

Programme OPERA – ENTRETIENS

Entretien – santé n°41

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Responder: In 1993 after President Clinton was elected. The CBO was getting prepared to do the analysis for the President Clinton health proposal at that time. When I was at CBO, I was responsible for coordinating the estimates about the health proposal. It was my introduction to health area.

Interviewer: But before you worked on social issues too...

Yes, I worked on Social security issues, the retirement program. And also budget issues in general, overall budget projections issues. Since Medicare and Medicaid are so larger federal programs, anyone who is interested in federal budget issues has to become in some way involved in health issues. Obviously, I was not completely uninformed before but it became a greater interest after 1993.

Were Medicare and Medicaid a big issue for the federal departments in the 1970s?

Yes, they are a continuing issue in the US for a very long time : the cost of health care is raising more than average. There has been a continual effort to try to find better way to deliver health services. In Medicare, there has been major changes in payment back to the end of 1970s. Medicaid, which is as you know a mixed program between federal and state level, there are conflicts and it is also a budget issue about how much the states are paying their proper share or not. And also back to the 1980s, there has been a gradual expansion of Medicaid coverage as well.

How did you do to get this position at the CBO in 1993, as responsible for estimates of the health proposal?

It was natural promotion. The part of the CBO I was working in is the budget analysis division, which is responsible for the budget projections and costs estimates. Until 1992, I was the head of one of the units of the large division. When the head of the division moved, the person number 2 became number 1 and I moved up and became number 2. Later in 1995, I became number 1. It was not a position... I was responsible only for health; I was not responsible for the entire management of the division. Health reform was such a big issue at this time, it was decided that I would take a particular responsibility for that area.

Could you describe your work at CBO during the Clinton attempt of reform?

Back in 1993-1994... You know, President Clinton was elected in 1992 and started office in January 1993, It was known at this time that the administration would put together a major health proposal. The proposal itself didn't come out until September 1993. But before that, since we knew that the proposal was coming along, we started to lead the analytical framework to be able to analyze the proposal when it came out. The first thing we did is an paper we did in July 1993. I think it is on the CBO website. In which we looked back at some proposals that had been previously introduced. We introduced costs estimates for these proposals. Because we thought that if the CBO had analyzed other proposals, we probably would be a good shape to analyze the Clinton proposal. It was building analytical infrastructure to be able to analyze the Clinton proposal. Because we knew that it would be something far larger and more complicated than anything we had had to analyze up to that in the health area. Then, when the proposal came out, our whole division resources were to analyze it. We published our analysis in February of 1994. There were also various competing proposals for which we also had to produce analysis. One in particular was the managed competition act. That came out in April. We also worked extensively with Congressional staff in developing alternative proposals. Most of that work was never published. It was done informally for the Congressional staff. Because the CBO is a Congressional staff agency and sometimes its work is published but it also works behind the scene when the Congressional staff are trying to figure out what the want to propose.

How did you choose the proposals you analyzed in the first report?

We just took the proposal that were the most prominent, that received the more attention at that point. There were the managed competition plan, a so called version of single payer plan. One of the other was a Republican proposal that were very incremental and did not produce universal proposals.

To do that, did you have contact with people who frame these plans? For instance for the Managed competition, with Alan Enthoven?

Not necessarily. First of all, when a specific bill or a proposal is introduced, we have to work primarily on the language of the bill. If there is something that is not clear, the CBO will contact the staff of the members who introduced the bill. In developing analytical tools, we consult a range of experts. CBO has now formalized that arrangement and they have an official panel of health advisers, that you will also find on their website. At that time we did not have this formal arrangement and it was done on a "hack" basis. But yes, we certainly consult with experts to get their suggestions on how to approach these issues.

Did you have contacts with the executive branch, with the office of the President?

Some, but not a lot. The administration developed its proposal on its own. It actually invited people of the CBO to consult with them but since the CBO worked for the Congress and not for the administration, it was clear that it would not be appropriate. Because CBO has to keep [] relationship with the administration to be sure it provides an independent voice. It does not mean that it do not consult with staff of the administration, but it doesn't involved in the administration policymaking.

