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**The Obesity Challenge: What the Next President Must Do
Republican Presidential Advisors Roundtable
Obesity Society, Washington University School of Public
Health and Health Services, National Journal
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FEMALE SPEAKER: Now, we have advisors to some of the Republican Presidential Candidates, and this time around I am hoping that we can get at some of the philosophical differences between the political parties and the way that they might approach this, and maybe there aren't any, but I think that it's going to be an interesting line of questioning to pursue. And I did save your questions for the previous panelists, but please feel free to write different questions for these panelists, and I'll start with those, and after we are all done hearing what they have to say. We start over here on this end with Donald Moran who serves as the Healthcare Advisor to Rudy Giuliani for President. He founded the Moran Company in 1998 after a 24-year career in the Health and Human Services Field, and his firm specializes in research and consulting projects that require in-depth knowledge of both sides of the boundary between the public and private sectors in healthcare. And in addition to providing its clients with analytical resources to evaluate technical issues that arise in healthcare regulation and reimbursement, his firm provides advisory services for clients seeking to develop effective policy engineering strategies. He also served as the Executive Associate Director for Budget and Legislation at OMB, and after OMB he joined ICF Incorporated. Speaking of OMB next to him we have Douglas

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Holtz-Eakin, who is the Policy Director for John McCain 2008 Presidential Campaign, and is a senior fellow at the Peter G. Peterson Institute for International Economics. Previously, his biggest claim to fame - I'll just insert this right here - is that he was the Director of the Office of Management and Budget and famously so for many years. He also has served as the Director of the Maurice Greenberg Center for Geoeconomic Studies and the Paul A. Volcker chair in International Economics at the Council on Foreign Relations. And then finally, closest to me is Lanhee Chen, the Domestic Policy Director on the Presidential Campaign of Former Governor Mitt Romney, and his political experience includes services as the Domestic Policy Advisor to Bush/Cheney '04 where he provided health and legal policy counsel to President George W. Bush's reelection campaign. In 2003, he was a visiting fellow in Health Policy Studies at the Heritage Foundation, which is a Washington-based think tank, and he worked as Legislative Representative for the ERISA Industry Committee, which is an organization representing the employee benefits interests of America's largest companies, as well as a policy advisor to Citizens for Better Medicare, which is a national bipartisan organization committed to free market Medicare reforms, and he is a lawyer who went to Harvard Law School. So those are our three panelists and the way we are going to do this is we are

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going to start with each of you making an opening presentation about your candidate's views on how to address the growing obesity epidemic and the economic health consequences to both the individuals and to the country of that growing problem. So we will start with Donald Moran.

DON MORAN: Thank you. Thank you very much for the opportunity to be with you all this morning, and on behalf of Mayor Giuliani, I want to thank you for the invitation. It's fairly clear that healthcare both from the sense of services and the broader concern about wellness. It's going to be a very important theme in the campaign going forward, and we welcome the opportunity to talk with you all about it. It's also increasingly clear that, as you will undoubtedly hear by the time this panel is complete, there is a fairly clear set of distinctions between the messages that you are going to get from the last panel that was up here and the messages you are going to get from this panel up here, and I think those distinctions will become more apparent very rapidly because I think the nature of the distinction is whether you are going to advocate substantial expansions of existing government programs in order to address the healthcare financing concerns of the American people or not.

The challenge we face at this point is that the sustainability of existing commitments is hardly guaranteed.

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We are going to face an awful lot of difficult choices in the months and years ahead in order to make headway in terms of figuring out how we are going to live with what we already have. And in that kind of an environment the real question is what mechanisms are we going to use to make those decisions. Are we going to vote about it or are we going to decide to basically make those decisions in the context of a pluralistic private market? And I think what you will certainly hear from Mayor Giuliani and other Republican candidates is a clear preference from decision making in the later context rather than the former context.

At the federal level Mayor Giuliani believes that the focus of attention should be on solving the problems that currently prevent the efficient working of private health insurance markets and prevent them from meeting everyone's needs in an efficient fashion. The problems in that area are pretty well known. One of them importantly is the lack of portability of employment-based insurance and what you are going to do about that. Second, is the unbalanced tax treatment of the way in which employer contributions for health insurance are handled under the Internal Revenue Code, the incentives that fall from that, and what you are going to do about that, regulatory barriers sometimes at the federal level and equally at the state level that frustrate the efficient

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operation of health benefits markets, and then an overemphasis in the insurance world for coverage for treatment while shortchanging and emphasis on prevention. And I think Mayor Giuliani believes that the federal government's role is to provide solutions to all those barriers and problems. The obvious way to go about that is to eliminate perverse disincentives that generate bad results but replacing them with new incentives for better performance, and that's really what Mayor Giuliani's agenda is all about.

