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**The LBJ Centennial Medicare Conference: Past, Present, and  
Future  
Lessons from the Past: Enacting Major Policy Change  
Center for Health and Social Policy, Commonwealth Fund,  
Robert Wood Johnson Foundation  
April 28, 2008**

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**DAVID WARNTER:** Hi, I am David Warner, I have been on the faculty of the LBJ School for quite a while. Sometimes students ask me, well how old are you, and I say well, I am not a baby boomer. They have to think hard. We have a very distinguished panel today, but before we get started I would like to just make a few remarks. Thirty-two years ago we had a conference toward new human rights, the social policies of the Kennedy and Johnson administrations.

Now Wilbur had a belief based on three data points that every 30 years there was a massive social reform, there was the Fair Deal in 1905, there was the social security, the New Deal in 1935, and there was the great society in Medicare and Medicaid in 1965. So in his mind it was an inevitable that by 1995 we would have universal coverage. I do not know how close we came in 1993.

**FEMALE SPEAKER:** Not close enough.

**DAVID WARNTER:** That's right. Here we are in 2008, and I just want to read on paragraph here. He says, the enactment of Medicare and Medicaid must be considered a great legislative achievement by President Lyndon Baines Johnson when it is realized the proposal was defeated in 1960, 1962, and again in '64. It was opposed in 1960 by President Eisenhower that Secretary Arthur Fleming recommended. It was opposed by Wilbur

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Mills, the majority of the House Ways and Means Committee in '61, '62, '63, and '64.

It was opposed by Senator Byrd, the Chairman of the Senate Finance Committee in 1960, '61, '62, '63, and even in 1965 when it passed. In 1965 Gerald R. Ford voted against it in the house on passage and voted against it on adoption of the conference report. President Johnson required all his skill to get it passed what we now consider a limited proposal which at the time was viewed as radical. On the great tactical genius of President Johnson, when he invited Senator Byrd to the Whitehouse made it possible. He said to Senator Byrd, I know you are opposed, but you are surely going to allow the bill to be reported out. In front of the television audience, the senator could only say yes. And so it make that kind of skill to get something moving.

We have three extremely distinguished panelists today and there is several paragraphs on each of them in the pamphlets just as teasers so that you will look at this, I want to tell you that two of them are graduates of the University of Michigan, two of them are members of the Institute of Medicine and two of them served in democratic administrations. You can either figure the odd person out in each case; it will take a little reading. I am going to introduce each of them in order

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that they are going to talk, although they are not seated that way, briefly.

First Roger Wilkins is professor at George Mason University who was one of the people who received a Pulitzer Prize for the Watergate scandal. He has written several books that have been very well received. He served in both the Kennedy and Johnson administrations, both I think with USAID and in the Department of Justice. And he is going to talk about some of the civil rights implications of Medicare and other things.

Judy Feder is the former Dean and current Professor at the Georgetown Institute of Public Policy. She was the Director of the Pepper Commission and also served in the HHS in the Clinton administration and I should say is currently a candidate for congress in the tenth district of Virginia. I do not know if anybody here is a constituent, if you are you should come and talk to her afterwards.

Our third panelist is Gail Wilensky who is an economist, a senior fellow with the Project Hope who has served not only as the administrator of HCFA, which is now called CMS for those of you who do not remember back then, and also was senior advisor to President George H.W. Bush in the Whitehouse for welfare and health items and also served as the chair of the Medicare Payment Advisory Committee and the Physicians

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Payment Advisory Committee and continues to serve as chair, co-chair of a number of other committees and on boards and so forth. So with no further ado, I will ask Roger Wilkins to go first, Judy Feder to go second and Gail Wilensky to go third.

**ROGER WILKINS:** Thank you very much. The whole trip down here and going home has been made worthwhile to me because of the description of the behavior of the three Harvard Ph.D. economists. It happens that my wife, a Harvard Law School graduate is also now a member of the Harvard Corporation, that little group of seven people that actually runs Harvard University and in fact she is in Boston today and I am racing home tonight so that we both can be home at the same time for a change and it will simply just delight this ordinary University of Michigan graduate to tell his wife what those Harvard guys are really like.

I guess I am here because I worked for President Johnson and when I was told that this was the centennial of Lyndon Johnson and they were asking me to come back and say a word for or about him, I could not resist, but I was also asked to talk about movements that really change things and how they happen. I am not sure that there is a useful analogy between the civil rights movement and the movement to provide a fair insurance program to the people of this country that is fair and more economical than the program we now have. But, I do

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have some observations about government and how it felt to be inside the government, but also to be a part of that group that was trying to move the government.

I joined the Kennedy administration in 1962 and 1962 was just about the peak drive of the civil rights movement, Birmingham was about to occur, the voter drive in Mississippi had taken on power, the Kennedy administration really did not know what to do about civil rights. They know many black people, they did not know many poor people. They were not bad guys and I am glad I knew them and I am glad I worked for President Kennedy, but this was not an issue that he felt comfortable dealing with.