So, for instance...

For instance the managed competition plan at this time didn't have... they were known requirements that people [] insurance there were additional subsidies provided to low income people to produce insurance. We tried to figure out how people's decision to produce insurance relates to income and price. We made assumptions about that. There are a lot of economic literature about that. It is not something written in stones. It is still an estimate. From information from various experts. Another big issue was how these proposals would affect the ratio growth of health care spending. Again, it is very difficult to do – if not impossible - any real economic modeling. We constantly have to do with questions of judgement. That is the questions that we addressed in the first papers that we did.

Yesterday, I met someone who told me that CBO was, at least for the last reform, the most influential research center. Would you agree?

Of course, CBO is not exactly a research center because it is a government agency. They have a formal role in the legislative process. A organization like this one or another don't! We make suggestions, we publish analytical papers, but we don't have formal role in process, whereas for proposives the Congressional budget process, the costs estimates that CBO uses is all the one that Congress uses in deciding in their meeting the budgetary limits that they establish. So yes, if you extend to the CBO, it would be the most influential but it is not exactly that.

At this time, did you feel closer to the policymaking process than today?

No, it is a different kind of connection. Here, we are trying to push the Congress and the administration in a specific direction. We have our own policy preferences that we are trying to promote. CBO does not do that, it is strictly non partisan, it does not make policy recommendation. It does purely analytical work and cost estimates for legislation. That gives them obviously an important influence in the process but it is a different role. Certainly, looking at the last year for example, one specific example: there has been a long standing question about: in the US we have favor tax treatment for money that employers spend in health benefits for their employees. That situation creates additional [] for more health care spending. Economists for long long time have talking about ways to trying to limit that.

Last year from the start we were encouraging some sort of limits on the employer tax exclusion to be included in part of health reform. We wrote paper, met with Congressional staff on that issue a lot last year. The final legislation was called "Excise tax on high costs health plans". What they said, particularly late in the year, when the proposal was threatened, we were doing additional work to try to promote that and to be sure that it would stay in the final package. Although we can't claim the whole credit for that, the tax did remain a part of the legislation that was enacted and I do think that the Center played some role in that. So again, the involvement here is different from was I was doing at CBO 15 years ago but, at least personally, I still feel quite involved in the policy process. Our organization in particular [is not objective]. We work very closely with the Congressional staff and with some members of Congress, we have a legislative team who focuses on that. I think we have a reasonable degree of success and we influence things in legislation and I think that you will find some

our [distinguished], discussed in our report. Particularly in health reform, from the beginning we decided that there were few key areas that we wanted to emphasize. One of them was sort of fiscal responsibility, broadly speaking, to make sure the health care legislation was paid for. The fact that also turned to be the case in the CBO estimates reduces the federal deficit by a moderate amount in the first ten years and a larger amount after that. Again, that was an area where we were promoting. The excise tax was a part of that because it was a way to pay for health reform. We issued quite a few papers about suggesting different ways of paying for health reform because we knew that it would going to be one of the key issue, trying to figure out where to get the money to pay for the additional costs that would be.

So, your center is closer to the legislative branch than the executive branch?

At the moment, we also have a lot of contacts with the administration. I mean, our perspective is liberal or progressive side of the political spectrum. When George Bush was president, we didn't have much contact with the administration because ... I say it differently, we don't aggress automatically with everything the Obama administration does but our views are generally much more similar and we have a lot of contacts. In fact, our staff members have left to take jobs in the Obama administration.

How many?

A half a dozen... 6 or 8 probably.

Do you think that they will come back after?

They might. I just say, at least 2 of the senior officials in the Obama administration had in the past formally worked in the Center or had been associate with the Center. Peter Orzag, who is the Budget director, was closely connected to the Center; and Jason Forman, who is the deputy director of the National Economic Council, was a senior fellow here at the Center. So our ties with the current administration are firmly close.

