

No, now, there is very little formal debate. Now, I don't have a lot of experience. You need to ask somebody who has worked in the Senate. The House of Representatives is all for show in some levels. The public side, I mean, in the sense that they make sure the majority make sure that in the key committees, like Ways and Means, that they have an overwhelming majority, and there is some debate, but it's not all that-- I mean, they do erupt in anger sometimes, but there isn't a lot of real serious, you know, "Here's my proposition and here's your opposition," and, you know, "let's go at and argue back and forth." They don't do a lot of that.

Even on the floor of the House itself, by the time a bill gets there, usually they already know what the outcome is going to be and, of course, in the House, as you may have heard, it has this thing called the Rules Committee, which sets the terms for debate and pretty-- and the pretty much lock in the ability of the majority to win. They don't give the minority part, and this is true of both parties-- it's almost amusing to watch the Republicans and Democrats kind of and what they each said when they were in the minority, because they're both saying exactly the same things, you know, "you're trampling on our rights, you're not giving us a fair shake," I mean, that's-- but that's what they do.

You know, they don't leave it to chance. Most Americans don't have much of an understanding of how the Congress really works, because all they're doing is looking at the outcome, and even then, they may not have a very good understanding of that, so, you know.

But, you know, basically, when they go to the floor of the House, the way it works it hat the rule establishes the amount of debate. It can make and order amendments or rule them out of order. It can say, "There will be no amendments." It's referred to as a closed rule. They might have an open rule that says, "The only amendment that's allowed is--" or the only-- well, I think a lot of times they have it, it says, "There will be no amendments," but the minority party gets what's referred to as a motion to recommit, which is right at the end. The motion to recommit would send the bill back to committee.

But, very seldom, anymore, do you really have full-- I mean, some people who-- there are people in the House who have been unhappy about the lack of debate, and they feel that the fact that members don't debate, you know, the great issues of our time, let's say Iraq, is a real problem, and the House has a period of time at the end of the day in which they let members get up and speak on any topic and remember, nowadays, this is all televised.

So, you know, and there's kind of a funny story in that originally, when the Republicans were the minority and Newt Gingrich was their leader, they started taking advantage of that to do all these speeches blasting the Democrats, and the problem was, at that time, the cameras-- which are not-- there's no person controlling the cameras, it's all remote-controlled, they

would just focus on the speaker, and nobody knew that this guy was standing in any empty chamber giving the speech.

You know, he's going "I want to say to the gentleman that he's a complete and utter sleazebag," and that's what they were doing.

And there was nobody--

Nobody there. And people would watch on C-SPAN and go, "Well, he must be, because look, he got up, he gave that, nobody even responded." So, the Democrats realized that they had to do something about this, so they started responding to these speeches, and then the Speaker ordered that periodically, they now pan the chamber with the chambers to show that the chambers empty.

But, people have used this special order time, as it's called, to actually organize debates, where they will have three from the Republicans and three from the Democrats, and they'll actually have a debate on whatever, but that's pretty uncommon. So, in a way, I don't think you could say that the polarization has led to more speeches-- or more violent speeches.

I-- the one place I really notice it, partly because I'm not there anymore, is the staff. It seems to me like particularly the personal staff, and the quotes that you read. In my day, a staff person was never quoted by name. I mean, if you read an article about anything in Roll Call right there, or the Washington Post, you could never see "David Abernethy." It would be "A spokesman," and they often would put "Who refused to identify himself," or "A professional staff member of the committee who did not wish to be identified."

And you would have these-- I mean, I would have these conversations with reporters, and say, "Look, I'll talk to you, but it's offer the record, and you cannot--" in fact, I would lay out exactly how they could refer to me, but you-- I never wanted to be quoted, because, again, that's-- these are the guys who get elected, and I didn't get elected, and as I always say to my fellows, you know, "Look, this is a tremendous responsibility and you have tremendous power, but you have to use it very, very carefully, because the reality is, it's not your power, it's their power, and they give it to you as their staff, and you get to use it."

But it's real heady and exciting and "Oh my God, I'm writing law," and isn't this great, but it's not you, it's them. The Constitution does not elect representatives of the people called "staff," you know?

I see. You mean that now, staffers have just gained more power?

More prominence.

Prominence, okay.

Prominence, and you'll see them quoted by name, and they go after members. And the other point that, in my day, is that one never would be caught out in public saying something negative about a member, no matter who they were, no matter what you thought of them.

