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National Health Policy Conference 2005:  
Presidential Election of 2004: Implications for Health Policy  
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**MALE SPEAKER:** . . .about them and remind you what this session is so that we can get started on time. I think we, in planning this meeting, know that we can never get enough of this politics as it influences our field so much, so what did this last election cycle mean? We've been offering, as I said, a special session on what the public thinks and try to address elections when we've had them, and the polls, so this is our effort this year. Once again, we're having Tom Mann with us, and I will tell you that he is the W. Averell Harriman Chair and a Senior Fellow in Governance at The Brookings Institution. He's a distinguished political scientist and a keen observer of the electoral process, and you're going to get to hear from him in a minute.

Joining him today is Karlyn Bowman, Resident Scholar at the American Enterprise Institute. She has come today to share her perspectives on the 2004 election. She is a Senior Editor of the American Enterprise Magazine, a frequent radio and TV commentator and regularly writes a polling column for the magazine "Roll Call." So, with her gracious permission to speak—This is a good opportunity. You can speak without Tom even here to maybe revise and extend your remarks and I will say a few things about him when he joins us. But, we'll begin. We'll just let you talk from the seat here. Is that good? I will say that they're willing to answer questions. I know that

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you're going to want to run out of here as we go, but if you do have questions at the end, I'll ask you to go to the microphones.

**KARLYN BOWMAN:** Thank you very much. It's a great pleasure to be with you today to tell you a little about my work at the American Enterprise Institute. Tom Mann has been a colleague and friend for 25 years, but his work at Brookings is very different from my work at AEI. Tom's knowledge of Congress and of the political process is deep and broad. While I'm called a Resident Fellow at AEI, I think a more appropriate title might be resident dilettante, because I'm as likely to be covering public opinion on the Michael Jackson trial as I am to be covering public opinion on the State of the Union, the War in Iraq, and where healthcare issues rank in terms of the public's concern.

I do not believe that polls should ever be used to make policy. They are too crude and instrument for that purpose, too blunt and instrument. But that said, we now have more than a dozen national pollsters in the field on a very regular basis, a very competitive polling environment. We're being told that Americans have firm opinions on a wide variety of topics, whereas, as I review the polls, you find much more often a lack of information, tentativeness, ambiguity, and sometimes outright contradiction. That said, I believe that polls can tell us a great deal about a complex and

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heterogeneous public and they're a very useful tool in that regard.

I'd like to take you back to the beginning of 2004 to the most important poll report that I read all year. This was a release from the Gallup Organization and it told me more about how the election would take place than any other poll I read during the course of the year. Gallup updated a question that the organization had been asking since the late 1930s, a very simple and straightforward question: "In politics today, do you consider yourself a Democrat, a Republican, and Independent or what?" When that question was asked in the 1930s it was worded a little differently. People were asked, "In politics today, do you consider yourself a Democrat, and Independent, a Republican, a Socialist or what?" But Gallup of course has dropped Socialist from the question over the years, and so we're looking strictly at a party ID measure. In 2004, Gallup took all of the surveys that they had conducted in 2003, 40,000 interviews on that specific question, and they found that the public was divided. Forty-five point five percent of Americans called themselves Republicans and 45.2 percent called themselves Democrats, what Gallup called a rare moment of partisan parity. There have been many points in America's history where the country has been closely divided; I think of the 1880s, the 1890s. There has been no period in the 70-year history of public opinion polls when the country has been this

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closely divided. The Pew Research Center and ABC News in the Washington Post in similar polls all came to the same conclusion: a very unusual moment in American politics. Gallup has just updated those figures. For 2004, they reported on Monday that the country was once again very closely divided: 48 percent of Americans consider themselves Democrats and 45 percent consider themselves Republicans—again, a very closely divided electorate.