Hence, at the federal level, he is proposing an initiative to create a level playing field for all working people in terms of the tax treatment of their health insurance coverage while providing financial resources for those who find insurance coverage otherwise unaffordable. He is also proposing - and I think here with a unique emphasis - that the federal government has both an opportunity to use the federal Medicaid financing as a mechanism to induce states to change the way in which they go about delivering health benefits and the way in which they go about regulating health benefits in order to create an environment where market-based reforms can be approached both the existing delivery of benefits to the Medicaid population but expand beyond that to become a resource for those who are currently uninsured.

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As part of these reforms, Mayor Giuliani believes that all insurance plan sponsors need to be given stronger incentives to promote healthy lifestyles and wellness, and clearly concerns about obesity and its consequences fall solidly in this area. At this point, employers don't really have strong incentives to incorporate such features into their overall employee benefits plans, and Mayor Giuliani believes that they should. State governments in particular should have strong incentives to integrate critical wellness activities into the state institutions such as schools in addition to their insurance benefit programs. Without such initiatives, such critical areas as childhood obesity monitoring and intervention are going to get shortchanged in a world where we are relying primarily on insurance plan sponsors to fund activities where they are already challenged with the difficulties of meeting present commitments.

As this campaign goes forward, Mayor Giuliani welcomes efforts such as the one we are all sitting in at this moment to make crystal clear why any one-size-fits-all solution to this problem is unlikely to work and that we need a flexible mechanism based on pluralistic decision making in private markets to be able to accommodate the special concerns that are represented by this audience. On behalf of the campaign, I wanted to thank you all for the efforts that you've made to

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ensure that all the candidates of both parties have a far better understanding than we did before of the concerns that you represent. I will tell you that your staff should be commended on putting together the briefing materials that you did. I thought they were unusually good and it was very helpful to us in understanding what the current state of the agenda is, and so I think you clearly made an effort to make sure the policy community is concerned about obesity issues is being heard in this context, and we appreciate the opportunity to learn more about what you all are working on what you are doing. Thank you very much.

FEMALE SPEAKER: And Douglas Holtz-Eakin speaking for Senator John McCain's campaign.

DOUGLAS HOLTZ-EAKIN: Thank you, Linda, and thank you everyone for the chance to be here on behalf of the campaign. It's a great honor. I want to congratulate the Obesity Society and George Washington University School of Public Health for this event and for, again, the tremendous briefing materials and the awareness that they bring. Anyone who has watched John McCain in action for any length of time recognizes that the signature characteristic is a willingness to undertake courageous service for this nation in the interests of its best long-term potential as opposed to any short-term political gain, and he has taken stands through the years which have, at

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times, made him less popular than he easily could have been in the interest of doing the best thing for the people who reside in this singularly unique society on the face of the planet. He is deeply concerned that those stands whether they be in defense of this nation against terrorists, whether they be in pursuing policies for climate change, reforming Social Security, none of the benefits of which he will ever see, but which will ultimately come to the generation after us as opportunities for a better lifestyle. All of those efforts will fall short if we do not address the great challenge of American healthcare spending and the fact that a rising share of every family, every business, and every national dollar is devoted to a system that is characterized by misuse, overuse, and underuse of therapies without commons that are far short of what the money should be achieving.

I am pleased to be here to talk about this issue because he has said again and again in his travels through America that there is no other issue that Americans care about on the domestic front than the healthcare system. Analysts, experts, Don Moran is one of the leading experts of the underpinnings of the rising spending on healthcare in the United States, all point towards chronic conditions as an important component of the rising spending, all point toward the fact that the current approaches to the treatment of

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chronic conditions are insufficient, inadequate, and overly expensive for what they achieve, and that obesity, in fact, lies at the root of many of the very expensive chronic conditions that we face. And so coming to terms with this in a comprehensive fashion is ultimately something that is of interest from a policy point of view and certainly from a personal point of view.

