Programme OPERA – ENTRETIENS

Entretien – santé n°27

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Responder: The only thing I would request is-- I'll give you my card, but once you have the paper, if you could send it to me, I'd be interested in reading it.

Interviewer: Thank you. We will, but the study (inaudible) in two years, so be patient.

Two years?

So, I have a first question. What was your initial training? Did you specialize in health during your training, or--

No, my training-- my background is legal, and I became involved in healthcare issues in the mid-1980s through a position that I had on the Hill as Staff Director of one of the House Subcommittees, and then went from there to a union, the American Federation of State And Counting Municipal Employees, where a very large part of their membership was employed in healthcare-related occupations, so I continued my involvement in healthcare through that position, and then went into the Clinton Administration and spent three and a half or so year at HHS, and was deeply involved in healthcare reform at that point in time, and then have focused my activities since leaving the administration on healthcare.

So, I have been involved in healthcare for 25 years or so, and it was not part of my formal training, so it was on-the-job training, so to speak.

Okay, but did you choose to work on this issue, or by chance?

Primarily by chance. The subcommittee that I was Staff Director of had two areas of-- three areas of focus. One was pay, one was retirement, and one was healthcare, and I spent most of my time on retirement and healthcare, so that was my first deep involvement in healthcare, and it was by chance in the sense that it was part of the position that I held, and it was by choice in terms of my deciding to focus on it as opposed to focusing on other areas of responsibility.

Okay. And in this-- this field, do you have specific preferences or ideas that, during the, you know, your work career, you wanted to push forward?

Well, that's an interesting question. I had personal beliefs and personal ideas with regard to healthcare reform. I also represent about a dozen clients who are involved in healthcare, and obviously, work on and promote their issues, and sometimes, most times, their concerns are consistent with my overall view of healthcare reform, but they are much more narrowly-focused, so most of the clients, the issues have to do with reimbursement under either Medicare or Medicaid, as opposed to the broader issue of structural reform.

Obviously, on compensated care, the uninsured and the drain, so to speak, for lack of a better word, on the healthcare system by people basically receiving services but not able to afford to pay for those services is obviously something that concerns them because uncompensated care has a direct impact on their bottom line, whether it's a not-for-profit or whether it's a for-profit commercial enterprise.

So, there is concern over the uncompensated care. There is also concern over payment rates and whether or not payment rates are sufficient. There is concern over technology, there is concern over a lot of different pieces of the system, but there is not concern over what is the overall, global direction of healthcare.

And on this issue, where did you draw on your ideas? Because you were not a specialist at the beginning, so where did you draw your expertise?

I would say two primary areas, one of which was actually working around the issues that I was involved in, and learning the system in the context of the specific responsibilities that I had. Secondly was basically meeting with a very-- a lot of very smart people, and particularly at the beginning of the Clinton Administration, many of the meetings that I attended were like graduate school seminars on healthcare, some incredibly smart people who have spent a lot of time on healthcare would be briefing us, and that was, as I characterized it, a post-graduate education process, so it was in that context, doing a lot of reading around healthcare issues, and then, as you dive into the system, whether it's Medicare, Medicaid, or private insurance on behalf of clients, you really do get not only a view of the system from their perspective, but you get a broader view of the system, because many of the issues which may have an immediate impact on a client are systemic type of issues that have the same type of impact on many others.

So, it-- to a large extent, it was self-education, but also having the benefit of basically listening to, meeting with and being able to raise questions with some incredibly bright people.

Who were these people?

At the beginning, I said. Judy Feder, Sara Rosenbaum, Bruce Vladek, Nancy-Ann DeParle, Bob Berenson, Jeanne Lambrew, Chris Jennings. Basically, the top policy people in the Clinton Administration with regard to healthcare, many of whom have resurfaced in the Obama Administration, others of whom have made a career in the academic world. Sara and Judy were-- Judy was at Georgetown, and Sara is at GW, and there are many others, as well, but those are the people that immediately come to mind.

Okay, so this is your network, in a way. And in terms of impacts, of your own impact on healthcare reforms, what would you say there was?

My role in the Clinton Administration was, I guess, to simplify it twofold, one is as policy was developing, then my role was to basically be a filter in terms of is this something that's saleable to the Congress, is this something that, if you tweaked it this way, would be something that people would be more supportive of, if you did something else, you would create opposition, and then, having played that role in the development process, it was also, both as an advocate in terms of promoting the administration's agenda to Congress, and then also as a conduit, so that if I met with you as a Senator and you said, "Well, I think this is good, but I've got some real problems with that," and if, in fact, that has changed, then I could view this in a much more positive way, taking that back to people in the administration, and then seeing whether or not the policy could be modified to meet that individual's concerns. If so, great, and if not, then we would have to figure out another path.