What do you do when it is a Republican administration?

When it is a Republican administration, our work is to try to fend off some of the policy that they might propose and we will think that they are not desirable. With the current administration for example, on health reform, our views are quite similar and we try to support it and to encourage the Congress to move in the direction suggested by the administration. Again, it does not mean that we agree with every single thing. The Center has a strong reputation for doing a good analytical work. We think that it is extremely important and we would not do anything that could impair our credibility. Every administration is likely to make proposals that not as strongly based than others. Once like that, we may just tend to stay silent/salient. But if we were asked, we will keep our views on the things.

How do you keep in touch with the political world generally, the staffers, the Congressmen, the people in the administration...

In terms of the Congress, as I said, we have a legislative staff, whose primary job is to stay in touch with key members of Congress and staff; and to keep track of what is going on as much as they can and try to figure out how we can be most effective in the legislative process. There are a lot of issues that we might care about but, as any other organization, we have

limited resources and we want to figure out what areas are most concerned and which one we can be most effective and contribute the most. We all develop contacts on our own with Congressional staff and they will call us directly if they have questions about specific issues they think they can help. A lot of what we do is to provide what we call technical assistance on various topics. For instance, I had a phone call and I need to return a Congressional staff who want to talk about the price of drugs for Medicare. They call us just to have our perspective. We help them when they have questions, it also means that it helps to make sure that when an issue arise, and that we care about, we can then call them back and get information about what is going on and try to [] in certain direction.

Was it useful for you to have worked in the administration before to have contacts?

Of course contacts are importance but experience and knowledge are equally and even more important. And of course the experience provides additional credibility for what we do. I also spend a lot of time dealing with the press, media. Again we make us able to provide background information. So when people write reports or writing stories about the budget, they don't know a lot of the details. They need to have people who provide them what they think is accurate information. We talk to reporters at least several times a week, if not every day. That provides us a way of getting our message [audient] to the public. Of course we also particularly concern with news media that people here in Washington read: New York Times, Washington Post, Wall Street Journal, the major TV, plus the specialized press/ The National Journal, The Hill. When I am dealing with Congressional staff or media, people know that I spent 18 years at the CBO and that I must know about things. So, as I said, it is important in providing credibility. Especially now, there are so much noise, It's sometimes hard to fircure out who really knows who he or she is talking about. In fact we only get involved in issues for which we have particular knowledge about and credibility because if we start talking about things for which we don't have knowledge, ...

Why did you choose to leave the administration to come to a research center?

Well, after 30 years in the government, it is interesting to find something slittely different to do. While I am dealing with the same issues, I am dealing with them in a different way and that keeps the interest. Another thing, frankly, is that the way the government pension system is designed, [it was finished advantage]. One can't ignore this fact.

Do you have a preference between both?

Both have their advantage. I enjoyed my federal job very much. I was always interesting. But I enjoyed what I am doing now very much as well.

But you could have choose another type of research institute, more neutral.

When your in the government as a civil servant, you have to provide neutral analysis. When you are at the CBO, you work for both political parties. And you have to be completely neutral about that, which is the right thing to do. But, like as assume most people have their own particular views, I have my own as well. That is one of the advantage of being here. To encourage the kind of policies that I think are the good one. For example, the opportunity to be working in support of health reform in the last past years. I enjoyed it very much. Finally it is something that gave me a great satisfaction.

What were the advantages to work in the government?

You do have a unique access because again the cost estimates that you do are the ones that control the congressional budget process. That is a significant responsibility but it's the unique aspect of the job. Again, you get a special insight into the congressional process. What CBO does is widely reported. Most government employees feel that working for the federal government is an important responsibility. You are providing services to your country and that provides a great satisfaction as well.

Before coming here, you worked for the National Academy Social Insurance...

Yes. 3 years.

Was different from here?