So where are the solutions? Well anyone who looks in healthcare knows that there are no magic levers. There's nothing you walk out and pull to get easy solutions, but there are some places that I think we should begin and where John McCain would point us. First is, do not look straight down and say things are fine. Doing nothing is not an option. This is a system that is frustrating to American families where they are torn apart by a system that is supposed to help keep them tighter and where they find themselves cast adrift at key moments in their lives, so we must address this issue and make some changes. We should begin in this area with some education. Everyone knows that. It's important to educate children about the consequences of their dietary and exercise choices. That's obvious. People have responsibilities that they must meet in teaching their children and taking care of them and giving them proper care at a young age, but in addition to that kind of education, it's well established in

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data that there is a big correlation between education attainment and health status, and we need to make sure that America's school work that the accountability efforts that the transparency and that the kinds of initiatives that have placed attention on a failing K to 12 school system are continued, and that parents have a choice to move their kids from a school that is failing them to one where every child has an opportunity to graduate and those graduates are prepared to go to college. With that will come better health and we need to make those efforts.

We need to make programs that are intended to get kids into the K to 12 system ready to learn actually work. Head Start was intended to be a health program and it has no accountability as a health program. What are the achievements that that program has made for the money we have put into it? So we need to have a thoroughgoing review of the way we spend the taxpayers' money so the taxpayer can trust the government to use those dollars wisely and to get some achievement in education and in health that is necessary. And then we need to attack this problem with the same kind of innovation and the same kind of imagination we have other problems in America. There is no reason why we cannot undertake insurance market reforms that allow multi-year policies to transport across state lines and between employers so that there is a financial

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incentive to get the payoff on preventive care. That is not an unattainable goal in America. It should be the case that individuals have the opportunity to get their insurance from any willing provider. They can go to any trusted advisor to get that policy, and that we should see a greater variety of insurance choices tailored to the individual circumstances that families know best and allow us to get financial incentives for prevention and the kinds of things we know will work for chronic and obese conditions, and deliver a healthcare system that people will want.

And the last thing that any President can do is to make sure that they populate their government, their cabinet agencies with people who are dedicated to the same vision. I think we should applaud people like Former Secretary Tommy Thompson for his efforts to lead awareness about this issue, his own personal efforts to lose weight, and to educate Americans. Those are the kinds of things Presidents can do. They can set examples. They can provide education. They can undertake policies that improve incentives to get the outcomes we want. And John McCain has identified this as one where we will put those kinds of things in place. Thank you.

FEMALE SPEAKER: Okay. Thank you very much. And finally, we will hear from the representative for Governor Mitt Romney and that his Lanhee Chen.

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LANHEE CHEN: Thanks, and it's very good to be with all of you here today, and I bring greetings from Boston from Governor Romney. I just want to spend a few minutes and talk about four ways or four different priorities that Governor Romney would have as President of the United States to deal with the increasing prevalence of overweight and obesity in American society, but beyond that to make the kinds of lasting and impactful changes to the healthcare system that will help to bring healthcare costs down and to decrease the number of uninsured in America.

I just want to start by saying that Governor Romney has artherosclerotic record on healthcare. He brought healthcare reforms to Massachusetts and he clearly cares about healthcare enough to have proposed a National Healthcare Reform Plan a couple of weeks ago in Florida, and I encourage all of you who haven't had an opportunity to look at that yet to go to our website at www.mittromney.com and take a look at the plan that he has proposed. Specifically on the question of obesity, I think the first pillar; the first important issue to deal with is to sort of think about how to decrease the incidence of childhood obesity because this is something that leads to more serious health conditions later on. In America, nearly one out of every five kids is overweight and it's a problem clearly that we have to think about ways of dealing with.

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Specifically, Governor Romney has talked about some different policy initiatives. He has talked about encouraging schools and localities and states to have healthier school lunches, to make more options available to kids that are healthy options, not fried foods. He has talked about revitalizing after school programs and using different ways to get kids interested and engaged in different kinds of physical activities. In fact, when he was Governor of Massachusetts, the Governor revitalized a once debunked committee on physical fitness and sports, and that particular committee actually formed a grant program called *Everybody Move* in conjunction with the Department of Education of Massachusetts that provided grants to public schools that allowed them to create programs to encourage physical activity and physical education. Governor Romney has always fought for better after school programs especially in some of the schools in Massachusetts that are failing. And so he as always encouraged through his leadership ways of getting kids better options and healthier options, and those are the same kinds of things he would look to do as President of the United States. And I should say that Governor Romney is a big proponent of encouraging states and localities to engage in these activities rather than having federal mandates or federal dictates that these are the sorts of things that ought to be done.