So, that was primarily my role, is a political and legislative filter, advocate, and then conduit.

So, and then in the Congress? When you were in the Congress? It was the same role?

Oh, when I was on the Hill? No, that was more listening to outside groups, trying to ascertain what was good policy, where the members were on my subcommittee, and is it possible to blend the interest of the outside groups with the interest of the members, did I move legislation forward. So, it was many of the same skills, but in a very different context, because when you're on the Hill, you're on the inside to a much greater extent than when you're in the administration, working with the Congress.

When you're in the administration, working with the Congress, you are-- you have a stature that many others do not because of the administration. On the other hand, you are simply someone else who is selling ideas to the Congress, so your ideas carry more weight, but there are many others who have other ideas as well.

So, you would say that the administration has less power in the negotiation process than maybe the White House Offices, or--

No, the administration is the White House. When I said the administration, I'm including the White House. The administration has more power than outside lobbyists. On the other hand, the decisions are made by the Congress, so you can influence and impact those decisions, and the administration has a great deal of influence and impact, but in the final analysis, they're the ones who make the decisions.

When you're working in the Congress, then you or your boss is the one that is making the decisions, so the administration can say what they think should happen. They can use certain tools that they have to convince you that what they want to happen is what should happen, but they're still on the outside. They're not the final decision-maker.

And in terms of health, do the Department of Health is-- sorry, is the Department of Health more powerful than the White House, or is it equivalent, or--

No, the White House-- in the pecking order, the White House is the most powerful. Under that is the Department, under that, there are various agencies of the Department, but you work in tandem with the White House. You basically are an extension of the White House, and everybody who is employed in political positions, but certainly in the higher-level political positions, represents the President's agenda, so there is no division in terms of the outside. There are obviously divisions and discussions and different points of view within the administration, but once the President makes the decision, then that's the way it is.

Okay, and there was no conflict between the different departments?

Internally, there was conflict. There were different points of view, and externally, the way the system should work, it doesn't always work that way, but externally, there should be a unified voice as opposed to a chorus of voices, and sometimes, if you're in the Department and you disagree with the White House, you'll use the press, you'll use Congress, you'll try to influence them through outside sources to accept your point of view, but that's not how the game-- the game is played that way, sometimes, but that's not how the game should be played.

Okay, so, let me come back to you. What were your resources as an individual in your job? What were your skills?

My resources were, basically, I could draw upon some of the people that I mentioned as very smart policy people who certainly could assist me in selling the President's program to the Congress. Obviously, the political stature of the administration was a resource. I had lobbied the Congress for quite a while before going into the administration, so I knew the personalities, I knew how to approach various people, so my own experience was a resource.

But it's basically, the resources are policy expertise, political levers, stature of the administration, and experience.

Policy experience, political expertise and--

Stature of the administration and experience.

Stature. Okay. I have a question on the evolution of power in this field. During the 20 or 30 last years, have you seen an evolution of the distribution of power between actors? Is the administration, for instance, become more powerful or less, or Congress, or lobbies, or--

There are so many ways to be answering that question. The partisanship within the Congress and the divide between the Democrats and the Republicans is much, much, much deeper now than it was 20 years ago. The process of gaining power at virtually all costs is much more embedded in both parties than it was 20-something years ago.

The-- and I think that's reflected across the board in terms of the glacial pace that Congress now has in moving legislation, the partisanship, the-- if you're-- it's almost a British type of system in the sense that if you are in the minority, you are basically not going to support anything that the majority does. It's in a republic type of structure as opposed to a parliamentary type of structure, but it really-- the divide is very, very deep, and it wasn't that way.

The view of the world is very different. The Republican view of the world in terms of what is good healthcare policy is very different than the Democratic view of the world. The challenges that Clinton faced and the challenges that Obama faced were virtually identical. The difference is that Clinton did not have as many Democrats in the Congress as Obama did.

I think we, at a high point, had 54 Democrats in the Senate. We never had 60 or even 59. The number of Democrats in the House was slightly less than the Democrats during the Obama Administration. So, they came into power with a better base of support in the House and the Senate than Clinton did.

But the Republican reaction to the policies of the Clinton Administration on-- with regard to healthcare reform and the Democratic-- and the Obama Administration are pretty much the same in the final analysis. There was no Republican support for the Clinton healthcare reform, and there was no Republican support for the Obama healthcare reform.