Let me tell you how significant that is by looking at data collected by the Harris Organization. In the 1970s, Harris combined all of its polls on that identical question, and they found that the Democrats had a 22 percentage-point advantage on the party ID question. In the decade of the 1980s in the Harris data, they had an 11 percentage-point advantage. In the decade of the 1990s in the Harris data, a seven percentage-point advantage, and in Harris's data today, the Democrats have a slight advantage on that question. Now, your partisan identification doesn't determine how you vote. Candidates and issues are much more important, but it is an anchor in thinking about how we think about problems facing the society and that data that we have today suggests an extraordinary change.

I'd like to talk about the four reasons that I think the public is so closely divided today, the reasons that we've moved to this narrowing of the partisan gap. First, we've had

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significant generational change in our electorate. Those people who came of age politically during the Great Depression, during Franklin Roosevelt's presidency became wedded to the Democratic Party. They carried their Democratic identification with them as they aged. The most Democratic-leaning age group in the electorate today is people over the age of 75. But many of those people are passing from the scene and our politics is going to be more competitive as a result.

The second reason for the narrowing of the partisan gap, I think comes from the fact that for many years the Democrats had all the political icons. They had Franklin Roosevelt; they had John Kennedy. Today, Republicans have just as many icons as the Democrats do in the person of Ronald Reagan, of George W. Bush, of Giuliani and McCain for many in the Republican Party. So the fact that the Republicans are competitive on this score has made our politics more competitive.

Finally, with the election of George W. Bush, I think you saw a significant change within the Republican Party, a significant generational change. For all of Bob Dole's many strengths, he was seen by many Americans as the candidate of the past. Today, in the 2004 election, all of the candidates were Baby Boomers, and I think our politics will be more competitive because of similar generational experiences.

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Finally, I think the partisan gap has closed because of what I call George W. Bush's new accommodation with Washington. If you look at public opinion data from the late '40s and early 1950s, Americans equated action from Washington with progress. That began to change in the mid-1960s, and the public began to see government as more of a problem-causer than problem-solver. I think it reached its peak, perhaps, in the Reagan years. Reagan came to Washington determined to run against the city, and was even able to do that after presiding over it for four years in the 1984 election. But the mood about Washington had changed. I think the public, with the election of the Republicans in Congress has been coming back again to a more nuanced view of the role of the federal government in our society. We're a rich and powerful country; we want the federal government to do many things. At one in the same time, we see the federal government in Washington as a problem-causer, wasteful and inefficient and the like.

But that said, George W. Bush had a very different approach to the federal government. He talked about it as compassionate conservatism. Think about the differences. Ronald Reagan wanted to shut the federal government Department of Education down. George W. Bush came to Washington determined to expand that department. He insisted on some small-scale voucher experiments, but he had accommodated himself to a major federal governmental role in the area of

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education. Bill Clinton ended a major federal government entitlement: welfare. George W. Bush created a major federal government entitlement, in terms of a Medicare Drug Benefit.

So I think our partisan identification has narrowed to a point of virtual parity for these four reasons. Our politics will be more competitive as a result in 2008 and probably in 2012, although I think for some demographic reasons, the Democrats will begin then, to open up a bit of an advantage.

Interestingly, our ideological identification has changed not at all in that 30-year period. Just as many Americans identify themselves as liberals, conservatives and moderates as did so in the early 1970s: about 18 to 20 percent consistently identify themselves as liberals, about 30 to 35 percent consistently identify themselves as conservatives, but most of us feel comfortable somewhere in between. Those numbers have not changed.

I doubt that the public opinion polls on party identification would constitute what meets the classic definition of a political realignment, but a big change has clearly occurred that is going to be shaping our politics in the years to come. A closely divided country is unlikely to give George Bush a boost in public opinion for an inaugural address or for a State of the Union speech, but I expect that the polls that we see in the next week will show the President to be at just about where he's been in the last few weeks in

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public opinion, with bare majority, roughly 50, 51 percent overall approval, with about 46 to 47 percent of Americans saying they disapprove of the job the President is doing.