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The second important thing is to get people the healthcare they need and this is sort of part and parcel of any strategy to deal with any chronic conditions including obesity. But the notion is that we have to get more Americans insured. We have to lower the cost of healthcare, and we have to find ways to control inflation and control healthcare spending. And Governor Romney introduced, as I mentioned a moment ago, a few weeks ago a six-part plan that will help get us to a fully insured population and controlled healthcare costs. It begins by thinking about ways that we can reform state health insurance markets to make them work properly, and this is really sort of the key difference in many ways, I think, between what our Democrat colleagues and what I think those of us as Republicans would advocate in terms of thinking about the healthcare system, which is to say, the answer is not to impose a one-size-fits-all solution that comes from Washington. It's to recognize that we have 50 separate state health insurance regulators in this country. We have 50 separate state health insurance markets, and a lot of the problems with health insurance costs and the uninsured result from the fact that we have a number of state health insurance markets that are quite simply dysfunctional. And so Governor Romney's belief is that we ought to think about ways to incentivize states to reform

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their markets to bring down the cost of health insurance and to control healthcare costs.

Beyond that though, he has also talked about ways that we can redirect existing federal and state spending to help the low income, uninsured get access to health insurance in much of the same way as he did in Massachusetts. We have a program in place in Massachusetts that will at one point in the future lead us to near universal coverage, and so we would like to think about doing the same sorts of things nationally and thinking about ways to get the low income, uninsured the coverage they need without raising taxes and without increased spending. He's also proposed a tax equalization. Currently the tax code has the severe bias in favor of employer-sponsored insurance. Those folks that get insurance through their employers are able to get that insurance essentially at a tax preferred rate that individuals, personal individual markets do not get. And so he has proposed a couple of things both enhancements to health savings accounts as well as the full deductibility of all qualified medical expenses when accompanied by at least a catastrophic plan. And so these are the sorts of things that we have talked about in terms of expanding access to health insurance and that is something that Governor Romney is committed to.

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The third thing I would say is that we are looking for ways to help people who are already struggling with obesity and who are already looking for ways to help them treat that condition, and I would just point back to the tax deduction that Governor Romney has proposed. This is something that will be tremendously helpful to people with chronic conditions to have an opportunity to deduct all of their out-of-pocket expenses when accompanied by at least catastrophic coverage. This is something that we believe will be vital in terms of helping those with chronic conditions potentially like obesity. And finally, I would say that the Governor believes in using the power of the Presidency and the power of the bully pulpit to elevate the importance of obesity as a public policy issue. And this cannot be emphasized enough to talk about the important of a healthy lifestyles and to encourage all Americans to engage in the kinds of behaviors and lifestyles that will help to bring down the incidence of obesity both amongst adults as well as amongst kids. So I am happy to answer whatever questions you may have about Governor Romney's vision for healthcare reform and I am happy to be with you today. Thank you.

FEMALE SPEAKER: Thank you very much and we have some time now for questions, so I will be able to address some of your questions and some of my questions to everybody on the

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panel which will be a good thing. But before we do that, I wanted to read you a letter that we have gotten from Governor Huckabee who was not able to send a representative to join us tonight, but as we know, has certainly been active in discussing the issue of obesity. And he says: greetings to you and all of the participants in the Obesity Society's Public Policy Conference regarding how our elected officials and specifically our next President should address the rising challenges faced with this health crisis in America. Unfortunately, I cannot be with you today to discuss this compelling topic, which as you know, has been one of my signature issues as Governor of Arkansas and as a Presidential candidate. I know that personal challenges associated with this growing disease all too well, and applaud your organization for bringing it to the forefront of the debate. Obesity is a condition that is plaguing not only adults but increasingly children of all ages. We must do all we can to avert what is not only a preventable national tragedy but a disease that has staggering social and economic ramifications touching every area of American life. America is in the throws of a health crisis. About 75-percent of our 2 trillion dollars spent on health annually is spent on chronic disease, most of which could be prevented by not smoking, eating healthier diets, and exercising. These three lifestyle changes could

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prevent 40-percent of cancers, 80-percent of type II diabetes, and 80-percent of heart disease. A comprehensive approach to tackling obesity in children and adults would be a significant start in the prevention of other diseases. Many thanks again for the kind invitation and best wishes for a successful conference on the very real challenges associated with America's obesity epidemic. That is from Governor Huckabee of Arkansas. So I have some very good questions from our audience and we have some other questions that we had to the other panelists that we didn't get to. But I want to ask just a couple of basic question to each of you to start off which have to do with the philosophical differences that you have all addressed already between your candidates and the Democratic candidates. One of them has to do with health insurance. Several of the Democratic candidates talked about requiring health insurance companies to engage in coverage of prevention, to engage in other sorts of coverage that might be thought to be effective in dealing with obesity such as counseling. I would like to start maybe with you, Mr. Chen, to ask you given the fact that all of you have said that there shouldn't be a one-size-fits-all approach, what do you think about the notion of requiring insurance companies to cover prevention, to cover counseling, and to cover other forms of treatment of obesity that are not covered now?