Meanwhile there were all these southerners who clogged up the congress so that he felt that he really in dealing with civil rights was dealing with a political problem. We saw it obviously as being a moral problem, a moral crusade for the vindication of the constitution of the United States.

I think this is exactly the moment when healthcare movement differs from the civil rights movement. Virtually all of us who were black knew that we were getting the very short end of the American stick. We knew what segregation was. It was morning to night, total surround sound shunning of us with the constant message that our limited prospects in life were due to our inferiority as human beings.

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So that when the notion that this segregation and the terror that went with it, both in the north and the south could be cracked and that crack first occurred when Jackie Robinson was hired by the Brooklyn Dodgers to play first base. It really took off when the war in court decided Brown V. Board seven years later because that got at what almost all of us hated and that was that not only segregation this brutal assault on your soul, but you got the very shortest end of the educational stick and so was your kids.

And as one of the leading NAACP lawyers said at the time, we made a tactical error because we thought segregation was the box we were in where in fact the box was white supremacy. It did not take much for the thing to take off because everybody was in heat about the indignities and so the kids started sitting in at lunch counters all over the south and then they started freedom rides and the bravery of the kids just touched every black heart in the nation and plenty of white hearts too.

Then Medgar Evers was killed, the little girls that were blown up in the church in Birmingham and then there was the great civil rights on Washington.

Now, the Kennedys were so slow that I did something really extraordinary for me. I am a very cautious man, but I was 31, I guess, and I could not stand what I saw the

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government doing and so I had a friend in the White House, he is a white guy, I used to tell him why don't you tell President, blah blah blah, and he said finally, you know this stuff, I do not know this stuff, you write a memo and I will give it to him and he will read it. Well, I was scared.

I mean assault the President when you are GS13 schedule C with one child and another coming did not seem to be the brightest thing. But the heat from the movement was so great that I could not resist and I had to ask myself, and I think this is what all kinds of people did, people who went down and risked their lives in the freedom rides or the voting rights act or whatever, you said, look at those kids who did the freedom rides and look at those kids who were going to school in Little Rock and you are sitting up here in a cushy job and you are too chicken to tell the president what you really think and a lot of other people really think.

So I wrote it and Bobby got really mad and the president as cooler and wiser and he did make some changes and he did move things. Bobby on the other hand said that I was uppity and brash and foolish and that I would never work in the Department of Justice as long as he was attorney general and he made that come true. But in the end that also worked out.

And so this brings us right to the time, and this is the last lesson that I think, I do not know if I have taught

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any lessons, but the thing that really made the civil rights act of 1964 possible was all these things that preceded it, but then there was this great march on Washington and the administration was really scared. They thought that the violence in the streets and one guy worked at the White House, somebody asked him, well where are you going to be, on the day of the march, he said, oh, I will be in the White House under my desk.

Southern senators and congressmen forbid their secretaries to come to work that day because of the black hoards that were coming to town. And then what you got was a thing that felt like a church picnic. People were happy to see each other, happy to be congregating on the Washington Monument grounds, happy to put their feet on the streets in order to push for civil rights and then there was a correlation that was just wonderful, white protestant, Catholic, and Jewish clergymen of the highest distinction were there, a whole array of labor leaders was there, and then there was the whole array of the civil rights movement also there.

They had asked the president, the leaders of this movement had asked the president if he would meet with them and he just had not answered, but he watched it on television and the people were so impressive and it was so quiet and it was so lovely that he had the leaders come over and there was a famous

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picture of all the leaders standing by him and shortly after that he decided to send up to congress the bill that would become the Civil Rights Act of 1964 coaxed through the congress by Lyndon Johnson as a memorial for President Kennedy and that's what did it.

Now, let me just make two observations about presidents and getting things done. There is an old story that maybe some of you have heard, there is a man name Sydney Hellman who was a big labor leader when Franklin Roosevelt was president and after Roosevelt became president, he was a New Yorker and he had helped Roosevelt when Roosevelt was the governor and he helped him in the '32 campaign so he went to the White House and he was welcomed as he should have been.

He said, here is what you have to do Mr. President, da, da, da, da, da, da. And the story goes that President Roosevelt said, Sydney I agree with everything in your proposal, it is all exactly right, now you just go back home and make me do it.

And the same thing happened with Lyndon Johnson and the voting rights act. He wanted to do the voting rights act, he had used up a lot of chips on the Civil Rights Act and he just engaged in a very long romancing of Martin Luther King, Jr., to make sure that King put his people on the streets and kept the people's feet to the fire and move along and move along and he

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essentially said to King, make me do it. And King put the people on the street and then there was pressure from inside the government on the president with which I was associated and it happened.

