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**Getting to Universal Health Insurance Coverage Conference -
Day 1
Luncheon Speaker: The Real Health Reform Debate We Need
to Have
National Academy of Social Insurance
January 31, 2008**

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[START RECORDING]

MARSHA LILLE-BLANTON, Dr.P.H: We are going to get started, but we certainly want you to move forward in eating. We don't want you to delay your eating, but we need to do our best to stay on schedule.

My name is Marsha Lillie-Blanton and I have the distinct honor of introducing our luncheon keynote speaker Drew Altman, President and CEO of the Henry J. Kaiser Family Foundation. When asked if I would accept this responsibility, I agreed with some trepidation. It is not often that you have an opportunity to introduce your boss to hundreds of people. So I convinced myself that having seen Drew in this role in numerous occasions that I can do at least as well as he does, [laughter], for those of you who know how he usually introduces people, no, in all seriousness. I can tell you a lot about our keynote speaker, but I will be brief.

He rarely talks about his credentials, but he is credentialed and I will start there rather than at the end. He has a Masters from Brown University and a Doctorate from MIT in Political Science. And in addition to his many years of work experience in the foundation world with the Robert Wood Johnson Foundation, with the Pew Charitable Trust and now with the Kaiser Family Foundation. He has also worked in the trenches serving as a former Commissioner for the Department of Human Services for the State of New Jersey. But what is most

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important about Drew is that he is someone who thinks boldly. He has big ideas; he is an innovator and a risk taker.

After assuming the helm of the Kaiser Foundation in the early 1990's, he did a complete overhaul of its mission and operating style, which has led to the Foundation's standing today as a leader in health policy and in health communication. He has through his work with the Foundation greatly expanded the public's engagement around health policy issues by making solid research and information on health issues more available to the media and to the general public, and in essence, moving health policy discussions from the back rooms of corporate boards and legislative and executive government offices into the public eye.

Drew, we are extremely pleased that you took time out of your busy schedule to accept our invitation and join us today. And we look forward to your insights on the real health reform debate we need to have. Please join me in welcoming Drew to the podium. [Applause]

DREW ALTMAN, PhD: Well I think we have violated the 11th Commandment in thou shall not be introduced by a member of one's staff. [Laughter] A big bonus Marsha this year.

MARSHA LILLIE-BLANTON, Dr.P.H: Thank you.

DREW ALTMAN, PhD: Yes, I do this every time, but always enjoy doing it whenever I get an introduction like that I tell the same story, but this time I will tell it in honor of

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Jonathan Overlander [misspelled?] It is a story of the day that I got my PhD in Political Science at MIT a hundred years ago, this is true. I got a letter from my then 94-year-old grandmother and all it said was dear Drew, about that degree, congratulations. So what are you going to do, open a Political Science store? She was had given a very different introduction than Marsha's introduction and I used to have these great conversations all the time with my grandmother.

The best one was every time I saw her, the first thing she would say was, so explain to me again exactly what it is you do. And of course we had Kaiser we were an operating foundation so it was virtuously impossible and then it occurred to me that if you visited our complex in California where our headquarters are. You know that we have this pretty fancy café because all of our tenants of David's is not and all our tenants are venture copulas.

So finally I realized I could say to her, well grandma, I run a restaurant. She said oh, that is good. She said what kind of food do you serve? I said, California cuisine and she went, but I will tell you one thing, she knew who Bob Ball was because I introduced her to Bob Ball once and she greatly preferred Bob Ball to me, which is something that I agreed with, look, hello everybody and a belated Happy New Year to you.

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I really can't believe that you invited me back for a second time to give an address at your annual Health Policy extravaganza, but I do have to tell you I have a problem this time. where you are going to think of it as a dilemma, because I made two New Year's resolutions this year, one of them was to be much less dower and upbeat at my public prognostications about the prospects for Health Reform this year because I really took a lot of heat last year about casting a poll over the entire health care community.

I got calls all the time about how I really need to knock it off, but the other New Year's resolution was to always try and be the honest analyst and tell the truth as I see it about what is happening in our field, so you know that is obviously and completely paralyzed by my conflicting New Year's resolutions I want to say how much I have always admired and respected the National Academy of Social Insurance. It was a pleasure to be here today. I would be very happy to take your questions.