Yes. In some ways. The National academy social insurance does not promote specific policies. It's a more research-oriented organization. It is a membership organization. People are chosen to be members as acknowledged experts in Social Security, Medicare or other social insurance programs. The members spend a range of view points. So it does not endorse specific policy. It does convene groups of members who do analyses on specific issues. There could be recommendation if it is across the political recommendation. Which is very useful in certain areas. It is also a much smaller organization. I was the only person who worked on health care. Here we are several people, which is a plus. I enjoyed my time there but... This organization is also better known and we have a legislative team, a media team who make sure that what we do is reported. That is very useful.

But the National Academy of social insurance promotes the idea of social insurance?

Yes.

It is still a political side...

Well. You raise an interesting point. It was founded in 1980s, I don't know exactly when. Up until that point, the broad concept of social insurance was fairly supported across the political spectrum. It wasn't considered a partisan notion. Now, what happened in recent years, that political consensus has somewhat broken down. We can't say that social insurance as a concept was universally supported but it was very very widely supported. It was not a controversial notion. In recent years, the increasing polarization of American politics and the development of research that is an extremely conservative point of view – the proposal for example to privatize Social Security or Medicare -, the concept of social insurance has become more an issue that used to be. Which, as you correctly suggest, has also created problems to the National Academy of Social Insurance. Since that consensus has broken down, their job has become more and more difficult. It creates certain challenges for the organization.

How do they do? Do they still claim to be neutral?

It is an organization that does not want to take position. But sometimes it is difficult to support the general concept of social insurance without a specific stand... There is no simple answer to the question.

Where do the Center find its funding?

Primarily from various foundations. There is a financial information that are reported there. It is not absolutely current but it gives you an idea. But that is primarily large organizations that providers support.

Do you sometimes work for the Democratic party?

No. We are absolutely not partisan in that sense. We don't get any money from political organizations.

Do you think that other research centers work sometimes for a party?

No. I don't think that any of the major ones do. Some are more closely connected with, loosely connected with political ... not political parties ... what we say... are more closely tight to the political process than we are. For example, you have the Center for American Progress, which was established a few years ago. Basically there are a lot of people who served in the Clinton administration. They are not funded by the Democratic party but there is more a direct connection to the Democratic Party. Douglas Holz-Eakin, who was the former director of the CBO and who was an adviser for the John McCain presidential campaign, is now setting up an organization, which presumably is going to be like the Center for American Progress but tipped to the Republicans rather than to the Democrats. I don't think that he will be funded by the Republican Party but by rich individuals.

How can you see that the Center for American Progress is closer to the Democratic Party? What are the clues?

You can see in the staff. John Podesta was a Clinton person – I think he was his chief of staff. A lot of the other staff had position in the Clinton administration. Some people here had but actually very very few... Our director Bob Greenstein was the head of the Food and nutrition service in the Carter administration but that is a long time ago. I don't know if everyone else here hold a political position in an administration. That does not mean that we don't share a lot of the policy ideas with the Obama administration but the nature of the connection is rather different.

You also have previous staff work now...

Yes.

You told me that you always have had views about health policies. Did these ideas evolved over time, since you work on these topics?

I guess I should say that I don't view myself as ideological. For example, in health care area, my views have always been that the US should have assistant, make sure that everyone have insurance coverage. I have always open to various ways for doing that. Some people have strong preference if it should be done on this way or that way. My view has been that there are a lot of ways that this thing could be done. I think that the approach that we actually adopted is a centrist reasonable way of doing it. So I guess my views have not been highly specific. In broad terms, they meant the same and obviously the details have to change with the context.

For instance, the individual mandate was more a Republican idea at the beginning of the 90s...