I do not know how you can put together big passionate coalitions about something as complex as healthcare program. People are troubled, but they are not on fire about it the way blacks were on fire about how we were treated in this country. And I know lots of real smart people who are just as inept about their healthcare as those Harvard professors about what their paychecks look like.

So, I do not have much to bring to bear on this, but I do in the spirit of this 100<sup>th</sup> year have to say that Lyndon Johnson could get more out of human beings than any human being I have ever known. In part he did it by intimidation, in part he did it by cajoling, in part he did by out and out romancing and when he would flatter me, he made me a presidential appointment and I spent the last three years of his administration doing a fully paid for tour of all the cities that were burnt up and the three years, '66 to '69 that I had the job, and it was a very difficult job.

It was a terrible job and heartbreaking in many respects. But Johnson used to send me to these riots by myself as if I could do something about them. Anybody else, I would

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say are you crazy. And then one time I had him, he said, you are getting on a plane, I want you on a plane to Chicago tonight. I said, Mr. President, I am sorry, I would really like to go, but I cannot go because there is an airplane strike across the country, you know that. He said, my plane is waiting out there at Andrews Air Force Base for you, what are you talking to me on the telephone for. So I went. The Illinois National Guard got to town the same time I got to town and the president gave me full credit for it.

Happy Birthday Uncle Lyndon, I am glad to be here with you and what I have contributed to your real purpose I do not know, but it is nice to see you all.

**JUDY FEDER:** Roger, I think that what you contribute you demonstrate one of the reasons that the LBJ school wants to look at history today because a look at history is both moving and inspiring as you have been, even if it also, it suggests that things are daunting as we know they are in getting everybody affordable healthcare coverage. We do not have time in my ten minutes to tell you that we are going to build that movement, but it is coming, it is definitely coming.

I want to spend my remarks, though, talking about the importance of history based on the fact that it is history that is making getting this universal coverage so daunting. That what we have today in our healthcare system is a product of

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choices that we have made over many, many years. I imagine people in this room have heard it said and perhaps even themselves said, how can we even talk about a healthcare system in this country, we do not have a system. You look at the cracks and the gaps and all the failings of what we live with in healthcare and people do say that.

I have always found that an extremely irritating statement because I think it is a cop out. What we have got as a healthcare system with all its cracks and its gaps and its holes is the product of political decisions that we have made or our predecessors have made over decades and so we cannot really cop out about that. We have got to look at those choices.

Enactment of Medicare and Medicaid in 1965 was in our history, a critical choice and let there be no doubt I believe that it is a choice that has made an enormous difference to older people, many of our disabled citizens and not just they, but to their families, to us as their children and grandchildren.

And it is as the former dean of a policy school I would like to commend the students of the LBJ School for their write ups of Medicare's achievement that you all have in your packets. So it is documented that it is an achievement. I also think it was an enormous achievement, if we look back at

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Medicare's implementation that it got done, everybody was getting healthcare from it, all people who were eligible in a year from its enactment.

And one would like to think we had moved forward in that respect in terms of our ability to implement major programs, but I need not mention recent Medicare programs that I think you will all know that unfortunately have to look back to Medicare as something to aspire to because we are failing to live up to that standard in today's environment.

Now it was also a choice that did not come easily as David's reading of Wilbur Cohen's remarks said. Kennedy failed, not only on civil rights, but he failed in terms of healthcare, in terms of getting Medicare passed and as you read and Wilbur said, it's enactment required a landslide, you did not say that part, but it was a land slide election for LBJ and he was still struggling.

So it required the exertion of all his legendary political skill along with some pretty legendary political creativity from Wilbur Mills who, as you said, opposed it and was then chair of the Ways and Means Committee and a big help from Wilbur Cohen, a professor here at LBJ for many years who had been working on getting the healthcare for everybody and got it for some people from the time he was at the Social Security Administration.

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So, it was a tough job and together they brought us, that creativity brought us Medicare part A, social insurance, Medicare part B, not quite social insurance, and Medicaid, the social assistance program.

So these victories are tremendous and one victory that ties with what Roger was talking about was in the course of implementing the program they just kind of, in passing, integrated all the hospitals in the country and it was not without some pulling and tugging that made that happen, but Medicare was responsible for that major achievement in our hospitals.

**ROGER WILKINS:** Uncle Lyndon helped a lot.

**JUDY FEDER:** Uncle Lyndon helped a lot, exactly Roger, that is true. But I also want to point out that these victories involved some trade-offs that actually created some serious obstacles, forgetting what was supposed to be the rest of the way to universal coverage. Medicare was supposed to be a first step and we have seen that we have not moved very much further from that time. There were some strategic choices I want to point out, the first choice in getting Medicare passed was a decision to build coverage, public coverage around the employer based insurance system which had grown up in the absence of government action to have national health insurance.