The advantage that Obama had over Clinton is that, whether it's Rahm Emanuel, whether it's Nancy-Ann DeParle, whether it's any one of a number of other people, they had the experience of seeing the missteps of the Clinton Administration, and then learning from those missteps, tried not to make the same mistakes.

They made other mistakes, but they did not make the same mistakes as the Clinton Administration, so part of the strategy was to negotiate early on with powerful interest groups that basically were a large part of the failure of the Clinton Administration, so having the AMA, as schizophrenic as the AMA is, but ultimately supporting the legislation, having AARP supporting the legislation, the pharmaceutical industry, the hospital industry, cutting those deals, which Clinton did not do, was extremely important.

As much criticism as Obama got, the decision to let Congress draft the legislation as opposed to handing the legislation, I think, was the right decision. Clinton-- there was a lot of anger in the Congress at the fact that the Clinton Administration basically said, “Here's the bill, pass it,” as opposed to a bill coming through the normal Congressional process, and many other things.

The experience of the Clinton Administration was invaluable in terms of their strategy and implementation in the Obama Administration. Then the other thing I give Obama tremendous credit for is when Scott Brown was elected, and he lost his 60th vote in the Senate, he didn't run away from it. He dug in even harder, and basically made it the top priority and used the full resources of the administration, and that was a gutsy move on his part, because the public was not behind it. The public is still not behind healthcare reform.

A tremendous amount of misunderstanding, a tremendous amount of division within the Democratic caucus in both the House and Senate side, and he stuck with it, when he could have said, “Okay, we'll go to something smaller, or we'll do something less as a down payment,” and there were people who were telling him to do that as a down payment on healthcare reform, as opposed to going for the big, systemic change, and he said no, he was going to go for the big, systemic change.

So, the leadership factor--

How do you explain for Obama that it was the priority? Whether-- did you (inaudible) with Hillary Clinton on this subject?

You know, I'm obviously guessing to some extent. Clinton-- healthcare was never his top priority. His top priority was, first and foremost, the economy, which, obviously, was Obama's. His second priority was moving toward a more global view of the world, and trade, NAFTA, was an extremely important priority, so healthcare was sort of the third priority in the first year of the Clinton Administration. Obviously, the economy was number one, but healthcare was right next to it, for Obama.

The other thing, and I'm only guessing, well, not really, because he has said it. For him, it was a very personal issue. I think his mother's experience before she died, the problems that she evidently had with insurance coverage, I think that there was a personal piece to it for Obama that wasn't there for Clinton, so not to psychoanalyze anybody, but I think that there was a personal, emotional attachment that he had that just wasn't there with President Clinton.

Do you know if Hillary Clinton played a role in this-- in Obama's reform?

I think her role was more in the primary, where healthcare became the big issue, and she had, because of her deep involvement during the Clinton period, more knowledge of healthcare and a better perspective on healthcare than any of the other candidates in the primary.

I think she helped shape Obama's view of healthcare and the policy development, and people who were advising him were also people who had been in the Clinton Administration. She may have played an informal role in the Obama Administration, but she was not central.

I mean, she was doing her own thing as Secretary of State, and certainly she had enough to do in that regard. She may have been called upon for her advice, but there was nothing that was real visible, and there was nothing where she certainly had any public role, and part of it was, obviously, her responsibilities as Secretary of State, but the other part was that Hillarycare was still a negative, and what Obama did not want to do was really say that what he was proposing was a reincarnation of Hillarycare, so keeping her away was a political decision that was probably the right decision.

Alright. Yes, I am obliged by the project to ask you a question about the central government in the U.S.

The what?

The central, federal government in the U.S. and health. Do you think, in your view, that the federal government has increased its influence in managing healthcare during the past 20 years? I'm not sure I'm very clear, but let me compare it with France.

In France, we have seen that the central administration, the Department of Health, is more and more powerful in managing healthcare, healthcare reform, but also implementation. So, can we say that in the U.S. it's similar, or is it still industries or states that are more powerful than the federal government?

I think the federal government, certainly if you compare it to the states, is more powerful. I think that there is a centralization through healthcare reform of additional power in the federal government, not direct, but indirect, and I think that there-- philosophically, I think it's the right thing to do.

If you look at Medicare, the administrative cost of Medicare is far below the administrative cost of any private insurance plan. It is-- as much as people criticize Medicare, it's run more efficiently than private insurance plans.