Thinking specifically about what the 2004 election told us about the public mood, I believe that we're often misled by post-election analyses because I believe that in many ways, the vote for President is the most personal vote people cast. I'd like to pretend that I know a lot about what ought to be done about global warming, or redoing the healthcare system in the United States, but even though I read a lot of newspapers and study a lot of good works from AEI and Brookings, I'm not sure I have a clue. I have some general dispositions that I bring to issues about what I think the proper role of government should be, what I think the private role of the private sector to be, and that pulls me in one direction to one party or the other. I'm never giving specific legislative advice when I vote. What I'm doing is to size up the individual to sum up what he or she believes to see if I feel comfortable with the general policy direction that I believe that person will have.

Looking at the exit polls, when people were asked to check the issue that mattered most to them, eight percent in the national election poll done by the consortium of the networks and The Associated Press mentioned healthcare. The issue ranked far behind moral values, the economy, terrorism and Iraq.

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There's a second exit poll that doesn't get quite as much attention, and that one is done by the Los Angeles Times. The Los Angeles Times, unlike the national exit poll, asked 11 separate issues, and healthcare was tied for seventh place in the survey with taxes. Prescription drugs ranked 11<sup>th</sup> of 11. Only three percent of voters said that this was the most important issue to them in casting their ballot. And of course, it's important to remember that senior voters pulled the lever for George Bush over John Kerry. We've been told that Kerry and Bush voters inhabit different universes. Certainly, they had different priorities on Election Day. Among Kerry voters, healthcare was cited as the top issue by 13 percent of voters, falling right behind the economy and Iraq. Four percent of Bush voters called it their top issue, and as for them, it ranked sixth of seven issues overall. Large majorities of Kerry and Bush voters on another question in the exit polls said that they were concerned about the availability and the cost of healthcare.

In all of the polls conducted since Election Day, Iraq has been the public's top concern, followed by the economy, with healthcare coming down quite a bit farther with other issues overall. None of these findings tell us that healthcare was not an important issue to Americans on Election Day, nor do they tell us that it wasn't important to voters. While the ranking of issues does provide some general sense of

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priorities, it basically tells us that there are many issues that are of concern to Americans.

In looking over healthcare data, something that I do in between those polls on Michael Jackson and the State of the Union, I've come to a general conclusion that people think about it in some very simple and straightforward ways. They have some very basic concerns and they're probably all very well known to all of you who specialize in this area. In reviewing the polls, you see that most Americans have healthcare; 85 percent of Americans tell the pollsters that they have some form of health insurance. They're very satisfied with the care that they have. They say that they're satisfied with the access that they have to healthcare, they're satisfied with the quality of that care, and perhaps surprisingly, in looking at Roper's data collected over the last 25 years, those people who are in some sort of managed care are more satisfied with the costs than people were 25 years ago—so, general satisfaction for those who have care.

They're, of course, very deeply concerned about the uninsured, and this is something that always comes up in polls. Americans', I think, biggest concern, of course, is cost. They prefer private-sector solutions to public sector ones. Interestingly, the polls taken during the WorldCom and Enron scandals, I think, told us something quite interesting that might be useful in the healthcare debate. Americans wanted to

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throw the book at the violators, the Bernie Ebbers and the Ken Lays of the world. At the same time, they wanted laws on the books more carefully and clearly enforced. But poll after poll said that they did not want to see a new federal agency created to deal with the problem. In a question that Gallup has asked since the 1950s, when asked which poses the biggest threat to the country, big business, big government or big labor, even during those scandals, more Americans said that big government posed a bigger threat to the future of the country, and felt that way about big business, and big labor has basically fallen off the charts in that question over the last 25 years. So an enormous concern about big government, a concern about business in general, but as I said earlier, Americans still expect and want the federal government to do many things.

I do not believe that the uninsured have dropped off the public's agenda, but I believe if we rely too much on polls specifically on healthcare issues and do not understand them in the larger context of the many concerns Americans have, we will be misled, not just on public policy generally, but on healthcare concerns overall. Thank you very much [applause].