Sorry I am losing my voice already which is not a good sign. Okay, being very results oriented as I think, can ya'll here me okay? I just want to make sure. Great, somebody I didn't know I think. Being very results oriented, for me the big question is and should be I mean it is certainly not what is the different between Senator Clinton's plan and Senator Obama's plan. I think it is will major health reform

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legislation actually happen in 2009? And will it include universal coverage or something close to universal coverage which I know most of us in this room have been working towards for our entire careers.

It is just that some of those careers have been longer than others or to put it another way, some of us have been failing at this for longer than others in the room. Just to revert to form for me history would obviously give us reason to be somewhat pessimistic about this since we have all prior opportunities if this had been blown for one reason or another dating back to Harry Truman, but I actually think it is way too early to say about this and these are the, let me show you the major questions that I need answers to before I have really the slightest clue about how optimistic or pessimistic if this works, you know I hate the power point space race, but how optimistic or pessimistic to be about this.

One of them is, are we going to have a big debate about health reform in the general election? I don't think the answer to this is no or pre-ordained, but I think it is terribly important because we need a big debate in the general election to engage the public to elevate our issue. It is one of the most important things that will help create a mandate for not ducking this issue for doing something about this issue in 2009.

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A second one is as a result of that, is health is our issue going to register in the exit polls in 2008? It doesn't have to be the number one issue and I will talk a minute, in a minute about the exit polls a little bit, but it is important that it registers because this is something that elected officials care about. This is the signal that they watch for. Is it there or isn't it there?

A third one, I am honestly going to duck the question of who is the best presidential candidate for health reform. Maybe I don't even know, but certainly it is going to take presidential leadership for there to be significant legislation in 2009. A president that makes say priority. Will there be that leadership or wont there be? And I don't think that is such a simple question.

If there is a democratic president, will that democratic president go for comprehensive legislation or would the failure to reauthorize S Chip, will that be sitting there as a lower hanging fruit? And will that president go for that instead and then I don't know if you all will agree with this one or not.

But as I think about it, it is kind of unimaginable to me whatever the results of the election, no matter who is president, whatever the margins and the congress, that these fundamental Grand Canyon divide, this fundamental Grand Canyon divide gulf between right and left on health care it will still

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be there and that legislation will have passed will either fully satisfy the right or make the left very happy as well.

And so, it is going to take some kind of deal, somewhere near the middle, that may be the middle shading left or it may be the little shading right, but some kind of a centers bargain or no bargain at all in a congress that has been paralyzed on health reform because of this great divide for many years, so will there be an appetite for a centers deal or not?

The reason I showed you these questions and the amazing thing about these questions to me is I don't have an answer to a single one of these questions yet. I really don't know yet and that is why I say I think it is too early to say. So, having put this out there today what I want to do is instead, I want to talk a little bit about where we are now. I want to not speculate too wildly about all this ended up the distant future 2009 and all the variables that go into this. I want to talk some about the health reform debate I think we need to have before we get to 2009.

So let me start with this, I certainly think we are at the beginning potentially of our next great debate about health reform, but we are not there yet. The debate we have had so far is not the debate that we need to have and it is pretty obvious that all the old obstacles still remain. The lack of agreement about how to reform our health care system, about how to pay

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for health reform. The interest groups are still there and will be heard from in 2009.

So there are certainly a lot of things that are going to have to break just right if the opportunity we have again is to be realized when we get to a new president in congress in 2009, but the first thing to say and the good news for anyone interested in health reform is that our issue has absolutely and definitely been on the rise and just the last few years it truly has become a genuinely saliently national political issue again.

And while I won't take you through all of the history and all of the polling, for the first time certainly since that great debate most of us remember so fondly in the early 90's, so I thought I would show this to you.

This is a question that for those of you, some of you follow these tracking polls that we do that Molly Brody and our great polling unit does in California, but this is a question that we ask every two months and I am not big on reading charts to people who can read and you can read it, but it is just very clear that there is great public concern about health and specifically about the rising cost of health care and health insurance.

And it is actually quite impressive that people are more worried about that than they are worried about stuff that you would think that average people really worry about. Like

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paying the rent or the mortgage or losing money on the stock market and not everyone is invested of course, but a lot of people are, even being a victim of a terrorist attack.