Because some of them are idiots. You kind of say to yourself, “How did this person ever get elected?” You know, what is going on here? But, you know, you never said-- and now you read all the time-- if I went through that Roll Call right there, I'm sure I could find, somewhere, a quote from some press secretary to a member trashing someone of the opposite party, and that really has always troubled me. I don't think that's right.

How would you explain that?

Again, this hyper-partisanship that has grown up and, of course, the way that would be policed is if the member or who employed that person told them to shut up, and if they don't do it, then, particularly in the personal staff, you know, many of whom are very partisan people, you know, they'll just keep doing it until somebody says “You shouldn't be doing that.” So, that's really the difference that I notice, particularly.

Actually, I have read a story about-- I think it was in 2003, about some Republicans in the Committee-- I think it was the Ways and Means Committee who were just doing their (inaudible), and they do something to a Democrat, I think it was Pete Stark--

Oh, yeah, yeah, yeah, they kicked him out of the library.

Yes, and--

Yeah, yeah, Bill Thomas did that. He was the Chairman then, and he is a very passionate, and a little bit crazy, but actually, I like Bill Thomas. He is a very smart man. His politics, no, I can't abide, but he's a very smart man, and, in fact, I had dinner with Bill Thomas a few weeks ago. It was rather enjoyable, we talked over old times.

But, yeah, they-- the Democrats repaired-- I don't remember the whole story, they repaired to the library, which is a room right behind the main committee room, you know, for a caucus, to discuss their position, which is quite common that members do that.

The Committee has a couple of rooms right next to the big committee room just for that purpose, and then you had-- he called the police, the Capitol Police and tried to have them arrested.

That's sort of-- very, very violent.

Yes, and that's absolutely the worst example, but I'll give you another one, which I think is mentioned in this book. When Sam Gibbons, who was the-- Rosty, you know, had to step down, because he had been indicted for stealing money from the Congress, which was very unfortunate, and Sam Gibbons became the acting Chairman, and he actually got into it-- after the Republicans took over with, I think, Bill Thomas, in the Hall, in the Capitol, in front of-- there's a room that belongs to the Ways and Means Committee in the Capitol, and, yeah, threatened to, like, go after-- grabbed somebody by the tie or something.

So, I mean, but look, a guy got shot on the floor of the House of Representatives in the 1840s. I mean, it's not like this has never happened, that people have very passionate feelings. I think futility is often what leads to the worst outbursts. You know, what was unusual about that one with Bill Thomas was he had all the power at that time.

But, you know, I mean, everybody says, and this is really even before my time, that members, at the end of the day used to come together and eat, drink, you know, whatever, on a bipartisan basis, and that doesn't happen any more. But I'll tell you some of the reasons for that.

First of all, in the old days, a lot of the members-- the session was much shorter, and a lot of members came here alone.

Without their family?

In those days, we're talking almost all men, no wives, no kids. Now, they're in session most of the year, so they move here. So, they've got a wife who is sitting at home, or a husband, actually, nowadays, and is saying, "you know, I've been here all day taking care of the kids, why don't you get yourself over here?" So, I think that's one structural difference.

Actually, the funny thing is, a lot of members go-- do not live here anymore. They make a political point, you know, because they don't want to be taken in by the evil ways of Washington, so they commute. They come in on Tuesday morning, they leave Thursday night, so that leaves, you know, Tuesday and Wednesday night at the best, at the most, for them to be able to hang out with other members.

So, I think that's part of it, but that was only-- that was going away even when I worked up there, you know, that's almost 20 years ago now, more than 20 years ago, when I came and started working at Ways and Means.

Since the (inaudible)?

Yeah.

Okay. So, now it's very, very different. Let me just look at my sheet of paper.

Yeah, go ahead. Would you like a soda or something?

Oh, I'm okay.

Well, I'm going to go get one. You sure?

(inaudible) Yes.

We have Diet Coke, if you'd like one, because I'm going to get one for myself.

I'm okay. Thank you very, very much.

Okay. I'll be right back. How much do you want to bet (inaudible)? Well, I'm not coming in tomorrow, but (inaudible). Please, I'll be at home. Please remember to call me if anything comes up.

Unidentified Speaker: Okay.

And then I'll be traveling part of Tuesday. Monday's the holiday, I've got to drop (inaudible) off in New Hampshire on Tuesday, so-- and then I'm going back to New York, and be there Wednesday night and Thursday, I don't know yet what I'm going to do Thursday.