The psychology of this country in terms of the free market, is very important in whatever policy you fashion. The belief that is different-- I mean, we really-- there are many, many people in this country who do not think that having access to and having the ability to receive quality healthcare service is a right. They see it as a privilege, and that, as a result, if you can pay for it, great, and if you can't pay for it, then too bad.

It's a different view of the role of the government to ensuring basic human rights, and as I understand, certainly British, German and, I believe, French systems, everybody's covered by healthcare, so it's not anything that you have to fight for, it's there. We are moving in that direction, and I think that we are moving in that direction, many people think it's a right, but also, the economic arguments were very important.

And there's-- I think part of why the country is so divided over healthcare reform is that that's part of the division in terms of your worldview of what is the role of the government. I think that healthcare reform sets up the federal government as more of an overseer of the system. It's not going to be a command and control system, it's going to require partnership with the states, it's going to require partnerships with many others, but the federal government will have a more important role and a more-- a greater systemic role than it had prior to healthcare reform.

Personally, I think that's a good thing. I don't think that's a bad thing.

Okay, and do you think that it's a consequence of healthcare reforms, or (inaudible) that it's included in the reform to increase the federal government's role?

I don't think it's-- certainly it's something that's there, it's nothing that's promoted. You don't go out and say "Healthcare reform is good because the federal government is going to get more power as a result of healthcare reform." It's sort of implicit, and you talk about partnerships, you talk about the role of the states, you talk about it, but you don't talk about it directly, because if you talk about it directly, given, particularly now, when people are so angry at the federal government for so many things, it's self-defeating.

But the reality is that the federal government is going to play a more important, more central and greater role than it was before healthcare reform became a matter of law.

Okay, this is very different from what happens in Europe. There is a way to centralize more and more health, which is really recent, (inaudible) recent compared to the U.S. but politicians, not politicians, but people in the administration, try to centralize more and more of this issue.

Still, about the HHS and the central administration, some people we met told us that sometimes there are persons that are working for the White House, but are paid by the HHS. Is it true? Yes? Could you explain to me this system, because it is very weird for the French.

The White House-- part of it is political, again. First of all, it's one administration, so I think that's the starting point for the conversation. Whether you're at HHS, whether you're at the White House, whether you're at the Treasury Department, you're all part of one administration.

However, each one has different budgets, and how you pay for things is basically decided on a compartmental basis, so the White House has a budget the Congress allocates, the HHS has a budget, the Treasury, et cetera.

When Clinton became-- during the campaign, Clinton made, I think, an irresponsible commitment, and that was to reduce the White House staff by a third, which was basically symbolic in terms of reducing the role of the federal government, and then, when he came into power, he realized that if he reduced the White House staff by a third, he was self-inflicting pretty serious injuries.

So, what they did was basically have HHS pay for certain people that were then detailed to the White House. So, while there were, and I won't mention who, while there were key players in healthcare and in other areas in the administration that basically worked out of the White House, they were not on the White House budget, so Clinton could say he cut the White House by a third, which he did, but the reality was, he was pulling people from departments to serve in the White House.

That, then-- I don't know whether Clinton was the first to do it, but certainly it was part of what Clinton did, and that's become more the norm than anything else, so I don't know on whose payroll Mike Hesch (ph) is, but if Mike is on HHS payroll and working at the White House, that's the way it is.

So, it's a budget matter.

It's political and-- you can't go out to the American-- you can, but you will not get the support you need. You can't go out to the American public and say, "I want to increase the White House staff by 20% and that's a good thing." They will have you committed, but you can say, "I'm going to keep the White House staff as it is," or "I'm going to reduce the White House staff," but then to govern, you need to make up for that somehow, so you pull people in from the departments and the agencies.

Okay, so it's not an ambition to place people inside HHS, it's a consequence of budgets.

It's a consequence of the budget, and it's the opposite. You're pulling people out of HHS as opposed to putting people into HHS. So, if you were hired by Sebelius to be an adviser on healthcare, and you are on Sebelius' payroll, but then you are detailed to the White House to work with the healthcare reform group in the White House, and that's where you basically have your office, then you are pulled out of HHS to the White House, and it's not the White House placing you into something.

So, it's literally-- you are being placed in the White House while you are on somebody else's budget, and it has nothing to do with political control, it has nothing to do with the expansion of the power of the White House, it simply has to do with the political and the optics of how many people are working for the White House.

Okay, but, for instance, Sebelius will let you do it if you're at this kind of job? She's can't say anything and say, "You report to me?"