**MALE SPEAKER:** Thank you Karlyn, and I will remind you that we are very pleased to again have Thomas Mann with us. He's the W. Averell Harriman Chair, Senior Fellow in governance at the Brookings Institution. He wasn't late. We were a

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little early. We're glad you're here, and thank you. You get your choice of speaking from your seat or coming here.

**THOMAS MANN:** Well! I think I will follow Karlyn's example. I really was a few minutes late. I do apologize. I got so excited last night listening to the State of the Union speech that I got up this morning and said, "I've got to start making plans for investing part of my payroll taxes." So I went to my broker, and one thing led to another, and the time got away from me. And only then did I realize I'm too old to take advantage of it [laughter]!

Listen, what a delight to be back with you, to have occasion to share a podium with Karlyn again. As I listened to her very interesting presentation, one of the thoughts that broke through was, what is the connection between public opinion and policymaking? To what extent does the public set the public policy agenda? To what extent do public preferences get translated into public policies? I think you could make an argument, given the nature of changes in our political system over the last decade or two, that the arrow goes more the other way, that American politics and policy making is about politicians trying to shape public opinion and then use that opinion to buttress and justify their own views. It's a dangerous exercise, because it tends to reinforce pre-existing ideologies and views of elites and activists and sometimes they

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get too far ahead or away from public sentiment. But it's worth keeping in mind.

George Bush today is out in Montana and Nebraska, North Dakota. He'll be traveling to Arkansas and Florida, yet some of that is old-fashioned, to put a little pressure on moderate Democrats on the Social Security Reform, and we assure some of your own somewhat shaky troops that this is alive and well. But it's part of a broader exercise. George Bush, if he is to have any degree of success on Social Security is going to have to change the public frame on Social Security in a rather significant way, and this is part of the effort. We will soon see play out before us one of those extraordinary public relations/advocacy/advertising campaigns, both for and against the President's ideas on Social Security reform, and how, if at all, that affects public opinion in the end will certainly condition the way in which the issue is handled here in Washington.

I did watch the State of the Union speech last night, with great interest. I disciplined myself. I took notes along the way. In my mind, it confirmed many things that we now know about George W. Bush. One, if nothing, he is consistent. He likes to say, "I mean what I say. My idea is to say during a campaign what I intend to do, and then if elected, do it." And I would argue that on the sort of fundamental pillars of his public philosophy, of his campaign, of his set of beliefs that

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he has consistently held to that. I thought with the exception of a few politically inspired references to more rigorous DNA evidence use in capital cases and the like that everything he has said came as no surprise, as matters he has discussed in the campaign and has talked about and in some cases has pursued in his first term.

Secondly, this is one confident man. This is not a man given to self-doubt. Some people feel, usually with a Democratic Party identification, that it crosses the line to arrogance, but there is a strength that is conveyed with the confidence that I think has served George Bush very well in his election campaigns.

Thirdly, we saw the ambition of this man and this President. It has been striking from the beginning that this is not an in-box president, although obviously, his agenda and his actions have been shaped by things coming in, like most importantly 9/11, but he aspires to leave a mark, and I guarantee you, he will leave a mark on the presidency. What I can't tell you yet is whether it will be for good or for ill, but it will be a mark, because George Bush has big plans and has demonstrated those, both domestically and internationally in terms of his policy agenda and his political aspirations for his party. He and Karl Rove have been thinking long and hard about how to break out of this situation that Karlyn has analyzed, the parity between the parties, and really begin to

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build a more enduring Republican Party majority in this country, and I think both the President and Karl Rove believe you don't just sit back and wait for that to happen. Aim high, and if you confront obstacles, then you aim even higher, rather than lower; you complicate the situation, rather than simplify or scale it down.