Unidentified Speaker: Okay, alright, okay.

You might as well go now, actually. See you.

Unidentified Speaker: Yeah, bye. Is (inaudible) excited?

Yeah, I think she's really excited. My daughter's going to college starting next week for the first time.

Oh, good.

She's going to Dartmouth in Hanover, New Hampshire, so she has to go up there. They start with some kind of outdoor excursion for several days.

Oh, for making--

(inaudible) right, exactly.

Oh, it's nice, it's a good experience.

Yeah, so, I'm going to drive her up there even though it's a long drive just so I can spend the time with her.

Oh, good.

Yeah, it will be fun.

You said before that the CBO was-- is (inaudible) non-partisan, but--

Well, each party, when it has controlled the Congress, has appointed an economist to the head of it who was more liberal, when it was the Democrats, and less-- and more conservative when it was the Republicans, but I don't think anybody, and you should ask Chip this questions, I don't think anybody would argue that either side was unfair, or didn't bend over backwards to try to be fair.

But it certainly-- it's like, you know, turn it this way, and then you go back the other way, and that does have an impact. One issue is that there's always been this question about how to score tax reductions, whether or not, you know, the Republicans believe that tax reductions increase economic activity and actually may increase tax revenues. The CBO, basically, has always scored them as being, hey, you know, a tax cut is a tax cut, it reduces revenue by X, and they do not and were not willing to take into account any increased economic activity that might tend to increase revenue.

It's called dynamic scoring, when you do it that way, and I think they have, under the Republicans, they did begin doing some dynamic scoring for tax revenue. So, that's an example where things changed as a result of being different parties, but I think, you know, considering how partisan everything else is, and how things, you know, go from black to white overnight when the parties change hands, they've done a pretty good job.

Okay, and when you were in the Ways and Means, (inaudible) you worked on the Clinton plan, and after, were you still there as a minority?

Yeah, for one year.

For one year. Were you there for the Balanced Budget Act or the 2003 reform?

No, I left in 1996. I was there for the first round of Balanced Budget Act work, where the Republicans proposed, 1996, \$245 billion reduction in Medicare.

It was vetoed by--

Correct, and then we had the government shutdown, because we had no budget, and I was then involved in the White House negotiations that President Clinton convened, I actually got trashed by the Washington Post, something like "Industry-bound staffer joins budget talks," because I had been-- already announced that I was leaving and, you know, you always try to time these things for the recess, so I had announced that I was leaving in November of 1995, and-- that budget discussion, that's when Bill was shacking up with Monica, during that time.

With-- I'm sorry?

Bill Clinton was having his affair with Monica Lewinsky during that government shutdown.

Oh, Monica, I'm sorry. And, to come back to the reform, who were the key, really the key persons in the Congress that supported the reform?

Well, all of the Democratic leadership supported the general idea of healthcare reform. So, you know, the Speaker, Mr. Foley, the three committees with jurisdiction, which are Commerce, Ways and Means, and Education and Labor. So, those three chairmen, Dingell, Rostenkowski and Ford, certainly the majority leader, then, of the US Senate, George Mitchell, Senator Moynihan, Chairman of the Finance Committee, Senator Kennedy, Chairman of the then-Labor Committee-- all these committees have slightly different names now. But they were all very strongly in support, they just couldn't round up enough votes.

That's actually very well-explained in this book. It all has to do with something called-- this is a really-- this will be tough to translate. It's called being BTU'd.

Okay, I--

BTU is an acronym that stands for British Thermal Units, okay? Energy output in the whole world is measured by BTUs. So, you'll say a gallon of gasoline has X BTUs, or a cubic foot of natural gas has Y BTUs, or a barrel of oil has Z BTUs, alright? In the budget reconciliation discussion in 1993, the President proposed a BTU tax, or, more to the point, an

energy tax based upon the output per-unit of, you know, of various types of energy, and gasoline happens to have the highest BTU quotient.

So, the-- this was very unpopular, because it amounted to a big tax on gas, which we're, you know, as you know, quite averse to, and so the Ways and Means Committee debated this BTU tax in the reconciliation bill for some days. I mean, I can remember sitting kind of over in the corner, being the health guy, I didn't have anything to do with this, but it was always like, "Well, health might come up at any moment, so you've got to be here, and you've got to be ready," sitting there for some days waiting for something to happen, and, reluctantly, on a party-line vote, the Democrats vote for this BTU tax.

