

President's Page

Tom Daschle and American Healthcare Reform

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The Burden of the Bully Pulpit



As the deadline for this issue's President's Page rolled around, I unfortunately found myself mired in a state of creative procrastination, due chiefly to my inability to find a topic I thought deserving of a few minutes of the members' time and attention.

So, while casting about for a worthy subject, I was intrigued when a friend suggested that I review former senator Tom Daschle's 2008 book on healthcare reform, *Critical—What We Can Do About the Health-Care Crisis* (Thomas Dunne Books: St. Martin's Press; New York). The idea presented a serendipitous opportunity to get inside the head, so to speak, of the incoming Secretary of Health and Human Services, the man tapped to lead the Obama administration's attack on the nation's healthcare woes. At the time, it seemed that Daschle's perspective on healthcare reform might be of legitimate interest to the membership.

I therefore read Senator Daschle's book, dutifully taking some eight pages of notes in the process, so as to accurately report my findings. Some of what I read was to be expected, some was concerning, some insightful, and some just plain interesting. Unfortunately, on the very day I finished reading the book, Daschle's own ship ran aground when his failure to pay a portion of his income taxes came to light. Apparently Senator Daschle's enthusiasm for taxing the population didn't extend to his personal situation. Suddenly stranded with a deadline and a dead line of reasoning for my essay, I was struck by the irony of the reformer falling victim to the same human foible he blames for our healthcare woes: greed.

Then I considered penning some sort of wry social commentary regarding Daschle's ironic twist of fate but, fortunately for potential readers, thought better of the idea, realizing that it would almost certainly end up sounding preachy and pretentious. With a looming sense of failure in my role as an accidental columnist, my thoughts returned to Daschle's book. Although the man himself has been sidelined in the great game of healthcare reform, his ideas might well still find their way onto the playing field. At the very least, his

thoughts seem to have gained traction with some relatively influential people, such as President Barack Obama.

Tom Daschle the Author

Daschle's book is a fairly light read. You don't need a Ph.D. in economics, a fellowship in health policy research, or even the ability to read particularly long sentences to plow your way through. It's only 202 rather small pages, with a generous font and ample spacing. In his critique of the failed Clinton health-care reforms, Daschle points to the excessive length and detail of the proposals as part of the reason for the political resistance that they encountered. Clearly he didn't intend to make the same mistake himself.

Basically, Daschle's take is that America's healthcare system is fundamentally flawed, and although those in government know this, they are politically incapable of making the required changes. The reason for this lies in the complexity of the healthcare issue, the limitations of our political system, the sheer amount of money at stake, and the influence wielded by those who stand to lose some of that money with reform. So much money and power is vested in those who benefit from the current system that any attempt at reform can be blocked. As a result, we've had four decades of inertia with little more than minimal incremental change.

Although Daschle's purpose in writing the book is clearly to propose his solution to this logjam, some of the more interesting material can be found in the groundwork, spanning the better part of the book, that prepares the reader for his proposal. While most of us have heard parts of this before, Daschle presents the current sorry state of healthcare in America, the imperative for change, and the reasons for the failure of previous attempts at reform in a surprisingly interesting and credible manner.

The Problem

Daschle begins with a sadly convincing indictment of the American healthcare system: it's unnecessarily expensive, the cost is a drag on the American economy, coverage is far spottier and more tenuous than most of us would care to admit, and we are paying top dollar for mediocre results. None of this is particularly new information, but he supports his theses with a variety of noteworthy facts and presents them in a way that draws in even the physician reader with conservative political tendencies.

There is no shortage of grim news. Forty-seven million Americans have no health insurance, despite four-fifths of them being employed or living in a

family with an employed adult. Why aren't they insured? Commercial coverage is too expensive, and they don't qualify for one of the governmental programs. Between 2000 and 2008, U.S. health premiums rose 98 percent while wages increased by only 23 percent. Americans spent an average of \$6,100 per person on health care in 2004, more than twice the average in the industrial world, and 50 percent more than Switzerland, the second most expensive country.

Why is American Healthcare So Expensive?

According to Daschle, there is plenty of blame to go around for the high cost of American healthcare. Taking the reader back to basic college-level economic theory, the author points out that powerful supply-side forces exist in healthcare because physicians both diagnose and treat disease. In a free market economy such as exists in American healthcare, they both create and satisfy demand, because patients rarely question a proposed treatment. On a more obvious level, the author points out that "administrative" costs consume an outrageous 31 percent of every dollar spent on healthcare in America, compared to 17 percent in Canada, and 10 percent in France or Japan.

In addition, the use, overuse, and abuse of new treatments and technologies is deeply rooted in American popular culture; expensive new technologies are favored over older, cheaper technologies with little analysis of their cost-effectiveness, simply because newer is perceived as better. ("Will you be using a laser for this procedure, Doctor?") The same philosophy applies to drugs where—in their quest for the very best, albeit with the perception that it's at someone else's expense—Americans pay for fully one-half of the worldwide profits of the pharmaceutical industry. The uninsured contribute to the problem, too, because they receive delayed, intermittent, and uncoordinated care in emergency rooms, a far more expensive model for healthcare delivery. Finally, and most damningly, Daschle observes accurately that every player in the American health care system is far more concerned with shifting costs than with reducing them.