That ties in to what I have long seen as a risk tolerance on the part of the President. He's really quite confident in making decisions and living with the consequences of them. He is not shy about taking on risk for himself and for the country. Finally, I thought he demonstrated a political toughness and skill that many people had not seen early and some still don't. They had not anticipated the—and Bill Clinton saw this very early in George W. Bush—the political skill that he has, his willingness to play hardball, and to do what it takes to win. That's one of the reasons why people need to be a little circumspect about declaring the President's Social Security plan dead on arrival. There has been a history of this Administration achieving things that no one imagined, and for the record, as Karlyn well knows, I certainly was one of those who actually, in the face of a very unpopular war in Iraq, and a very mediocre economy over the four years, thought that John Kerry would actually win the election, so there are reasons for humility, not just for the

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President, but for those of us analysts that try to make sense of this political world.

Now, the other thing I saw last night was a characteristic of this President, in which I would say, his broad ideology, call it public philosophy if you think ideology has a pejorative connotation—call it a core set of beliefs or ideas—invariably trumps policy analysis. It doesn't always trump political feasibility and possibility. There are plenty of tactical adjustments that this president and this administration have made and will make, but if you look at it from a broader perspective, this is a president driven by a set of beliefs that put him on a mission to achieve what he considers the exceeding worthwhile, moral, necessary objectives in this country, and he's not very interested in annoying facts that get in the way of some of those developments. He's quick to jump on positive developments, as we all were with the early reports on the Iraqi elections, and I say early reports, because we still don't know what the turnout was, much less what the vote was, and what kind of assembly will shape up and what follows. Nonetheless, it sort of goes in with all of these other characteristics I talked about, and I think on the stump often times served him well for those at the margin, not certain what to do.

The President has reinforced the image of the Republican Party as a party of strength and security and

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decisiveness on these matters, and I think that's served him well. The risk is that he embraces and even succeeds politically in pursuing policies that don't add up and in the end come back to haunt him and haunt us. That is something we will see.

In fact, I believe the real test of our democracy, of our political system is coming up over the next months, and that's on Social Security. Will we have the capacity as a country, as a Congress, as a policy community to genuinely deliberate on Social Security reform to figure out, that is, to get beyond the beliefs to the facts, to ask critical questions about the nature of the actuarial imbalance, the relationship of personal accounts carved out of Social Security to that imbalance, what it would take in the way of reductions or revenue increases to make the system whole and the extent to which the President, in reaching out last night to Democrats—"I welcome your ideas, but I have a set of basic principles"—and the principles, among other things, included no payroll tax increases and private accounts carved out of Social Security, and a long-term fix to the problem. It will be fascinating to see whether anything comes of it, and if something comes of it, whether it makes sense, and whether, if it represents a profound philosophical shift from social insurance to an ownership society, that Americans understand that that's what's

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happening, and that it doesn't happen under the cover of saving the system or giving younger people a better deal.

Now, George Bush believes he has a strong tailwind from his reelection victory, and you can imagine why. He lost the popular vote in 2000, and felt he had a strong mandate, and acted as if he had a mandate of Ronald Reagan or Franklin Roosevelt, and succeeded with much of that mandate, and so seeing his parties maintain their majorities in the Congress and increase them and enjoying this time a clear popular vote victory as well as an electoral vote victory unmediated by the Supreme Court, he ought to feel pretty good. And yet, this was a very modest victory in historical terms, the smallest, the barest for any reelected president since World War I. The election largely reflected, not change, but stability; it's amazing how much stability there was in the election. I would argue that the backdrop of security connected with the President's personal reputation for strength on this in the end probably made the difference. We remain, as Karlyn said, at parity between the parties, but those parties have now sorted themselves by ideology. In Congress, among activists, even at the level of rank and file voters. Yes, it's true that there's been no change in the percentage who identify as conservatives, moderates and liberals. Most are moderates and then, by about two to one, there are more conservatives than liberals, but people have increasingly sorted themselves so that

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conservatives end up on the Republican side liberals on the Democratic side, and moderates divide up in various ways, slightly more toward the Democratic party. That has complicated politics in America and made it exceedingly difficult to deliberate in Congress and to do wise public policy.