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It was promoted by labor at the bargaining table from the 1940's, it was reinforced by the exemptions from World War II, wage controls for health insurance benefits and then by tax policy, all of that built our employer sponsored insurance system as the core of the health insurance system we have today.

By the time of the 1960's proponents of universal health insurance believe that they could only achieve legislative victories that had alluded them for decades if they built around that system and focused on populations who were obviously excluded by it, in particular the elderly. The second strategic choice they made was to buy participation and smooth implementation for July 1, 1966.

And so the rules of the Medicare program, partly legislative rules, and then regulatory rules that came afterwards agreed to pay physicians their charges and hospitals their costs. Did not do any worse than the private sector, but did not do any better. And in doing that they overcame resistance that they feared would undercut the operation of the Medicare program before it started.

Now these choices are understandable but they have had some pretty serious consequences. By legitimating employer sponsored insurance, they reinforced a system that without significant public action never could reach all workers and as

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we know from the 1980s on has fallen further and further behind in terms of covering our population.

Then by focusing only on the elderly and low income children, pregnant women and poor disabled, they picked off the most popular political groups to cover. Low and moderate wage workers who are the bulk of the uninsured population are systematically excluded by our Medicaid program and by our private insurance system and we have not been able to get to them over all these years.

Now on payment the strategic choice they made allowing providers to determine their own payment rates put in motion the cost escalation that Peter showed us, not just for Medicare and Medicaid, but for the entire system. Now again they did no worse than the private sector, but by allowing cost to escalate so rapidly putting that in motion, it became an immediate barrier, it created an immediate barrier to the next steps that proponents of Medicare were hoping for. They have contributed to ever increasing numbers of uninsured and they are now threatening the persistence and the stability of even the Medicare and Medicaid programs they created.

Now I wish I could say these were just foolish choices, but as Barbara Kennelly knows, legislative choices will always be hard and I can only say in terms of my lessons for the future that we need to be wary and attentive to the choices

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that we make as we hopefully go forward to achieve universal coverage. And let me start with what we have to be wary of is that word universal.

We got to go for the gold and get that universal coverage because as I have said for many years when we talk about incremental reform, it is really hard to find another good group to cover, all the good groups are taken. We have just got to go for the gold. And if we can, with a new congress and a new administration decide to pursue children's health insurance program action that the president just recently vetoed, that is fine, but let us move fast, fast and move on to universal coverage.

And the second lesson I would say, or thing we have to be wary of is to make sure as we go forward this time, which Roger I believe we will, that we are going to include a path to slow the growth in healthcare costs because we have simply got to do that to make coverage affordable for all of us. Peter has shown us, Gail and I have worked together on ways in which we can get better value for the dollar and make that possible.

And finally to build on what Roger said, we are not going to get any of this done without a movement. We are going to have to elect a president who is committed to getting affordable healthcare coverage for every American, we are going to have to give that president one hell of a majority of the

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Congress and we are going to have to elect Judy Feder to be in there. So Roger, as you said, go home and make it happen.

**GAIL WILENSKY:** Well, I was going to be disappointed if Judy did not somehow slip that in there as she knows I live in the district I cannot help her, although my husband, I think has been some help. He teaches at George Mason, he is in Virginia.

Jeanne has asked me to move the history line a little further forward and to discuss what we might be able to learn from the Balance Budget Act and from the Medicare Modernization Act in terms of lessons that we can take forward and also what was an interesting teaser of how do conservatives look at Medicare and have they changed what their attitudes are with regard to the Medicare program and how do they look going forward to the issues that have been raised. When I get to that part I will explain what it is I am observing and from what perch I am looking at. I do not want to speak for this large amorphous group, but I will give you some observations that I have.

First, what can we learn from two major bills that we have seen passed within the last decade and that is the Balance Budget Act and the Medicare Modernization Act, I think there are some important lessons and you will hear in looking at that and going forward while there are a variety of areas that Judy

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and I agree on, I am in the camp that you take what you can get when you can get it and move forward as you can. I think it is because I have now lived in Washington for so long and seen too many opportunities go by that I think would have moved us forward. I have modified my own position.

When you look at the Balance Budget Act, for example, this is also true for the Medicare Modernization Act, it becomes obvious it is really hard to predict the outcome of what will happen when you have a lot of moving pieces going on. Many people were surprised that a Balanced Budget Act whose purpose was one to balance the budget with Medicare as the major donor and Medicaid receiving some expansion through the children's health insurance program that rather than slowing the program down to an estimated growth rate of 5.8-percent per year, that was congress had wanted and what CBO predicted would happen.

We saw a much harsher change where the first year there was 1.5-percent growth, the second year there was actually a very small reduction, not just the reduction that people in Washington talk about which is slower than would have occurred if the law had not changed, but an honest to goodness reduction in spending of about one billion dollars on Medicare and then in the third year still a slow rate.