Now, you've got to remember that the Reconciliation Act of 1993 passed by two votes, and there was a new freshman Congresswoman from Pennsylvania named Marjorie Margolies-Mezvinsky, good Polish name, Mezvinsky, and she was literally-- I was sitting on the floor of the House, because a big piece of the bill was healthcare, so the staff sit there, by the way, to be-- to explain to members what's in the bill, to explain nuances in the bill, so-- and these reconciliation bills are like that.

And she was led down the aisle, because they beat the crap out of her to make her vote "aye," and she was, like, led down the aisle in tears, shaking, because she knew, when she voted yes, that was the end of her Congressional career, which it was, because of this BTU tax.

Alright, so the House passes this bill, just barely, they hate this thing, but they hold their nose, whatever, it goes over to the Senate, and some Senators meet with then-secretary Bentsen, Secretary of the Treasury, who you will recall is from Texas, a large oil-producing state, and in a few days, they announce, "Well, if you don't want to do the BTU tax, that's fine with us." In other words, they tell the Senate, "You don't have to vote for the BTU tax."

But remember, all those members of the House, and particularly those members of the Ways and Means Committee, had already voted for it. They were already on record with their constituents in favor of it, and now, the President just pulled the rug out from under them and said, "No big deal, whatever."

It was stupid, and those members referred to that ever after as being BTU'd, that they had been-- what they really meant to say was, you know.

I've got the point, I think. It's now an expression.

Just put in the word for, you know, carnal knowledge, and just think of it that way. It's the same thing as being screwed, is really what they're trying to say. One should say that even more rudely to get the point across, is what they meant by it. So, again, so what happens when healthcare reform comes along?

They say, "Hey, this bill's got taxes in it, it's got pain, it's got hurt, yes it does good things, but you know what, we're not voting for this bill until the Senate goes on record in favor of this bill, because we're not going to let the same thing happen to us that happened with the BTU tax." So, the Senate can't get its act together, the Finance Committee could never get a majority to even report the bill out of committee, and that's why the bill died in August of 1994.

Okay.

And I've always thought and, again, that's explained pretty well in this book, that if the House had gone forward and not been so skittish, and voted for the bill, give it more momentum, that it might have had a much better chance in the Senate.

Okay. I have a couple of questions-- I don't want to abuse your time--

Don't worry. I'm not working tomorrow, so as long as my wife doesn't call and say "Where the heck are you," we're fine.

Okay. How did you come here? What was the way-- why did you choose to come here?

To Washington?

No, in this society, and what is your job just right now?

You mean, how did I come to work for this company?

Yes.

Well, you see that picture up there, of me and-- that's me on the left, believe it or not, at a much younger age. That's my boss on the right. His name is Anthony Watson. When I worked in New York, he worked in New York City. This company is a New York City-based company. Our basic reason for existing is to provide health insurance to the employees of the city of New York.

And when I was bored to tears, as I was telling you, in the minority-- see, now, this is a good story, a little bit. Chip Kahn and I have known each other forever, and we're good friends, both in a social and, you know, a professional sense of that term, and yet we're on opposite sides of the aisle, and we love kidding-- he loves kidding me and I love kidding him.

He and I even used to teach together at Johns Hopkins University, where we would literally do point-counterpoint. And, you know, you can imagine, if you're a student, like yourself, and you're trying to understand the politics of healthcare, to have both sides illuminated by people who care pretty passionately about their side and yet are personally friendly is a really good way to teach.

Yeah, sure.

So, when I left being the Staff Director, and, of course, the first-- all these other folk had to be fired, because there's only the one job on the minority side, I, you know, took up my position as the minority staff person, and I called Chip, and-- or maybe I sent him an e-mail, I don't know, I think we had-- yeah, we had e-mail by then, and I said, "We need to get together to talk about the agenda for the committee?" Because we had always had a tradition in the committee of having meetings of both sides to discuss the agenda. We had meetings in advance of every hearing to talk about "This is what this witness is going to talk about, this is what this witness is going to talk about," so that the legislative assistants for the personal staff

could be prepared, and we would try to help them on a bipartisan basis, because the minority had so much fewer professional staff.