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LANHEE CHEN: I think from a philosophical perspective requiring any kind of mandated coverage of any kind of benefit, I think, poses significant problems. And the reason why that is is because in many ways, what makes private health insurance markets work is choice. Now some plans may offer counseling and sort of different kinds of ways of dealing with chronic conditions, different ways of dealing with obesity. People should be allowed to pick the plans that suit them best as opposed to choosing from a menu of plans that are all equalized. And that's something I think that philosophically I don't know that you would get a lot of disagreement from necessarily here. The notion that you ought to have a mandated benefit package I think would be problematic, and that's something that I don't think necessarily would be something that we would be in favor of.

FEMALE SPEAKER: Okay. And I would also just quickly to the other two of you and then we are going to get into the questions because they are pouring in now. So to Donald Moran for Rudy Giuliani.

DON MORAN: Same question?

FEMALE SPEAKER: The question was - yes the same question which is should the insurance companies be required legislatively to provide for the kinds of obesity treatments

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that are less available today which are prevention and counseling and so forth.

DON MORAN: Well I think Mayor Giuliani would ask the question why we believe that insurance mandates are the most efficient way to get people these services. Traditionally, the insurance world has taken the view - with some good reason - that these kind of services are uninsurable because they are very high probability events that you hope to happen and there's no reason taking a \$10 benefit and slapping a 40-percent insurance market load on top of it and selling it back to you for \$14. And so what we really need is guidance from you, the experts in this field, on what the most efficient way is to deliver these services and then we will engineer a financing strategy around that rather than presupposing that it has to run through the private insurance system.

FEMALE SPEAKER: And finally, Mr. Holtz-Eakin for Senator McCain, should there be requirements of insurance companies?

DOUGLAS HOLTZ-EAKIN: Well, no I think the Senator's reflex is always you want to have regulation as a last resort not as your first instinct, but the key is to make sure that insurance companies are responsive to the needs of consumers, and what we have at the moment is a situation in which this is a hole in the strategy that we have in this nation. You want

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to make sure that insurance companies are facing the competitive pressures that the conservatives love to talk about, and that if there is a payoff to prevention that we don't have them insulated from competition to deliver preventive services, and we make sure that we don't have obstacles to providing policies where they can get the return on preventive services. So if you can bundle together payments for a good outcome and the outcome could either come from intervening after the fact with lots and lots of expensive therapies and pharmaceuticals, or intervening in advance and giving good prevention and guidance that there'll be a financial incentive to do that later and not the former. At the moment, we don't have a system that works that way and we have got to get there.

FEMALE SPEAKER: Okay, and now we are going to take some questions from the audience on several subjects here starting with a question that has to do with whether the federal government should engage - whether the taxpayers should fund more research into the causes and treatments of obesity. This is a question that I think I will direct to Mr. Chen. I'll start going one at a time with each of these questions, and it goes like this. For other chronic diseases, personal responsibility is assumed, but it is not the primary focus of research and treatment. For obesity, virtually all of the

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solutions that we have involved teaching individual responsibility, would your candidate focus on research of the nature of the problem as it is done in other diseases? In other words, looking at whether there are other kinds of physical/environmental and so forth causes for obesity, spending research money on that specific question. Mr. Chen.

LANHEE CHEN: Yes. I think that there are two different ways to go at this problem and I think both are equally viable and both are equally important. One way is, as we have all talked about, the importance of encouraging particular behaviors, encouraging personal responsibility, encouraging the kinds of things that help to alleviate the problem before it starts, and that's certainly on aspect of it, but you can't ignore the fact that there are predictive factors. There are sort of different avenues of research that can be taken to help Americans and frankly people around the world deal with obesity, so you can't ignore the research element either, and that's something that I think Governor Romney would believe in the importance of investing in the kinds of research and development both in terms of looking at causes and looking at some of the physiological issues, but also in terms of thinking about new ways and new cures as well, or different ways of managing obesity and overweight. So I think both the management issue as well as the research issue

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are of equal importance and I wouldn't think that we would want to shortchange either of those.

