


**BEFORE I GO ANY FURTHER, LET ME SAY THAT IN GENERAL I
SUPPORT THE CONCEPT OF A LAISSEZ-FAIRE MARKETPLACE AND
I BELIEVE IN A FREELY COMPETITIVE ECONOMY.** 

**I THINK A LAISSEZ-FAIRE ECONOMY WORKS BEST FOR ALL OUR
CITIZENS AND I'M THRILLED -- AS I'M SURE ALL AMERICANS ARE
THRILLED -- TO SEE SO MANY COUNTRIES WITH STATE-
CONTROLLED ECONOMIES COMING AROUND TO OUR POINT OF
VIEW.**

**NOW, HAVING SAID THAT, LET ME GO ON TO SAY THAT THE
HEALTH CARE MARKETPLACE IS Laissez-faire ...**

**BUT IT'S NOT freely COMPETITIVE AND, HENCE, IT HAS
VIRTUALLY NO MODERATING CONTROLS WORKING ON BEHALF
OF THE CONSUMER, THAT I STILL PREFER TO CALL, THE PATIENT.**

**IN MOST OTHER AREAS OF OUR ECONOMY, THE MARKETPLACE
DOES EXERCISE SOME CONTROL OVER ARBITRARY RISES IN
CHARGES TO THE CONSUMER. THERE REALLY IS COMPETITION.
HERE AND THERE IT MIGHT BE RATHER THIN ... BUT IT DOES
EXIST AND IT DOES PROVIDE SOME ASSURANCE THAT
INEFFECTIVE, UNCOMPETITIVE, HIGH-COST, LOW-QUALITY
ENTERPRISES WILL FAIL.**

**BUT IN HEALTH CARE, RIGHT ACROSS THE BOARD, PRICES HAVE
GONE UP IRRESPECTIVE OF THE QUALITY OF CARE BEING
DELIVERED OR OF ANY OTHER MARKETPLACE CONTROL.**

**TRY AS THEY MIGHT, I DON'T SEE THE MEDICAL PROFESSION
ACHIEVING MUCH SUCCESS IN SELF-REGULATION.**

GRANTED, IT'S NO SIMPLE TASK. BUT, UNTIL THE PURCHASING PUBLIC "BUYS RIGHT"-- AS WALTER MCCLURE PUTS IT-- THE MARKET CANNOT CHANGE.

PHYSICIANS CAN HELP PUT THE BRAKES ON SOME GENERAL EXPENDITURES, BUT THERE ARE VERY FEW PHYSICIANS WHO CAN HONESTLY AND EFFECTIVELY CONTROL EVEN THE DELIVERY OF SERVICE -- MUCH LESS CONTROL THE COSTS OF THAT SERVICE -- WHILE CARING FOR A SPECIFIC, INDIVIDUAL PATIENT AT THE BEDSIDE.

WE SEEM TO HAVE, THEREFORE, A SYSTEM OF HEALTH CARE THAT'S DISTINGUISHED BY A VIRTUAL ABSENCE OF SELF-REGULATION ON THE PART OF THE PROVIDERS OF THAT HEALTH CARE -- THAT IS, HOSPITALS AND PHYSICIANS -- AND DISTINGUISHED AS WELL BY THE ABSENCE OF SUCH NATURAL MARKETPLACE CONTROLS AS COMPETITION IN REGARD TO PRICE, QUALITY, OR SERVICE.

WHAT IS THE EFFECT OF SUCH A SYSTEM ANYWAY?

**ONE VERY SERIOUS EFFECT HAS BEEN THE EMERGENCE OF A
THREE-TIER FRAMEWORK OF HEALTH CARE.**

**WE'VE ALWAYS SAID WE NEVER WANTED EVEN A TWO-TIER
SYSTEM.**

BUT WE HAVE IT ... AND A THIRD TIER, ALSO.

**IN THE FIRST TIER ... THE BOTTOM TIER ... ARE UPWARDS OF
PERHAPS 30 MILLION AMERICANS -- ABOUT 12 PERCENT OF THE
POPULATION -- WHO FALL THROUGH THE CRACKS AND HAVE NO
HEALTH INSURANCE COVERAGE ... NO HIGH OPTIONS ... NO LOW
OPTIONS ... NO OPTIONS AT ALL.**

**THEY'RE NOT OLD ENOUGH FOR MEDICARE AND NOT POOR
ENOUGH FOR MEDICAID.**

**WHAT, THEN, DOES THIS "HEALTH CARE SYSTEM" OF OURS DO
FOR THE UNINSURED?**

**AS YOU KNOW, IN THE VAST MAJORITY OF CASES THE ANSWER IS
... VERY LITTLE ... OR NOTHING. AND THEY ARE SUFFERING THE
CONSEQUENCES.**

**STUDY AFTER STUDY INDICATES THE CORRELATION BETWEEN NO
MEDICAL INSURANCE AND INCREASING HEALTH PROBLEMS.**

**THE HEALTH PROBLEMS OF THE LOWEST TIER, IF IGNORED BY
SOCIETY NOW, WILL BE BORNE BY SOCIETY LATER.**

THEN WE HAVE A SECOND TIER.