It's no secret that these skyrocketing costs are a drag on the national economy. Escalating insurance premiums burden those American companies that continue to provide coverage to their workers, with the healthcare costs of the Fortune 500 companies now exceeding their profits. In the U.S., GM and Ford pay almost \$1,500 in healthcare costs for each vehicle they manufacture, while BMW pays only \$450 per vehicle in Germany and Honda just \$150 in Japan. Considering what we as a nation spend on healthcare, we ought to be able to expect and, indeed, deliver the best care on the planet. Unfortunately, in Daschle's view, we are paying top dollar for mediocre results.

A Brief History Lesson

Before finding his way to his proposed solutions, the former senator takes a brief look at the history of our employment-based health insurance system and compares it, often unfavorably, to those of other developed nations. Although it's his opinion that single-payer systems are consistently ranked among the world's best, the author acknowledges that such a system remains politically untenable in the United States. Those Americans with private health coverage are simply too satisfied with their current access to care to accept the change to a single-payer model.

In what seems to be almost a bit of a tangent, Daschle also takes the reader on a perplexingly long, but not uninteresting, tour of the Clinton-era attempts at healthcare reform. His insider perspective provides an excellent description of the combination of political missteps and seemingly unconnected events half a world away that combined to snatch healthcare-reform defeat from the jaws of victory in the early 1990s. For political junkies, this is good stuff.

Daschle's Solution

In this day and age, any serious proposal for healthcare reform has to include some strategy for achieving the Holy Grail of universal coverage. While it seems that, in his heart of hearts, Daschle is a single-payer kind of guy, he's enough of a politician to understand that such a proposal is currently a non-starter. Acknowledging that 80 percent of Americans are currently covered by the existing combination of employer-based coverage, Medicare, Medicaid, and the State Children's Health Insurance Program (SCHIP), and with a single-payer system decidedly off the table, Daschle is in no hurry to abandon the present programs. Instead, he suggests a public/private hybrid system that would combine the existing programs with an expanded Federal Employee Health Benefits Program (FEHBP), so as to scoop up the 20 percent of Americans who presently fall through the healthcare coverage cracks.

The FEHBP is currently a menu of private health plans offered exclusively to federal employees. Daschle envisions expanding the health plan options offered by the program, as well as opening it to all Americans without employer-based coverage. He sees it as an insurance pool of last resort and proposes a sliding scale of governmental financial assistance for payment of premiums to those in need.

The Federal Health Board

Even if universal coverage is achieved, cost remains an enormous problem. Daschle understands that Congress has been, and always will be, singularly

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incapable of enacting significant cost-cutting healthcare reform because of the political clout of those who benefit from the *status quo*.

Daschle's *pièce de résistance* is his suggested solution to this politically-driven paralysis: the creation of a quasi-governmental Federal Health Board, which he likens to the Federal Reserve Board. Like the Fed, this board would be composed of highly independent experts in various aspects of healthcare, protected from political considerations and answerable only to the public good.

The Federal Health Board would do the heavy lifting that the Congress is simply incapable of doing, making the difficult decisions that no member of Congress could make while entertaining serious thoughts of re-election. It would decide, based upon solid data and the critical analysis of cost-effectiveness, those treatments that deserve coverage and those that do not, and its decisions would apply to both the private and public sectors of the hybrid system. Clearly, such a practice is not consistent with the American tradition of physician autonomy, and would require some attitudinal adjustment by both physicians and patients.

Daschle supports his proposal with comparisons to similar agencies in other countries, namely the National Institute for Health and Clinical Excellence (NICE) in Great Britain and the Federal Joint Committee in Germany. Both of these agencies have successfully provided guidance on the use of new and existing drugs, treatments, and procedures, determining what is worthy of coverage and what is not.

Final Thoughts

As I mentioned at the beginning, the book offers an easy peek inside the head of one of our nation's chief political thinkers on healthcare issues. There is much to like, and much that causes concern. While I could barely restrain my glee with his statement that "the savings we seek will come out of executives' salaries and companies' profits," I was disheartened to learn that the author is completely oblivious to the grossly inadequate payments paid to physicians by the governmental programs. Ironically, these underpayments are a direct cause of the cost shifting he so abhors. His view of the Medicare and Medicaid programs as perfectly acceptable forms of healthcare coverage unfortunately reveals his ignorance of an important aspect of the American healthcare landscape.

Daschle's book is an easy and interesting read and should be available soon in paperback. Now that his career in healthcare reform is over, the paperback run by the publisher will probably produce significantly fewer copies than anticipated just a month ago. Still, it's never a bad idea to see how these guys in Washington think.