It's also the case that the President now has to live on the timetable of a second-term in which he cannot run for reelection in which the second mid-terms traditionally brings the loss for his party, where his putative successors are already beginning to maneuver and mobilize, where Republicans, after feeling that they had shared political fates with the President, now worry he can only do them harm, while Democrats in red states who used to worry about the President's electoral muscle figure he is now cruising toward his retirement.

There also is the fact that the President has to live with the consequences of his first term decisions. That means tax revenues at 16 percent of GDP, the lowest in a half-century. That means large budget deficits, which will become much larger if his policy preferences are enacted. It means a very difficult situation in Iraq to manage for a significant period of time. And finally, the nature of his second term agenda differs profoundly from that of his first term in terms of what he's pushing, because the first term, other than the post-9/11 terrorism stuff was mainly positive stuff. "I'm

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gonna give you and you and you a tax cut. You might get a bigger one, but everyone's getting something. That's a positive-sum game. We're now moving to a zero-sum game, in which there are losers identified clearly, as well as winners. That alters the nature of the politics, and suggests to me, in any case, that the President faces a very, very difficult situation at home and abroad. It's a daunting agenda. I can't imagine how Kerry would have governed under these circumstances. Exceedingly difficult to do so, but George Bush got his fondest wish. He got his second term, and now he will deal with its possibilities and its limits, its challenges and its dangers.

Now, a few words about where health policy fits into all of this. You, like me, must have been struck by how cursory his treatment of healthcare was in the State of the Union last night. When he first mentioned healthcare there was a roar in the chamber. The fact is, most members of Congress believe that this in many respects is the mega-issue confronting the country in the domestic context. But the President has decided to basically stick with his agenda. It's kind of a piece-meal, limited agenda. It involves tax-credits, as you know, for low-income families to purchase insurance, a little more help for community health centers, a little more money for information technology, a few changes that would allow association health plans to be accessed by more, an

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expansion of health savings account, and the most visible of all, medical malpractice reform. Now, reasonable people can disagree with this, but I would have argued that agenda patrols at the margin of the problems we confront in the healthcare system, which go to cost, quality and coverage. None of these initiatives are likely to make any significant dent, at least in the short and medium-term. Some of the President's proposals envision pilot programs operating for a decade.

So, my first message is, he's got the policies that he had in his first term. Some, like a little more money for IT will certainly go forward, but in many other respects, he's going to have to have significant reductions in order to put money into other things, and most of those will come somewhere else out of the healthcare system, so it's going to pose some enormous problems. I think it's also important to see what was unstated in his State of the Union. He didn't say anything about reigning in Medicaid costs, yet his new Secretary of HHS has had something to say about it, and certainly the governors around the country have had a good deal to say about it. This is one of those dilemmas where politicians, both parties, try to encourage poor children and poor families to sign up and quality, and yet they are the least costly, of course. This program's costs are driven by seniors, and long-term care, and I haven't seen any initiatives that begin to deal with that. It's really a matter of who holds most responsibility for the

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increasing outlays for the states or the federal government. I heard nothing about coping with Medicare costs.

The President's Prescription Drug Bill, as you know, is forecast to cost two to three times what the shortfall in the Social Security system is. Making his tax cuts permanent will cost three to five times what the shortfall in the Social Security system is, but everyone knows that it's Medicare and Medicaid that will explode as time goes on, and there was nary a mention of it. Yeah, we got some important micro-initiatives, pay-for-performance. We know what we're trying to do in terms of improving the quality and beginning to rein in costs, but these are microinitiatives. These are not serious efforts to cope with a longer-term problem, which leads me to my final point.