So this is really something that around the kitchen table people are worried about and we just see this every two months when we ask this question. But in recent times for many years, we have also seen what I like to call the great disconnect between that personal worry and concern around that kitchen table and health care as a political issue.

Our issue not competing well with other issues as a national policy priority or political concern and you can see that here. These are the exit polls from 2004 the two the May national exit poll and actually one that I like better that the *LA Times* did and you can see that health ranked fifth in one, it ranked eighth in the other, it just was not cutting through, so a personal concern but not making the connection as a voting issue.

People didn't go to the polls and pull the lever or press whatever you do now days as a voting issue and then it is the ultimate insult to our issue. When all the political experts got together many of whom are friends of mine in 2006 and designed the exit poll they were so convinced that our issue wasn't cutting through as a real political issue that they disappeared our issue of the seven issues that they asked

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about in 2006, they didn't even put health on the list. So now I am casting my poll over the health care field again.

Now fast forward very quickly a short period of time I won't spend time on what made this happen. Now, 2007, 2008 things really starting to change and it turned around actually pretty quickly the disconnect the starting to connect. So here is a question from our current tracking poll that Molly does and we just ask people what do you want to hear the candidates talk about? I will admit to you I am showing you the question that makes the point most clearly.

It is not a voting question, but you can see it in all of the polling and you can see the new salience that health has in the political world. It is new salience, it is stronger standing as a political issue and even in this question for republicans which is not historically been the case. Here you can see the trend, it is up, but you can also see economic concerns rising which creates a little bit of a challenge to maintain the momentum for health care as we move into the general election.

But there are ways to do that suggested in the polling for example I thought you might be interested in this. Here is a question that our partners that we regularly poll at the *Washington Post* and also *ABC News* who we also poll would ask, what is the most important economic issue facing you and your

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family? And I thought it was just interesting to see how prominent health was.

And the answer that people gave to this question or consider this question. This big thing about change which seems to permeate this entire election, and this is a gallop question, gallop just asked what kind of change would you like to see? And you know change means change the tone, it means change the leadership, and gallop kind of drove people to the issue dimensions of change in this question. It is just one aspect of it, but a lot of people said health reform. So, there certainly is the potential to sustain interest and even build momentum for concern on health and health reform depending upon a favor war these days how the health is framed even as other issues and priorities compete.

All right, so I showed you in that question a few minutes ago the one that we asked the one that the public wants the candidates to talk about health and certainly the candidates are talking about health and they are talking about health a lot.

Some on the republican side and a little bit more on the democratic side which brings me to the primaries and the candidates plans. And I would say that either perhaps understandably or totally understandably in a primary campaign, what most of the public discussion and media tension has been about has been the differences between the health reform plans

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put forward by the major candidates within the parties because we are trying to pick the candidate for each party and that is what you do in a primary election.

Ultimately of course, it is resolving the differences not within the parties, but between the parties, between left and right. Between the democrats and republicans that is fundamental to making some deal or reaching some agreement on health reform in 2009, not the differences between the candidates within the parties. Never-the-less I would not say that the debate we have had to date has been unimportant or has been a diversion. I think it has been very important in several ways.

Let me just mention some of those ways. One, the plans are important political signaling devices for the candidates who in a primary use them to make a statement to their base about whether or not health is a priority for them, whether they have a big plan or an incremental plan, what the general direction of their plan is. And the thing in this primary is that all the candidates in each party have made a similar statement to their base which is one reason that health really hasn't moved a lot of votes so far in this primary campaign.

So as we have tracked this I know you all have followed the argument between Senator Clinton and Senator Obama about whose plan is more universal, but our tracking poll, the meter hasn't moved a bit on the percentage of democratic voters who

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prefer one candidate over the other on health. Or maybe the best example of that is Senator Edwards and certainly was first coming out of the box with a very comprehensive health reform plan.

But just to comment on plans, and the role of plans and details in a primary campaign, a whopping three percent of democratic voters have preferred Senator Edwards on health since the start of the primary season to his withdrawal just the other day. So it is not about the details of plans when it comes to moving votes.