So, I'm, like, waiting for this to happen, and finally he calls me up, and I don't remember the exact, and it's kind of like, "Meet by the flower bed by the post office box three lights down," you know, it's like this clandestine meeting, in which he tells me that Bill Thomas hold him, who was then not the full committee chair, but the Subcommittee on Health chair, that he's not supposed to talk to me, and there's to be no communication whatsoever, "Because that's what the Democrats did to us," and when it wasn't pointed out that that wasn't true, he said, "Oh, bullshit," you know, he wasn't going to let reality get in his way.

So, that's a good story about how things changed in terms of the partisanship when the Republicans took over. But remind me what your question was again, because that wasn't your question. Oh, now I remember, now I remember.

So, Tony literally called me up one day and said, "I want you to consider coming to work for me," and I said, "You know, why would I want to work for you?" But, eventually, to tell you the honest-to-God truth, my wife and I live on Capitol Hill, we live, like, straight up that way, about six blocks on the other side of the Capitol.

Nice.

Yeah, we've lived there for 20 years, and when I was-- my wife worked in the Senate for many, many years, and when our daughter was born, the one who is going to college this year, next year, she stopped working. So, we are, like, living on one government salary up until that point. So, there are no good public schools here in Washington, DC. I mean, they're terrible. I mean, if you read the paper, we're having this whole effort to redo the schools in their entirety. So, my kids have always gone to private school, and really, what pushed me out of the public sector was when my second child was going to start pre-kindergarten, you know, the first step on the road, and I had two tuitions, and I couldn't afford the second tuition.

So, he calls me, I'm struggling, trying to pay the second tuition, and I'm saying to myself, "You know, maybe I need to reconsider." That's really what did it.

Okay, thank you. Yeah, and now your work is just contacting the people you know very well and--

Right. Well, it's-- in a lot of ways--

Explaining?

Explaining what happens here to the people in New York. That's a big, huge part of it.

Because of a lot of poverty, or--

No, no, it's just because-- what I mean by that is that, first of all, (inaudible) is a very large contractor with the federal government, you know, to provide healthcare to Medicare and Medicaid beneficiaries. We probably have 400,000, 500,000 people who we are either

getting-- as you know, Medicaid is a joint federal/state program, but money comes from the state when the feds support that, Medicare, obviously, is all federal.

But we probably-- that's \$2 billion or \$3 billion a year in annual revenue that's directly related to Medicare and Medicaid, and then we have a contract for covering federal employees in the Federal Employees Health Benefit Program, so that's another point of contact. So, a lot of what we do here is really more explaining to people there what has happened, what's going on here, what issues are likely to come up, what we might face in the future.

There's a lot of work being a liaison with our trade association, AHIP, as it's called America's Health Insurance Plans. We, of course, thought that was funny when they changed the name to AHIP. We used to say, "Nice to meet you, we're from The HIP," but anyway.

I thought I was (inaudible) in constitution-- in Pennsylvania Avenue. They have an office there?

Yeah, 601 Pennsylvania.

I was just there.

Who did you meet with over there?

Nobody, but I was just looking for you. That's the reason for my delay.

Oh, no. So, anyway-- so, I see, you got AHIP mixed up with us. Oh, that's funny. But that's-- you know, and then I spend some time lobbying. I don't really much like lobbying, so I don't do very much of it. So, I try to deal with the people I want to deal with and with whom I can be the most effective, and that's generally the folks in the House who I've known, many of them, for years, or I got them their job in the first place, and, you know, I spend some fair amount of time talking to Congressman Stark.

The Senate I'm not as good, because I just don't know the people, they're all pretty young, and, you know, the problem with lobbying is, if you start talking about lobbying individual members, you know, you're going to end up talking to some 25-year-old, no offense to 25-year-olds, I don't know how old you are, but, you know, who think they know everything in the world, and they don't. And I should-- I hope I've learned something in all these years I've been doing this.

I find dealing with, you know, those folks to be somewhat challenging, and most people-- you know, that's why somebody like Chip, he doesn't do much personal lobbying any more, because it's partly-- it just gets so old after a while, because people up on the Hill can be incredibly arrogant.

I see the point.

These are the people who changed-- when France didn't support our policy in Iraq, who, in the cafeterias, stopped referring to French fries, and renamed them "freedom fries."

Oh. Freedom?

You didn't know that?

No, not at all.

Yeah, it's our little blow against France. We're not going to call them French fries any more, even though you don't call them--

Yes.

Isn't that hilarious?