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One of the lessons that you learn in such examples is that when you have many changes and basically every provider who provided services to a senior had his or her payment changed in some way under the Balanced Budget Act, it is hard to predict that much change. But you also have to look at what else is going on because during that period the Department of Justice and the inspector general was very aggressively going after Medicare fraud and it has always seemed likely to me that a lot of the excessive slow down or unpredicted slow down in spending that occurred those first three years had to do with the enormous chilling effect that the behavior of the IG and the Department of Justice had on every hospital and many physicians knowing, or at least hearing and interpreting the danger that this activity might mean for themselves.

Second lesson to learn from those two examples is that sudden shocks to the system can have an effect at least for a while. The purpose of the Balanced Budget Act after all was to slow down Medicare spending and indeed it did that and of course in the Medicare Modernization Act their purpose was not only to expand coverage for outpatient prescription drugs to seniors, but to try to do so in ways that would allow some gains from private sector competition and indeed in the first couple of years of the Medicare Modernization Act the spending

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under part D has come way below what CBO predicted and below what CMS has predicted.

Now what we saw, now surprisingly with the Balanced Budget Act and what certainly may happen in the future with the Medicare Modernization Act is that these kinds of shocks have a way of wearing off after a while and the Balanced Budget Act that congress deliberately put money back into the system with several acts that followed that increased the amount of funds available to providers.

So it does seem to me that one, you can have coalitions come together to pass legislation, that is important, I think we are going to have to learn to do that again if we want to get a healthcare bill in the next congress. I think it is unlikely that there is going to be the kind of dominance that we saw in the mid 1960s, particularly in the senate.

I think it is unlikely there will be 60 sure votes on the democratic side which means that you are going to have build a coalition to go forward to get the kind of plan that you want. But it also for me, and this probably just feeds into my prejudices as market oriented economists, if you do not change incentives, you are unlikely to be able to sustain the kind of change very long.

And this was certainly true with regard to the Balanced Budget Act where basically the incentives more or less

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continued under Medicare, there was just big whacks at the price. And that is not a way fundamentally to change the kind of behavior, particularly in the way that we need to see happen if we are going to slow down spending in Medicare and in the rest of healthcare.

Let me go on to talk a little bit about how conservatives look at programs like Medicare or like future healthcare programs, the kinds of things that they are likely to be worried about and why and the kinds of things that they might be more sympathetic about and then I will give some closing observations. First is recognize that there are both fiscal conservatives and social conservatives.

I am going to speak more from the view of a fiscal conservative, I am not sure I am a particularly good representative or person to speak from the social conservatives. But for fiscal conservatives they tend to be concerned about both the size of government and the role for government and this is going to become very important in terms of figuring out how to get insurance coverage to every American.

Many fiscal conservatives regard this as a very important action that needs to happen as well. The question is how and who ought to be paying what part and what should the role of government be in that. And also worry about the amount

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of dollars that flow through the federal sector and why do they worry about things like that?

Well most economists will tell you, except maybe the three from Harvard that could not figure what they were paying or what their pay stubs looked like, that you cannot raise taxes without having some undesirable affects, except for a head tax that has a lot of other undesirable affects attached to it, which means that when you are raising money for government functions, which need to happen, you risk being influencing on work and retirement decisions, savings and consumption decisions, and other things that distort the economy over what would otherwise occur, sometimes done deliberately to produce a desirable affect frequently just happening and not producing desirable affects at all.

And therefore, it tends to lead most conservatives to try to have smaller government rather than larger government and to focus on the functions that you think it is important for governments to focus on and for many of these individuals at the very least it is focusing on helping the poor in low income populations.

There tends to be a lot more debate about what happens about helping and how to help people who are upper middle income and upper income and it becomes much more a political

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discussion about how to make change occur, but not particularly a desirable economic decision about the role of government.

Now, I have to admit that when I make comments about this, about the size of government and spending, the role of government, it is hard to square that with some of the changes that we have seen during this decade where we have seen lots of expansions of government and government spending, but it does not mean that the point is not any less relevant.

It explains, for example with regard to Medicare, why conservatives, democrats and republicans tend to like the presence of private plans competing with a more traditional Medicare program, it certainly does not explain why there would be a justification for additional payments going to Medicare Advantage without end. That is a whole different issue and does not, in any way, explain the preference that a conservative would have with regard to that part of the Medicare advantage.

So when you look at how to try to go forward from conservatives you ought to try to understand the issues that are more important and the issues that are less important if only because it is going to be really important in trying to pass legislation to try to make sure that healthcare spending slows down. We all have seen how critical that is for our entitlement programs, how important it is for the rest of us

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who are part of the working population, but frankly, how critical it is if we want to try to extend insurance coverage because in fact the single biggest predictor of increasing number of people without insurance coverage is rising healthcare costs.

So it is something that for whatever reason you want to embrace the issue, becomes very critical that we do. When I look forward, it really is this combination of what can we do to build a coalition that can move us forward and what can we do in order to try to slow down spending, to do what we can at a moment in time and to go forward.