FEMALE SPEAKER: Okay. Now we have a question about childhood obesity and I am going to direct this to Mr. Holtz-Eakin because you did talk about how Senator McCain believes that there should be more education about what's necessary to prevent obesity in schools, whether it's education about physical activity, whether it's education about nutrition, so I want to ask a bit of a compound question here. From the audience we have a question that says, as obesity rates continue to rise, what are your candidate's plans as childhood obesity rates continue to rise, what are your candidate's plans to revise the epidemic? And I would add to that should there be any mandates put on schools to teach nutrition in school or to require physical activity, physical education. We heard from a previous panelist that the number of schools that offer physical education in the country is down to something like 8-percent now.

DOUGLAS HOLTZ-EAKIN: There are a number of different pieces to the answer. The first is clearly there is a place here for what I think of as Senator McCain's signature approach to problems which is to say, yes the government will do this, and indeed there is a role for the government in public health education and providing messaging through all the media that

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are now available whether they be traditional media like TV but also over the web to educate broadly about the importance of this as a problem to individuals and then to the larger society. But with that comes responsibilities and parents have to step up and parent their children effectively. And that involves not just the interaction between a parent and a child but the involvement in the schools and the recognition that the most important aspect of good educational outcomes whether they be obesity education or anything else is the parents reinforcing what goes on in the schools, so there is a place for schools and there is a tradition of the schools of providing education on health, on physical education. It has waxed and waned, quite frankly in this country, but that education will be ineffective unless the parents reinforce it, and so this has to be something that is not exclusively in the domain of the government. This is something where the personal responsibility of parents is paramount.

FEMALE SPEAKER: Thank you. We had several questions about addressing obesity in poor and minority communities and I will try to roll them all together into one question. The question really is what would you really do about the disparities in obesity rates in the poor and minority communities? How do you address those communities specifically with the kinds of policies that your candidate might apply?

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And one of your questioners added in this point which is what do you do about poor, urban communities that don't have any grocery stores where there are no fresh fruits and vegetables available to families where they are basically left to getting their food at the convenience store? So if you can kind of wrap that up, Mr. Moran for Rudy Giuliani, please.

DON MORAN: Mayor Giuliani having spent a number of years as the Mayor of New York City is keenly aware of issues that result from healthcare disparities and other kinds of economic disparities in populations. While I have not specifically discussed this question with him, I think the way he would reason about it is that it's important for us to understand - and this goes somewhat to the last question about research agenda - what actually works here. And I think given my own personal view of what I know about the literature in this area, I would say that we have made some progress but we still have a long way to go in terms of figuring out what the action agenda actually is because I think everybody in this room understands quite well that if we completely succeed in stigmatizing overweight children without accomplishing any objective in terms of actual behavioral change we will not have made progress here. So what we need to understand is programmatic models that actually work, and in the spirit of your question, that will require us also to look at

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programmatic models that specifically take account of racial and other kinds of disparities in terms of the incidence of obesity, and we need to be able to fund the evaluations that it's going to take to come up with workable program models understanding what works in one area is not going to work in another, but this is going to be a long slog. We are going to be at this a long time and we need to make a concentrated effort to make it work well.

FEMALE SPEAKER: Thank you. There are several questions about the insurance companies and the notion of preexisting conditions. Certainly this would be the case with people who have suffer from overweight or obesity. How will market-based reforms help people with preexisting, chronic conditions like obesity, diabetes, CVD, how will these people be able to purchase or otherwise obtain coverage when most states allow insurers to reject them for coverage at any price? What should the federal government be doing to address that issue asks our questioner. And I guess I'll go back to you, Mr. Chen.