Secondly, the plans are also significant because when one of the candidates is elected it is going to represent their starting point in the negotiations and I think that is really important. Now everybody seems to have learned the lesson from the early 90's that you don't take a my way or the highway approach so, the negotiations will begin afresh with the congress and this time it may come as much from the congress as from the president, but the plans are important for that reason.

I think the plans are also significant on the democratic side because with the exception of Congressman Kucinich, no candidate shall host to scrap the common health care system and they are all proposing plans that build on the existing employee base system and public programs with the favorite phrase of the day, shared responsibility for paying

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for health reform, learning a perceived lesson of the early 90's that it is a dangerous thing to ask all Americans to change their current health care arrangements' or to put it another way, that it is a step that perhaps can be easily demogauged by critics of health reform when you get to a health care debate. That was a very significant decision for democratic candidates to make and they all made it.

You may think this one is silly, I don't think it is and I think it is significant that the major republican candidates all have health reform plans even if they are less fully developed perhaps than the democratic ones which means theirs is three pages long rather than six or seven pages long which is the way this business works, but it is just that they now believe this issue is salient enough even for republican voters and it is especially republican women and certainly for independent voters should they become the candidate that they cant ignore it. And that was not historically the pattern in the past, so that also is a change.

And most important of all, the discussion of health in the primaries which has been a pretty substantial discussion has helped to move the issue further into the national spotlight and set the stage for the health reform debate which comes next and that is the debate about the future directions of our health care system between the democrats and the republicans. The democratic candidate and the republican

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candidate in the general election that is the real health reform debate. And that is the main thing I want to make a point about today and then I am going to close.

What I would like you all to do first of all is just pretend that you are in an advanced alien race out in space, you would of course be an advanced alien race, watching the health reform debate and you are sort of catching these little intercepts, little pieces of the debate.

[Video Started]

SENATOR HILLARY CLINTON: Shared responsibility.

SENATOR BARACK OBAMA: Universal health care systems from birth to death.

SENATOR HILLARY CLINTON: Large companies will be required to help pay.

SENATOR BARACK OBAMA: Free market principles.

SENATOR JOHN MCCAIN: Save these accounts.

MALE SPEAKER: Full tax deductibility of all medical expenses.

MALE SPEAKER: Not the government, not the employer.

SENATOR JOHN MCCAIN: Choose your health insurance policy.

MALE SPEAKER: With socialized medicine.

[Video Ended]

DREW ALTMAN, PhD: Is that all very clear to you? So I think when we get beyond the primaries, the two candidates are

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going to outline their plans, the media is going to pick apart the most vulnerable parts of the plans, the charges and counter charges and certainly the Harry and Louise style adds are going to fly. I think everybody's rhetoric from shared responsibility on the one side to the personal responsibility on the other side is going to sound lofty and appealing to a lot of people and my guess is the public is going to be fairly confused. Does that sound familiar?

So my view is that if we are to have a meaningful debate about health reform in the campaign, we need to look through and beyond the details of the plans that are proposed on the campaigns and focus instead on the fundamental differences and priorities and direction between the two sides that I would think or at least hope maybe I am naïve that the public can understand and debate.

There is and seeing some of you will remember this movie and that old movie *White Men Can't Jump* where Wesley Snipes, so I guess is the tax dodger these days' turns to, it is Woody Harrelson right? And he says you can listen to Jimi Hendrix, but you can't hear him? So too in health reform I think we have to go beyond the five plans, none of which are going be inactive into law and any form assembling the one in which they have been proposed and try and hear what the candidates are actually saying about where they want to take the health care system in the future.

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So the last thing I want to do here today is focus on what I think are three very fundamental apparent basic differences I think I hear that can frame the debate though there are many more than these again using the candidate's words themselves, little snippets from the candidates.

So let me start with this. First of all, I think there is a very basic difference on whether universal coverage or nearly universal coverage and that is what happens in health reform discussions. Just dangerous territory, everyone okay? Yes? Okay good.

I think there really is a basic difference, a fundamental difference in whether universal coverage or nearly universal coverage should be the fundamental goal, the primary goal. The over arching goal of health reform between the two sides, obviously democrats believe it should be, the candidates differ a little bit on how to get there. Republicans don't have universal coverage as their over arching goal I think because they believe it requires too big a role for government to get there, costs too much as well to pay for it.