And I am encouraged when I see a coalition like the one that has been around in Washington in the past year or so between Bob Bennett in Utah and Ron Wyden of Oregon, even more so than the more traditional alliances that we have seen with some of the more liberal republicans like Susan Collins and Olympia Snow.

I do not want to belittle their efforts because they have been very important in trying to push on a variety of fronts, but it really to me is very significant when you see republicans who are much more out of the mainstream of their party or democrats for that matter being willing to team up with somebody who at least is in the mainstream if not regarded as slightly on the left of center in the other party. That

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indicates a willingness to make trade-offs that might actually be able to produce a package that could get through a congress.

When you do that, you can pretty much be assured there will be things in there for everyone to hate going forward. But I think we need to decide when we look at what is produced whether this is something that fundamentally moves the ball down the field or not, if it does I say go for it.

We could have had, in my belief, a bill that would have covered all poor and most low income people in the 1990's, but it was not universal coverage for sure and so it was not regarded as acceptable or appropriate as the next step. It troubled me terribly at the time, it has only made me madder in the 15 years since then, I plead with all of you go for the gold that first round, but if you do not get gold on the first round, before the inning ends or whatever, grab what you can and move forward it really will help all of us. Thank you.

**DAVID WARNER:** Okay, before we take questions, I would like to just allude to Wilbur Cohen again and he had the view that you are going after the whole salami, but you often have to take it a slice at a time and he saw Medicare and Medicaid as one of those slices. And I guess one other thing is Bill Russell was once asked how he motivated people and he said, well there are two ways to motivate people, there is love and support and there is fear and I have always found fear to work

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better and I think we may be entering into a period in which there is enough fear and paranoia about the ability to maintain the American way of life for the majority of the population that a reform of the healthcare system as a way to do that might work, I do not know. Maybe I will ask that as a question to the panel and then we will throw it open. And could the panelist repeat the question if it is directed to them, because the audience does not have mics.

**JUDY FEDER:** My perception from many years of trying to get expanded coverage and universal coverage is that it is fear of change that has stood in the way and I am sure that people in this room and I am confident the people up here remember Harry and Louise from the '93, '94 debate in which they relentlessly, in my view, inaccurately told people there had to be a better way and people were convinced by those insurance industry ads and a whole lot else that people who had health insurance which is now about 84-percent of the population has health insurance, that they had more to lose than to gain from reform. And I think that there is always that possibility because that will be the challenge to any reform proposal that is put forward.

What I think and the question will be is whether the concern, fear about the current system is now going to trump the fear of change and confidence that we can indeed do better

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than the current system will win the day. It is really a question of whether people are now finding the status quo unacceptable, because I think that is what it requires to bring change and it is my hope that we can bring the confidence and the compromises necessary to do that.

**GAIL WILENSKY:** It is trying to convince the relevant people which will mean people in the industry involved in providing healthcare as well as physicians and hospital administrators alongside with patients to be convinced that we cannot continue as we are. I am not sure we are there yet. It is hard when you focus very long on the relentless growth in healthcare spending with many indications that we have serious quality clinical appropriateness problems and patient safety issues that we have got to start making changes in terms of how care is provided and the reimbursement incentives we use and kind of information that is available.

I am hopeful that we can provide indications that we can make some of these changes and not have the negative effects that many patients and patient advocates fear because it appears that so much of what we do has very little clinical gain, that is part of what Pete was talking about, is an area I have embraced and I am trying to push forward as well, but of course it does have somebody else's income marked on it and that is an area that is going to result in some push back.

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To my mind if we could harness the right kind of information and drivers behind it, we could make some forward progress, but I think it is going to be steps at a time, moving forward showing that we can have some traction and slowing down spending as we roll out additional coverage. I just do not see it happening on totally separate chains because of the rate of spending problems that we are confronting in this country.

**ROGER WILKINS:** I think that the political wins this year make it more likely that a push for universal coverage will occur in the first year of the next presidency. And I see it in two ways, there are floating ice flows around Washington and they are old organizations, activists' organizations whose bite and purposes are not nearly as clear as they have been in the past and I would include civil rights organizations, although I would not want to be quoted outside this room.

You are all my best friends, so shut up. Anyway, and there are women's groups and there are reasons for black and Hispanic leaders to seek out issues that on which they feel compatible and comfortable together. And I think that we may see some of that in the next term.

And then this morning, I see that Senator Obama has decided that he is going to talk about meat and potatoes more than he has in the past and that he is thinking of using this out pouring of youth energy that his campaign has engendered to

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help him move legislation if he becomes president. Well, that is like taking Sydney Helmann to the White House with you and I do not think at least these two democrats cannot go to the White House and not do something about healthcare. I mean, they have to do it. If Obama is elected and he brings this youthful energy, maybe next year will be a very interesting year and a positive one.