LANHEE CHEN: Yes, I mean it's clearly a challenge and again you can think about it two different ways. One way is for the federal government to come in and say you have got to issue policies to everyone. You have got to charge everyone roughly the same rate. You have got to do a series of things

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to ensure that everyone gets covered, and that's one approach, and I believe that that's one of the approach that you may have heard a lot of in the previous panel. And that, I think, is very different philosophically from the kind of approach that conservatives would take and it's different from the approach that Governor Romney takes which is to say, okay let's think about how we can get markets to work more efficiently because ultimately the reason why coverage is being denied is because there is no market for it. The market is not working efficiently, and where the market is not working efficiently reforms and changes do have to be made to the market. Governor Romney has always said that that's an important component of healthcare reform. And so one of the ways that we can think about starting to do that is to say why isn't the risk acceptable, and to create mechanisms that help to spread that risk out between larger populations to make insurance more affordable and to give insurers the right incentives to align their incentives in terms of being able to offer insurance to people that now can't get insurance. The other aspect of this is there are a number of different things that policymakers have looked at over time and there are things that we have looked at in terms of different ways of subsidizing health insurance costs to chronically ill, things like high risk pools, things like incentives for individuals who have

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difficulty getting insurance because they are chronically ill or have conditions, and these are all sorts of different policy options that we are still examining are still on the table. But fundamentally, I should draw a contrast between policy options that look at dictated things like dictating things from Washington like saying you got to have federally mandated guaranteed issue or different types of solutions like that I think would be things that we should shy away from because philosophically they don't work to correct the market. They impose a particular solution on the market and increase dysfunction in that market. In order to get the market working right you have got to think about ways of physically reforming the market. Some of the things Governor Romney did in Massachusetts are some of the things that we would look to do going forward.

FEMALE SPEAKER: Thank you. And we have got several questions here from people who are wondering why none of you brought up the issue of tort reform as a way of addressing the obesity epidemic? How can you lower healthcare costs and increase access asks one of our audience without tort reform? So maybe, Mr. Holtz-Eakin I would address that do you.

DOUGLAS HOLTZ-EAKIN: Perhaps we are guilty of assuming that some things are obvious. There has to be a rethinking of liability and litigation in this area. I mean if

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doctors are given clinical guidelines and follow patient safety practices they should have a safe harbor from frivolous lawsuits and that would apply in all areas of medicine. And in an enhanced and enriched vision in the way healthcare works in America, those doctors would not just be mechanics doing things after the fact to fix people up. They would be reimbursed on variability to provide better outcomes for individuals regardless of their route, and if that route is counseling the individual to lose some weight, helping them with their diet that should be just as profitable to a doctor and underlying insurance company paying those bill as a very expensive arteriogram, angioplasty set of procedures. I mean this is a fundamental change in the way we have to do business in the United States and the issue is will we undertake it in a flexible way that is responsive to families' needs and wants and preserves the great advances we have made in medical science, or will we somehow intervene too heavily and make a drastic policy that shuts down the advances without getting to a better outcome. So sorry we didn't beat up on the tort lawyers. They should have done it. I apologize, but it's not the only part of this problem.

FEMALE SPEAKER: I would just like to ask a question that sort of comes through several of these questions to each of you which is, do you think there is any role for government

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regulation? I am going to throw out a couple of example of types of regulations that have been talked about in the course of discussing dealing with obesity. One of them is getting the FTC to regulate advertising of fatty foods and salty and sugary foods the children, another is requiring - this is being done in some local communities - restaurants to list calorie content on menus, so do you think - I think I'll start with you, Mr. Chen, if you could each give us a brief answer that there is any place for regulation in addressing obesity?

LANHEE CHEN: Yes, I mean it is fair to say that there is some role for regulation and the role would be to ensure that consumers are informed when they make decisions to give them the information they need. Have we considered the specific issues of changes to the way the FTC regulates packaging or the ways that particular jurisdictions want to deal with the question of publicizing information about caloric content, I mean we obviously haven't gotten that into the weeds, but I think if states make the decision - if states and localities make the particular decisions - about how they want to better inform and empower consumers then those jurisdictions can do that. I think if the question is is there some new federal bureaucracy or some new federal scheme that ought to be invented to deal with these sorts of things I think we would probably shy away from that, but the reality is that you have

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got to think about ways to get consumers information, and there is an appropriate role for government. There is a role for regulation, but we would caution against these sort of overreaching schemes that frankly will only serve to dampen the marketplace.

FEMALE SPEAKER: Thank you. Mr. Holtz-Eakin?

DOUGLAS HOLTZ-EAKIN: Certainly the notion that there is an unfettered free market solution that's the void of governments setting out sensible ground rules for insurance companies for the medical community and safety, for licensing, for safety of pharmaceuticals, I mean that is simply a red herring. The issue is what do we need to do at the moment in terms of making sure that insurers, doctors, hospitals, pharmaceutical companies, interact in ways that deliver high-quality outcomes at a lower cost that will involve both regulating and deregulating and getting the competitive forces to operate in a way where people compete on price and on quality not on who they give their services to, and that's a deregulatory message but it's also one that acknowledges the role the government has in making sure these markets work on behalf of Americans.