Instead they want to make coverage more available in the private market place, give people a tax break to help those who want it, to afford it. They are certainly not against more people having health insurance coverage. They talk about it less except lately Governor Romney which is interesting and we can dissect that at some other point, but their top priority is

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a different priority. It is to create a more efficient and in their view, more affordable private health insurance market place based on individual choice and competition. It is a different number one goal which by the way reflects almost exactly the number one priority controlling cost that their base gives to health reform which is documented repeatedly in our polls.

So, let me show this to you, this first one.

[Video Started]

SENATOR BARACK OBAMA: I am committed to certain principles. I have committed to the principle that spending as much money as we are, it is inexcusable that we still have as many uninsured as we do. I believe that by the end of my first term in office that we will have a universal health care system instituted in this country.

That is a commitment that I have made and it is a commitment I want to be held accountable for. In addition to insuring that everybody has coverage, I want to make sure that it is coverage that is providing people with the health care that they need.

SENATOR JOHN EDWARDS: I will say the single most important question, most important element and I think the threshold for anyone's health care plan is does it cover everybody? Because if it doesn't cover everybody then I think whoever the candidate is should be made to explain what

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American they believe is not worthy of health care coverage because I think every American has equal value and is worthy of health care coverage.

RUDY GIULIANI: What the democrats suggested on this stage two nights ago was socialized medicine. There is a man in California who said to me, when we make health insurance free just what and see how expensive it will become. And the reality is do we need a free market?

We need a hundred million Americans making different decisions that will bring down the cost of health insurance; it will bring down the cost of prescription medicines. Free market principles are the only things that reduce costs and improve quality. Socialized medicine will ruin medicine in the United States.

MALE SPEAKER: [Foreign language being spoken]

[Video Ended]

DREW ALTMAN, PhD: You know I have to update this, but I am not taking Fred out. Okay, I will update it you know it is changing fast. All right there are two more differences that I want to highlight and then I am done. I think there is a second big difference and it is how democrats and republicans would organize the health insurance system with the leading democratic candidate's obviously emphasizing building on the employee base system and public programs and republicans

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preferring a system in which more people purchase insurance themselves in the individual health insurance market place.

I happen to think this difference is really important for the debate when it emerges because while the democrats would spend more to get to universal coverage and so their plans are seen as the more expansive plans as a result of that. It is actually the republicans who envision the bigger change in the system, in the health insurance system and how it works. So the democrats have the bigger plans, but the republicans have the bigger change something which has been in my view completely lost in the discussion of health reform to date. So let me show you this one in the words of the candidates as well.

[Video Started]

SENATOR HILLARY CLINTON: It is going to take shared responsibility. Everyone with a stake in our health care system will have to step forward and do their part. While I will be requiring all Americans to have health care, I will be calling on employers to do their part as well.

Today large American companies compete in a global economy against companies in countries that impose far lower health care burdens on employers and many of our manufacturers are struggling to pay for retiree health commitments that our foreign competitors simply don't have. Under my plan large companies will be required to help pay for their employees

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health care. Those that do so can simply maintain their current policies if they choose. Those that don't will need to contribute toward the cost of covering their employees on a sliding scale based on their size and average wages.

RUDY GIULIANI: The problem with our health insurance is that it is government and employer dominated. People don't make individual choices. It is your health. You should own your health insurance. We should be giving you a major tax deduction, \$15,000 for a family so you can buy your own health insurance. If you buy health insurance for 8,000 or 9,000 you will save 5 or 6,000 dollars in free money.

MIKE HUCKABEE: The system has to be changed. Part of it is instead of the post WWII insurance model which says your insurance is tied to your employer which is going to change every few years then if you get coverage God bless you, if you don't, God help you. That is kind of the way we got it now. There needs to be individualized, the policy needs to be personal to you. You own that policy, not the government, not the employer, not the private insurance company.

MITT ROMNEY: Let's talk about taxes for a minute. The tax code penalizes individuals who don't get insurance through their employer as we have described. And as a result of that there really isn't a robust and consumer driven health insurance market in this country. We are going to end the risk of losing insurance because we are now going to have individual

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market where people can buy their own insurance if they want to and keep it from job to job to job.