**DAVID WARNER:** We have one question for Roger Wilkins because he has to catch a plane. Somebody have a direct question?

**ROGER WILKINS:** It was nice to see you.

**DAVID WARNER:** It was nice to have you. I guess I will ask one question and that is, did you observe just how the Medicare and the hospitals were desegregated in those three years you were touring the country?

**ROGER WILKINS:** Oh yes. I mean, he was doing it on purpose and I went to one or two just to see them when I was, but he was very, very well aware of what he was doing. I think, I will just say this briefly and then I have to go, when he became president I was appalled because I was only 30 and what the heck did I know.

But he had talked with a southern accent, he had kind of gutted the Civil Rights Act of '57 and so I was grumbling and mumbling and having this conversation with my uncle who was

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the head of the NAACP at the time and knew Johnson very well and he said, just stop it, just stop it, this guy he is terrific through and through on our issues. He has never hit a false note with me.

And I will say that that was true for my experience with him until the Kerner Commission report in '68 when he was so furious, well because the war was eating him up and he was so furious at Martin King for coming out against the war and it was not the report that he wanted so he just shut the door on that report, but from those seven years in which he and by and large I do not think set a wrong foot in race and using Medicare was one of the best things I thought he did.

**DAVID WARNER:** Thank you. Any questions for the two members from the Institute of Medicine? Yes, Al?

**AL:** Yes, I am interested, for me the basic issue that we need to be talking about and pushing in this country is helping our public and our leadership understand and believe in the fact that healthcare is a basic human right, just like education is a basic human right and just like it is in almost every other country in the world. But how do we move that issue and get it at the front of this discussion?

**JUDY FEDER:** David asked me to repeat the question, which is that you are arguing that healthcare is a basic human

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right and like education and how do we get that to the front of the discussion.

Healthcare has not been treated as a basic human right in this country, you are quite right, and I think one of the ways that when one tries to do that is in creating a movement for change. There are people to organizations all over the country who I think are coming away from a notion that there is a single best way to get everybody healthcare. There are some that work and some do not and we have got to get behind the principals that will work and demonstrate with the faces of all the people who are suffering from not getting affordable healthcare.

Americans have a tremendous tendency and maybe it is people everywhere, to have willful ignorance. I mean, we have been given them data on people forever and show them that no it is not true that everybody gets healthcare when they need it and continue to try and demonstrate that. I think that what is happening increasingly and there are efforts to get a movement going as are eluded to that regardless of political candidate, though, that will bring the issue to the floor, but do you have thoughts on how that might be done?

**AL:** Well, I mean, I think one of the things that the C.P.O. guy said earlier was letting people know what it is really costing them.

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**JUDY FEDER:** I think Peter is absolutely right in that respect.

**DAVID WARNER:** Remember, in general we are not picking up what people are saying in the audience on the tape.

**AL:** Well, I am pretty loud.

**GAIL WILENSKY:** To my mind I am not sure that is the best way in this country to make sure everybody gets healthcare, because then I think you get people fighting about what do you mean it's a basic right, where as making sure everybody has healthcare which is probably going to be, from what we can see with the proposals at least on the table now, the messy way that Americans respond to problem solving because we are a big diverse country.

I am not sure that that is the best way to get the job done. I want to see it done. I desperately spent the last, almost 40 years of life my life worrying about the issues of the uninsured and how to try to get everyone with insurance coverage. I find that distracting, personally.

So, I would rather focus on everyone needs healthcare, we need to make sure we can have this happen, try to push people as to which of these strategies they are able and willing to adopt as I have indicated to my mind it has got to be hand in hand with what we are going to do to slow down healthcare spending in this country and there are very

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different ways to do it and that is also going to be hard for us to find a way that will satisfy the political majority and a popular majority in order to get this done.

But, these are the kinds of things where people can try to move the strategy ahead that they think works if they have common goals, I mean, at the end of the day I don't know that it matters. My response living where I have been and watching the political process that is not the best way to move it forward.

**MALE SPEAKER:** I would like to ask about promoting access to excess, most of the conversations seems to be more founded on dollars and cents even when we talk about the quality issues that we might be able to make big dollars changes in as opposed to what we should be doing.

And one of the things that I have not heard much about is the kind of return on investment that we can get on primary prevention that we have studied to death, that we compiled from here and there and everywhere, there is no national platform or implementation or primary prevention and just imagine what the ROI might be in the context of all these financial issues we are raising. And could you comment on that and where we need to go?

**GAIL WILENSKY:** The question is, we have not had very much attention on the return on investment, by an economic

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concept I will note, for primary prevention and what kind of possibilities do we have out there.

All three of candidates are actually talking about the importance of prevention, the importance of better treatment of chronic care which as opposed to only focusing on acute care which for an aging population is very important. Having primary prevention be more of a focus and less on treating the disease once it occurs makes a lot of sense medically.