Well, it's changing in France.

Well, this-- your President is a fascinating person. He's so-- I mean, God, it's like you're not quite sure what he's going to do next. But he's done well with this Georgia thing, and his being President of the European Union, I think he's done a great job with that.

Yeah, he is.

I mean, the Russians are crazy. I don't know what they think they're going to-- how they think they're going to benefit from this, but we'll see.

Yes, our-- yes, but I think it's difficult for him. In France, we have a lot of-- we hear a lot from foreign newspapers, like German newspapers, so they have some difficulties with him because he's very, you know, (inaudible) a lot of things, and it's not usually all for a French President, but he likes, I think, a lot of American-- so it can be--

Well, it's going to be-- I don't know. It's going to be interesting to see how our Presidential election plays out. I-- Barack Obama, of course, will be giving his big speech tonight.

Yes, and on your point, what evolution for the healthcare system can occur?

Well, I'm sure that-- you mean in terms of next year, in terms of what might happen? In an Obama Administration?

Sure, next year and after.

Well, Obama is promoting, essentially, universal healthcare based upon a public/private model. It's not all that dissimilar to, as I said, the bill that was considered in the House in 1994, but was never voted on, because, as I said, they refused to go forward.

The challenge is so much greater in 2008 or '09, rather, than it was in 1994, and the reason for that is that there were a lot of things one could have done-- that one could do in 1994 to help pay for the bill by cutting back on the growth of Medicare and Medicaid in various ways.

Those are mostly gone, and they have been eaten up by other, you know, policy objectives over the years, like the Balanced Budget Act, and now, for example, there is a governing mechanism in Medicare's physician payments that is called the Sustainable Growth Rate, that

is intended to keep the volume increases from driving the price-- the amount of expenditures for physicians up. But it has the effect, if volume goes up, of driving the individual fees down, okay?

Well, every year, they go in and they just did it recently, and they undo the effect of that growth governor, that growth cap, because they don't want the physicians to have a negative fee adjustment. Even though they're getting more money collectively because utilization is going up, but it used to be, you know, in my time, we would have shrugged and said, "Well, okay, it's supposed to save money, that's the reason for doing it."

Now, they go in every year and they fix it, and they spend money that-- on physician payments that, in my view, could be put to much better use doing something else. So, the challenge-- on top of that, you have a huge deficit. In other words, the country is already spending itself into the poorhouse, although, I don't know.

So, we get the Chinese to buy all these bonds, and then we devalue our currency, so the value of the bonds goes down. I don't know.

The dollar is coming up.

Well, a little bit.

Yeah, compared to the euro.

I was in Italy this summer, and man, \$1.50 to the euro, actually it was \$1.60 to the euro. I mean, everything, to me, is expensive and, oh man, that was really something.

So, I think the challenge is really huge. I don't know quite how you figure out the path when you're faced with a huge deficit, and you don't have kind of easy savings items to help finance the bill, which means everything has to be financed via taxes. It's much more challenging than it was, again, in '93 and '94, to me.

More complicated, okay. So, if there is an issue in 2009 or, maybe it could be a very, very important challenge?

Well, I think they'll try for, essentially, major healthcare reform, and the question is whether some person more talented than me to provide the revenue for it in a way that doesn't create the kind of backlash that we've seen, you know, in prior efforts where people have-- mostly, the problem has not been the benefit side of the equation, it's been the tax or revenue side to pay for it, and that will be fascinating to see if they thread that particular needle.

Okay. That's very interesting. Yeah, this morning, I had a meeting, an appointment with Judy Feder.

Oh yeah, sure. She's running for Congress, did she tell you?

Yes, and she had a little time for me, I was so happy with that, and she was just telling me that it was so difficult for 2009, it was very challenging, and so that's a big reason to be there, just because it was challenging.

Well, I think what you could end up seeing is a big effort focused on children.

On children?

Yeah. I think that's sort of, like, you know, motherhood and apple pie, and I think, you know, if there's not enough money to do, you know, true, universal coverage, then I think that's where we'll go.

Okay. Children, like, expanding Medicaid, or--

Yeah, or-- you know the basic statistics about the uninsured are that, and these are-- I'm going to be very high-level and generic here, or general. A third are below the poverty level, a third are between 100% and 200%, and a third are above 200%. So, it's not solely a poor-people issue. Number two, something like 65% of the uninsured have some connection to the workforce, they're either a full-time worker, a spouse or dependent of a full-time worker, and the challenge has always been that you really need to do different things for those different populations.