[Video Ended]

DREW ALTMAN, PhD: Okay, finally and actually I think this is the most important one. There is a really basic difference I think in what the two sides see as the fundamental purpose and nature of health insurance. I mean why do we even have health insurance and what is it all about? The democratic candidates they favor comprehensive front end protection which in their view encourages more preventive care, it better protects people from the potential financial cost of an illness.

The republican candidates generally promote plans with high deductibles on the front end; catastrophic protection on the back end, topped of course with tax preferred savings accounts which people would use to pay for routine care which they believe will encourage people to become more prudent purchases of care and to use less care over all.

Now, whether high deductible plans with savings accounts are a forward looking reform that will do these things or just skimpier insurance camouflage with market rhetoric is a completely different subject and I am actually not here to judge either side at all, but merely to characterize differences, but the differences between the parties I think on the basic nature and purpose of insurance are really truly

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profound and again I think need to be elucidated for the voters when we get to the big debate and this is the last clip I want to show you.

[Video Started]

SENATOR JOHN EDWARDS: So I think what we want structurally is a system of comprehensive reform that creates a system where literally from birth to death everyone has health care coverage that we teach nutrition, well-being, exercise that ongoing preventive care is covered so the people don't have to worry about going in when they are well. They will go in and they have an incentive to go in when they are well and the result is that the first sign of there being a serious health care problem, for example a woman being diagnosed with a lump in her breast, we intervene immediately.

SENATOR BARACK OBAMA: Everyone will be able to buy into a new health insurance plan that is similar to the one that every Federal employee from a postal worker in Iowa to a Congressman in Washington currently has for themselves. It will cover all essential medical services including preventative, maternity, disease management and mental health care. And will also include high standards for quality and efficiency.

SENATOR JOHN MCCAIN: Ronald Reagan who I love to quote all the time once said nobody ever washed a rental car and I think that this applies here. If you are getting it for free, then obviously your response, sense of responsibility is very

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different than if it is something that you can go out and choose your health insurance policy or if you have additional funds then you can invest it in health saving accounts which a lot of us have been disappointed in the level of participation in health savings accounts, but I still think that they are a great idea and this may provide added stimulus for someone to invest that refundable tax credit in it.

RUDY GIULIANI: Then we should have a health savings account in which you could put some money aside to pay for your ordinary medical expenses. Health insurance should become like homeowners insurance or like car insurance. You don't cover everything in your homeowner's policy. If you had a slight accident in your house, if you need to refill your oil with your car, you don't cover that with insurance, but that is covered in many of the insurance policies because they are government dominated and they are employer dominated.

[Video Ended]

DREW ALTMAN, PhD: A lot of things have to happen to get the legislation in 2009, but in this critical next phase of the presidential campaign, my hope is just that we can have a debate that is big enough to register in the exit polls and help create a mandate for 2009 and that engages the public in a discussion about the basic differences in direction and priorities and philosophy. Not so much about the details of the plans. I have not met a health reform plan that didn't have

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three to five fatal flaws. My general rule is doing pretty well if you know more than three.

In other words, I would like to see a debate about the forest and not a debate about the trees and that in turn just might help establish a starting point for the effort to bridge health care's ideological divide in the new congress in 2009. How to bridge that divide is a different talk and I am over time already, so I will just close by saying that these are the kinds of broader concepts, ideas, principles, which the National Academy of Social Insurance has always been so terrific, absolutely the best. Certainly better than we are at Kaiser, at discussing bringing to the floor at explaining to everybody, so we certainly have a really critical role to play, I think, an especially critical role to play is this debate to take shape.

I am hoping I upheld somebody's New Year's resolution and I thank you very much. [Applause] And I apologize for one thing, I have to rush to, I have gone from San Francisco to Seattle to Washington now to New York then to San Francisco in two days and I am not complaining, but it is why I have to rush for a plane so I cant stay and have a dialogue with you; however, if anyone would like to tell me how wildly off base this is it is daltman@kff.org. I would love to hear from you thanks. [Applause]

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MARSHA LILLIE-BLANTON, Dr.P.H. I don't need to ask you all to thank me in joining Drew Altman. I think as usual he has been provocative and he has helped us begin to think about how we move this discussion from being an inside beltway discussion to one that really further engages the public in the broad fundamental issues that hopefully can take us towards some real system change in the future. Thank you again Drew. [Applause]

[END RECORDING]