Whether or not it is actually cost effective is not so obvious as it turns out. It really depends a lot, it does not mean we should not do it, it just is harder than it sometimes might seem because it depends on how well we know how to target people who are actually at risk for having a big bad expensive event happen.

And sometimes the answer is not nearly as well as we would like to believe we could. It does not mean we should not do some of these preventive measures that we talk about. It just means that we may not actually see a cost savings to the system because it has to be very inexpensive if we are going to blanket everybody or something that happens a lot to a lot of people at high cost.

When you actually look at some of the economic studies that have been done, Louise Russell did one a number of years ago, about 30 years ago, in the U.S., but there have been a

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number of recent studies that have come out that indicate the difficulty, some vaccines and immunizations tend to be really cost effective.

The others tend to be good uses of money, but not necessarily savers to the system. And of course, we need to understand that while we want to prevent the kind of pain and suffering that is preventable, it is not clear what the next round of illness or death will come from. We are seeing that now with Alzheimer's. It is an issue we did not used to have to worry about when people were dying of stroke and heart attacks in their 40's, 50's, and 60's, but now that they are increasingly having to face.

So, again, ultimately whether we will actually save the system money depends on what that next round of threats are. But that does not mean that we should not do it, it means that it just is maybe cost effective, but not cost savings to the system.

**JUDY FEDER:** Just a couple of areas where I think that Gail eluded to them, where you can do a lot when we talk about an aging society, preventing falls among the elderly, keep them out of the hospital, treatment being able to take care of diabetics at home. We are talking looking very broadly, we are talking about the obesity, the growth in obesity which there at least arguably is contributing to some of the statistics that

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Peter showed us on declines in life expectancy. So, I think looked broadly, there are tremendous benefits and I appreciate your concern with them.

**DAVID WARNER:** We have time for, I think, one more question, or two simple ones. Janet?

**JANET:** The public policy really seems to be very focused on coverage and in the context of this conference Medicaid and Medicare, we have a lot of people out there that are on Medicare and Medicaid that do not have any access to care and I am wondering your thoughts on how we can try to inject that piece of healthcare reform into the discussion, because without access it does not really matter if they are covered or not.

**JUDY FEDER:** Your question was that the focus is on coverage and Janet put forward that there are many people on Medicare and Medicaid who are covered, but do not have access to coverage and where is the attention to that because that is what matters.

**JANET:** Well, coverage matters too, do not get me wrong.

**JUDY FEDER:** I do not might your premise, I think that insurance, if we cover people and it does not get you anywhere then you are not covered. That is not insurance worthy of the name and I think that we see as many people underinsured now as

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we do uninsured and that you cannot just have a health insurance proposal, if it covers a tooth brush it is not health insurance, it has got to cover the range of services that people need.

So, I take issue a little bit, I think there are definitely issues in Medicaid because you do have to pay providers adequately to get access and we do not always do that in Medicaid. I think that access problems are much more limited when it comes to Medicare. I think Medicare, we have a demonstration that accesses good and strong.

So I think that looking forward we are seeing attention to this concern and the debate that the presidential candidates are having and the democratic candidates are putting forward proposals that in which insurance, in my view, is the coverage they are going for is worthy of the term. They are talking about benefits like what members of congress have. As the wife of a federal retiree, I got those benefits too and those benefits do tend to cover you when you are sick.

So when we are talking about a coverage debate, I believe it is an access debate and it is very different from proposals that are put forward by others that would allow this kind of toothbrush stuff to continue.

**GAIL WILENSKY:** I actually interpreted your question differently, I do not know whether that is what you meant. I

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did not assume you were talking about the level of insurance coverage as much the fact that having a card, if there are not providers available, if there are not hospitals available, okay, so I would like to respond to that.

I think that we need to understand that giving people a card that gives them financial access depending on where they live, may or may not actually resolve the problem that is most of what they face. Some of it is geographic and there are ways to try to help make available alternative delivery systems either allowing nurse practitioners to engage in behavior that they have not traditionally engaged in or making sure that their health centers, rural and urban health centers that are available, just have them better integrated to the hospital systems than they traditionally have been.

Texas is an example that actually has done pretty well in trying to use these various types of health centers to integrate with their academic health centers. So we need to recognize that in elections because it is the kind of stuff that makes better political fodder, people talk about having everybody have coverage, but what is every bit as important is making sure that there are facilities available, that they meet the kinds of needs of the population and that we recognize that as important to having insurance coverage is, the moderating spending and appropriateness in clinical care and quality and

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patient safety affects the 84, 85-percent of us with coverage as well as the 15-percent without coverage and so it really is something that ought to appeal to the whole population.

**DAVID WARNER:** I think in order to keep things on track that will have to be it. I think we should thank these panelists very much.

[END RECORDING]