If we could ever pass just a simple mandate for every employer to provide health insurance, that would go a long way. But the problem, of course, now, is that it would have been easy to do when health insurance-- when healthcare was 6% of GDP. It's a hell of a lot harder when it's 16%.

Sure.

In the end, in reality, this is a problem in the employed population. This is a problem of only certain areas of the economy. Retail, agriculture, and then kind of small business, generally. You know, if you work in a firm that has more than 500 employees, like 98% of those people have health insurance. If you work in a firm with 10 or less, something like-- I forget, I don't want you to quote me on the statistics, but-- since I'm not a student of these matters, but--

Much less.

10%? 20% have health insurance, and 80% don't. I mean, it's something like that. So, you know, in the end, the question is, are you going to roll small business or not? That's really the question.

Okay.

And if you're unwilling to consider fully governmental solutions, which is the most efficient and least-expensive way to go, then you're going to have to put up with all this mess by having all these private, like us, like my company, in the mix, it gets to be a lot more difficult, a lot more expensive.

So, I don't know. You would think that at some point, Americans would come to their senses and say, "Why do we want to essentially drive, for example, our manufacturing sector, out of business because we can't-- we give away this huge margin to, let's say, the Canadians or the

Japanese because their healthcare systems cost so much less?" You know, why is it that-- and look what's happening to our automobile sector?

Okay.

So, you know, that's the interesting question to me. I mean, Europe has some other issues in terms of the amount, totally, that's spent on benefits.

Yes, (inaudible) cost-containment--

Well, healthcare isn't the issue in Europe like it is here, but there are other issues that make Europe not competitive. But, you know, I-- you always wonder about that. I started my career working on healthcare cost-containment. That was always my focus, and it's always kind of amused me and amazed me that we don't make any progress at it.

It's--

Yeah, next year could be big, it's just hard to figure out exactly how you make it happen with all these structural kind of problems facing you and trying to do something, very difficult.

Okay. Okay, thank you.

Tell me exactly-- I just want to understand, before you go. What university are you in?

I am in France, in the University of Montpellier. It's in the south of France--

Sure. I know where the town is, the city is.

(inaudible) in political science, or I was, actually, last year in Paris, in a school of policy, (inaudible), it's a private school of policy, so I get a fellowship in Montpellier, so I went there, and I am working, actually, in a research team, I am a junior researcher, but the senior researcher is focusing on (inaudible) in Europe and America, and they tried to compare it, and so I am just a junior researcher, and I'm focused really on Congress, and it's very, very interesting.

Well, I'm sort of flattered that European universities are focused on the US Congress. I haven't run into too many people in Europe who know very much about the US Congress and how it works, but that's alright, I don't know very much about the French Parliament, either.

It's great. Last year, I made a dissertation on the French Parliament and House, and I just wanted to study a very strong legislature, because the French Parliament is very, very weak, and so it's just to compare the differences.

Well, you know, it's so fascinating in the United States, because we actually have, within our 50 states, both models working in different states. Some states have very strong governors and very weak legislatures, and other states have very strong legislatures and very weak-- and I'm talking structurally, institutionally, you know, and it's interesting.

You know, my friend Tricia Neuman, who is in that photograph in the red suit actually worked in the House of Commons for a year, and worked in the US Congress, and she's really interesting to talk to about that, because, you know, the Commons is very different, I mean, not the least of which that their constituencies are so much smaller.

You know, these guys in the House, nowadays, are approaching a million people in their-- each district, I mean, it's something approaching 800,000 people. I think that's another change that we don't talk about that much. You know, the number hasn't grown since, like, 1820 or something like that.

I would really like to--

Well, she's at the Kaiser Family Foundation. Have you heard about that?

Yeah, sure, it's-- not really a think-tank, but a nonpartisan--

Well, it's both. It's a think-tank, it's kind of an activist sort of group, I mean, it's a lot of different things, but it's basically-- they do a lot of work on Medicare and Medicaid, but she's kind of their Medicare expert, and her name is Patricia Newman, N-e-u-m-a-n, hang on a minute, I'll tell you her phone number, and I'll tell you her e-mail address.

Maybe the e-mail would be better for a first contact? I don't know. Thank you very, very much for your help. Because she will be able to compare (inaudible). It's very, very interesting.