Actually, if you think about that, there was an individual mandate in the Clinton proposal. ... I have never thought that the individual mandate... Clearly, in order to make sure that everyone is covered, you have to have some sort of mandate. I mean, if you don't put this way, the only alternative is just universal tax finance system. In itself, a mandate or a requirement that you pay taxes – I mean in France, your system is mainly financed by payroll contribution, is that exact? And some employers have to pay a tax: that is a mandate! Some people make a big deal of the mandate but I think that we need to have a mandate! There is no alternative. My view was, in one way or in another, we should do to get that a system be enacted. So what we have is the best we can get! Until it is implemented and that is a big challenge. We try to encourage the administration to implement legislation in the best possible way and also to try to fend off some of the pressure to undo plus the legislation.

Could you precise in which part of the legislation you were involved in the Obama reform?

We had a team of about 4 or 5 health analysts and we were working together to see as so far as possible the health care legislation would deal with key issues that were of our concern. The three key issues were: first that the legislation contained sufficient subsidies so that the low income people to be able to have health insurance. Secondly that the legislation was paid for, sufficiently responsible. Thridly, working on the design of the new health insurance exchanges, and the new health insurance regulations to make sure that the market would operate efficiently. We worked very intensively. The legislation is not perfect but is pretty good in our prospective.

How did you do to communicate your results?

You use both publicly available papers but also you communicate informally with congressional staff; some of us have also written memory to congressional staff.

What are the differences between these two kinds of papers, when it is public or not public?

The differences are two sorts. Sometimes the communications to congressional staff are focusing on much more specific details, which are important but would not be of wide interest. The other type is that we may be providing suggestions that are relating to proposals that don't have been public or we were providing suggestion that for a reason or another the CPS don't want to talk publicly.

What may be these reasons?

Sometimes it is a sensitive political issue that haven't yet been decided... One example, there can be an issue with two options. We think that the option A is better than the option B. But if we publish a report saying that, and that it turns out that the Congress chose the option B. Option B can be OK but is not as good as option A. We don't want to look out that we thought that option B was a bad thing to do. We try to be very pragmatic. It is one of the reason I like working here. Because I don't see myself as being ideological. We are concern with what is practical. We sometimes can ignore some of the issues. Even now, they are important but not necessary [].

Do you think that you Center is more involved in technical issues or in general suggestions and ideas?

Both. But I think that we have a particular influence because we get involved in details. We are interested in the big picture but we also spend a lot of time that the details of the legislation are done properly. Because details can be extremely important. That is one of the reasons why the congressional staff often come to us because we do develop a lot of the details and we are able to help them. In health reform, there were various places where we made various suggestions in particular aspects of proposals. For example, the excise tax was one we made a number of suggestions that automatically were adopted. We are one of the outside organizations that are the most involved in the details.

Concerning the technical advice, why, on your opinion, the congressional staff don't use the expertise existing inside the government or the Congress?

A lot of the expertise is not directly available to them. For example, when the administration makes a proposal on some particular issues, congressional staff can't just approach the executive branch to get some advise in developing some alternatives. The administrative does not want to encourage alternatives necessarily. Moreover, especially at the CBO, they have a very heavy [workload] with their to do the costs estimates and they just are not in a position to provide technical assistance to most individual members. So we are providing a resources that otherwise is not available to a lot of congressional staff.

In your opinion, how did they do when there were not so many research centers?

Well. So many other things have changed at the same time. The raise of the number of research centers but also the polarization of the American politics. We can't easily separate one piece from another. Also some of the issues have become more complicated. Health issues for example have always been important but the health care costs have become more important. An example of problems that we did even know 20 years ago. So I think that the research centers are providing a useful resource. It is not that the policy that we did 20 years ago was bad policy because there were not the research centers, it worked pretty well even back then, so...

What is the impact of polarization for the research centers?

Most of the centers have a political line. The Heritage Foundation, which is conservative, the AEI, us that are liberal, Center for American Progress, Cato Institute that is libertarian. Except Heritage, I think that all these organizations are relatively new. You have Brookings that is very old, that is back to the 1910s or 20s. It is a different sort. The Urban Institute, which was created in the 1960s I think. They were not designed to have a particular political line. There has been a big explosion of organizations with points of view.