The President also didn't talk much about his long-term agenda, his vision for the country, because he has one, and it's built around the notion of an ownership society. I don't think he used the terms last night, as he did before. He did talk about Social Security reform, having something to leave your family that is creating wealth, but as the details emerged from the unattributed briefings last night, we see, in fact, there is relatively little wealth being built that will be available to individuals. It's like a loan from the government. The principle stays there, and one needs to annuitize to keep oneself out of poverty. But there is a

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broader notion of what our society should be. It's much more individual reliance, much less the notion of community and government playing a role in social insurance. That's a profoundly important set of contrasting views of the role of government and role of society, and I pray that before we begin to enact policies that move us from where we are now, we will have that full debate, and wherever we go, we go so, with our eyes wide open. Thank you very much [applause].

**MALE SPEAKER:** This is our closing session and we will take a few questions. We plan to end very shortly. I'm going to ask one question of both of you, and you've given me the outlines of why the answers to this question, but I'm going to ask it anyway. If you were to ask the health policy world, we would tell you that you had better look at healthcare costs, you had certainly better look at the Medicaid issue, and given his wont to think big and be the visionary, there could be some big ideas out here that he could engage the governors on. Leavitt, after all, was quite a student of federalism and federal/state roles and tried to think creatively when he headed the Governor's Association, so maybe they're trying to save this for next year. But, I've heard some reasons for why they took Social Security first, why they're trying to make such an issue out of this. And yet if you were worried, even near to long-term, we'd have to get our hands around restructuring the Medicaid program and thinking big about it,

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and I'm just wondering why he's not willing to apply his vision thing, and thing anew about Medicaid. Maybe it's harder to make an ownership society work for very poor and disabled people, but I am curious if you have thoughts about that. Either, or both.

**THOMAS MANN:** My view is that the President believes you've got to keep the agenda limited, especially on big items, that you make a mistake trying to do too much. As long as the alignment of groups and coalitions are different on other issues, you can take on maybe an immigration battle, you can make the tort fight even though you'll only win on class-action. It feeds your base and makes political sense. But I'll tell you, Medicaid is politically volatile. As I said, given where the dollars go and given that there are a lot of middle-class Republican voters whose parent is now in a nursing home on Medicaid, the idea that you're going to do something here very quickly that will make a big difference is unlikely and if you conflate that with the Social Security fight—and you're doing it also within the context of a very difficult budget environment where the President's going to be saying no rather than yes, as he has during his first term—it becomes very difficult. There are people in the Administration, like Leavitt and McClellan who will work on this, certainly, but I just think that they properly calculate that it would even reduce further the possibility of achieving the first step,

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which is Social Security. Now, on Medicare, it's even more complicated because he went with Medicare in the first term, he complicated the fiscal problems over the long haul and got relatively little political payoff from it. I think a little reluctant now to have those calculations brought back on the table, so in political terms, it seems to me to make sense that he's done what he's done, but given what he's trying to do with Social Security, it's still an enormous challenge for him.

I agree with what Tom has said, and I think though, there could be another calculation and this has to do with what I talked about earlier, in terms of significant generational change in the population. I think clearly the Administration sees an opportunity that won't be there for very long on Social Security that may not be there on the issues that confront you, and that is a younger generation that doesn't have much confidence in big business, doesn't have much confidence in the federal government, feels remarkably confident about their own prospects, doesn't believe Social Security will be there for them, and so I think part of this is a political opportunity with a generation that could then be loyal to the Republican Party. But perhaps paradoxically, I think that the lack of attention to the issues that are of great concern to you may be an extraordinary vote of confidence in the work that you do, because the President knows that these issues are going to be dealt with, perhaps not in a top line public way, but they're

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certainly going to be done by McClellan and others in the Administration, and they're not going to be ignored. So it's a vote of confidence for what's going on behind the scenes, below the radar screen, and it's possible more progress will come from that approach.

**MALE SPEAKER:** Well, this has been an excellent capstone, hasn't it, to what was a great two days' National Health Policy Conference. We thank Tom and Karlyn [applause]. We thank all of you, and you get your chance to vote on us. We call it an evaluation form, and you'll get it online next week. Please take some time to give us your thoughts about this program, and also your suggestions for next year.

[END RECORDING]