If the Chief of Staff says to Sebelius, "I want Jerry, at the White House, to work with this group," then Sebelius is going to say "Okay."

Yeah, the power is to the President.

That's right.

Okay, okay. So, another-- I will soon finish. Another question about ideas, and how it is for reforms. Could we saw that there is a main source for ideas? Of course, there is a lot of people that produce ideas and diffuse ideas, but is there a very strong one? Maybe a think-tank or a lobby? I don't know?

Well, I think there are-- yes, each administration has a think-tank of people that they can draw upon. The Heritage Foundation, the American Enterprise Institute are the ones that the Republicans draw heavily on. The CAP, the Podesta Group is one, Brookings Institution, to a lesser extent, is another that a Democratic administration will draw upon. Academia is another area that will be drawn upon.

Obviously, the Ivy League is where a lot of people come from, Harvard, Yale, to a lesser extent, Princeton. Some of your top academic institutions in other areas of the country, University of Chicago, Stanford, Berkeley. So, a lot of the top-tier academic institutions. People who have spent a lifetime, but are not necessarily affiliated with an institution. Uwe Rhinehart, for example. I don't know if he's still on-- I think he was affiliated with Princeton. I don't know if he's still part of Princeton, but he is somebody whose ideas are very important.

Could you tell me again?

Uwe Rhinehart, U-w-e Rhinehart, R-h-i-n-e-h-a-r-t.

Okay.

MedPAC, the Medicare Payment Advisory Committee is another important area. The private sector, some of the top people in the private sector are people who are important to talk to, so it's drawn-- there are many, many groups that will populate an administration. I would say that the groups that seem to be drawn upon more than others are academia and think-tanks.

The think-tanks are almost like a government-in-waiting, so the Heritage Foundation, a lot of the people who were in the Bush Administration will move to the Heritage Foundation and American Enterprise Institute, and then, if there's another Republican administration, they will then go back in. The same thing happens on the Democratic side.

Okay, but you did not?

No, I am more of a lobbyist in every position I've had than I am a public policy person.

You are more bipartisan?

I'm sorry?

You are bipartisan?

No, I'm very partisan, but I do work with Republicans, but we have-- our firm, which is-- we were a forerunner, and now we're sort of a model, is we have both Republicans and Democrats in the firm, so if there's a Republican that I don't know, but it's important to talk to-- to have Republican allies for other people in the firm to do that.

But I'm more of an advocate than a deep thinker.

This is-- could you tell me a bit about the job of the Prime Policy Group?

We represent-- we're a government relations firm, a lobbying firm. We have about 80 clients. We are involved in, obviously, healthcare tax, trade, financial regulation, international areas. We have, as clients, associations, commercial interests, non-profits, units of government. So it's a pretty diverse base of clients.

But basically, what we do is lobby the Congress, lobby the administration and play a role in terms of strategy and development of legislative-- development of legislative strategy.

Now, how did you arrive here? Were you contacted, or did you apply?

I was contacted, no, I was contacted. A friend of mine who I have known for a very long time was here, and they were looking for a healthcare person, so they reached out to me, and I was out of the government at that point, and we talked, and I joined the firm. This was in-- I think it was in '97.

Excuse me, but it's a very personal question, but since we are working on networks, I'll ask you the question. (inaudible), but where did you meet this friend that contacted you?

Oh, when did I meet him?

Yeah.

I met Chuck in the '70s. Chuck and I worked for different organizations, but we lobbied on the same issues, and we got to be friends, and kept our friendship together over the years, so that's how I met him, and it was quite a while. 20-- probably a good 20 years before I joined the firm, and my career took a much different path than his career.

Okay, and then you met again, and before you arrived here, did Prime Policy Group have somebody working on healthcare affairs, or--

Yes.

Yes. It's not new? Okay. So, I think I have--

You have covered your agenda.

I did.

Good. Are you working out of American University? Is that where you have your office?

No, I don't have any office here. My office is the Library of Congress.

I see.

I'm just here for one month, so I don't need any office. I'm just conducting some interviews and looking at CVs and the Library of Congress. I don't know, maybe you have a CV?

Actually, if you go on our website, there's a bio. I don't have anything more formal than that.

But this is very detailed, that's fine.

Yeah.

Okay, thank you very much.

You're welcome, and good luck to you.

Thank you.

Are you enjoying your activities here?

Yes, I do. I did not have time to visit Washington. I arrived three days ago, so I am--interview and--

Oh, you're new.

Very new. First time in the U.S.