FEMALE SPEAKER: Thank you. Mr. Moran.

DON MORAN: Well I think rational, free market conservatives, of which Mayor Giuliani is certainly one,

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acknowledge that if we can identify a specific problem that is not being addressed by the way market conduct is going out in a - then we can use regulation as a tool to correct that problem. I think the challenge is is that we have a tendency in our regulatory behavior as a body of politics to do things that seem to be trendy and whip-servicy rather than being actually focusing on the real problem. For example, I have not seen any research at least in the peer-reviewed journals that suggest that the American obesity epidemic is being provided by bad menu choices in restaurants. Certainly that is something you can regulate because it's there but unless that's really the problem you might want to consider focusing your resources on places where it really matters. And I think that is the challenge in this area and one of the reasons why I think this group today is making valuable contribution to this debate by making sure that all these campaigns have to think through this stuff because there are things to do that are rational and there are things to do that are silly, and we needed your assistance in figuring out how to sort out among them.

FEMALE SPEAKER: Thanks you. And we have a question about health savings accounts. Somebody writes, traditionally people don't tap into health savings accounts for preventive services. If your plans include increasing reliance on health savings accounts, how will that affect obesity rates? Health

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savings accounts - I am assuming you all know what that is - the voluntary account that one would preserve for the treatment of health questions. Let me ask Mr. Holtz-Eakin that question. I don't actually know if Senator McCain has endorsed - has he endorsed health savings accounts?

DOUGLAS HOLTZ-EAKIN: I am going to inartfully dodge the question in the interest of self-preservation because the Senator is going to release his full fledged health plan next month and if I release it here I won't have a job. [Laughter]

FEMALE SPEAKER: Okay. All right. Mr. Chen, health savings accounts are part of Governor Romney's plan?

LANHEE CHEN: Yes, our plan does include enhancements for health savings accounts. We talk about removing the high deductible requirement that is currently in place in terms of coupling when you couple your coverage with the health savings accounts. So we want to make health savings accounts more accessible and available, but there is no silver bullet when it comes to healthcare reform. Health savings accounts are wonderful for people who have taken advantage of them. They should be more readily available, but there are other options beyond health savings accounts and so I think - now I have forgotten the question.

FEMALE SPEAKER: The question was - and I don't know if this is factually true but it sort of sounds like it could be -

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that people don't traditionally tap into a health savings accounts for preventive care, and how would that affect obesity.

LANHEE CHEN: I mean the question should be phrased people don't tap into health savings accounts period. The take-up of health savings accounts is very, very low. If you look at the number of taxpayers who availed themselves of health savings accounts it's extremely low. It's on the order I think of 1 to 2-percent - if that even - of all taxpayers so it's clearly not a mechanism that people have taken advantage of. Part of the reason why is because we have had these silly rules in place that have inhibited the growth of health savings accounts. That's something Governor Romney would do away with - the silly rules not the health savings accounts. But anytime that we can encourage people to engage in preventive care this is a good thing, and one of the ways we do that is using health savings accounts as a vehicle to get access to health insurance. The other way we do it is by - like I said earlier - getting more people access to health insurance period, and getting them into programs that will help them acquire the kind of preventive care and access to physicians at an early point that they would need so that the problem doesn't turn into something worse later on. And a lot of employer plans now are beginning to include various incentives for healthy living,

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discounts if you are part of a gym, have a gym membership, discounted gym memberships to go along with the insurance plans, so there are a lot of different ways that insurance plans are trying to promote the kinds of healthy lifestyles that will lead to better outcomes down the road, and so I think, like I said, health savings accounts are one part of the answer. It may be the case that people aren't taking advantage of preventive care as part of them, but I think that the reality is that the bigger problem is simply that there are too many people in this country that don't have access to affordable insurance. And then beyond that, the health savings accounts themselves have been underused and we ought to think about ways to expand access to those.

FEMALE SPEAKER: Okay. Well that's going to have to be the last word and that was really informative and very helpful, and we want to thank these representatives of the Republican candidates for taking the time to come and speak to you and for addressing what's going to be a very serious health challenge and an important issue in the Presidential Campaign. So I want to thank the panelists, the two hours of very interesting panels that we've had and to let you -

[END RECORDING]

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