THIS TIER RECEIVES A NARROW RANGE OF BASIC MEDICAL AND HEALTH SERVICES WITH MORE OR LESS FIXED LEVELS OF REIMBURSEMENT.

THIS IS LOW-OPTION COVERAGE ... MEDICARE AND MEDICAID COVERAGE ... WITH THE PATIENT PAYING MANY COSTS OUT-OF-POCKET OR WITH THE HELP OF SOME FORM OF SUPPLEMENTAL INSURANCE, WHICH IS -- IN MY BOOK -- JUST ANOTHER KIND OF OUT-OF-POCKET EXPENSE.

FINALLY, WE HAVE THE THIRD TIER, THE TOP TIER.

THE PEOPLE IN THIS TIER RECEIVE A FULL RANGE OF MEDICAL AND HEALTH SERVICES. THEY ARE COVERED BY HIGH-OPTION HEALTH INSURANCE AND ALSO HAVE A FEW DOLLARS LEFT OVER TO PAY THE 15 OR 20 PERCENT DIFFERENCE BETWEEN THE ACTUAL BILL FROM THE DOCTOR AND THE CHECK FROM THE INSURANCE COMPANY.

MANY OF OUR LARGEST BUSINESS AND INDUSTRIAL ORGANIZATIONS ARE IN THIS TOP TIER.

YEARS OF TOUGH COLLECTIVE BARGAINING MADE IT POSSIBLE FOR MILLIONS OF THEIR UNIONIZED EMPLOYEES, AND THEIR FAMILIES, TO BE IN THAT TOP THIRD TIER.

BUT NOW IT'S NO SECRET THAT HEALTH CARE INFLATION HAS BECOME THE MAJOR STICKING-POINT IN THEIR COLLECTIVE BARGAINING, ALSO.

BUT HOW DOES THE BARGAINING END?

**THAT'S EASY: MORE MONEY IS PROMISED FOR EMPLOYEE
HEALTH BENEFITS ... AND THE INCREASED HEALTH COSTS
TRANSLATE INTO HIGHER PRICES FOR THE CUSTOMER OR THE
UTILITY RATE-PAYER.**

**IN OTHER WORDS, EMPLOYEE HEALTH PLANS HAVE REALLY
BECOME "PASS-ALONG" MECHANISMS THROUGH WHICH
DOLLARS, ARE PASSED ALONG AND INTO THE HEALTH CARE
SYSTEM.**

IT'S BEEN WORKING THAT WAY FOR THE PAST 20 YEARS OR SO.

BUT I DON'T THINK AMERICANS CAN KEEP FEEDING THE HEALTH CARE SYSTEM QUITE THAT WAY ANY MORE. WE'VE GOT TO MAKE SOME CHANGES.

AND BUSINESS ITSELF IS FINALLY COMING AROUND TO UNDERSTAND THIS. IT CANNOT CONTINUE TO BURY INFLATED COSTS OF HEALTH CARE IN THE PRICE-TAGS OF THEIR GOODS AND SERVICES.

**SINCE 1984 THE AVERAGE PREMIUMS FOR EMPLOYER-PROVIDED
HEALTH INSURANCE HAVE APPROXIMATELY DOUBLED... TO \$3,117
PER YEAR,
AND HAVE RISEN FROM 8 PERCENT OF BUSINESS PAYROLL COSTS
TO 13.6 PERCENT LAST YEAR.
BUSINESSES CAN'T ABSORB THESE COSTS AND ALSO EXPECT TO
BE COMPETITIVE.**

**AMERICAN BUSINESSMEN AND LABOR LEADERS ARE FINALLY
COMING TO UNDERSTAND WHAT THIS MEANS. THERE IS A
"HEALTH BENEFITS SURCHARGE", IF YOU WILL, ON EVERY
MANUFACTURED PRODUCT. FOR EXAMPLE, ON EVERY CAR THAT
GENERAL MOTORS MANUFACTURES IN THIS COUNTRY, IT
AMOUNTS TO WELL OVER \$600 PER CAR. IN CONTRAST, CARS
MADE AT THE NEW NISSAN PLANT IN TENNESSEE , THE "HEALTH
BENEFITS SURCHARGE" IS ONLY SIXTY DOLLARS PER CAR.**

**THE GENERAL MOTORS HEALTH PLAN IS A GENEROUS ONE, AND
IT COVERS RETIRED EMPLOYEES AS WELL AS ACTIVE WORKERS.
NISSAN, ON THE OTHER HAND, OFFERS A LIMITED PLAN THAT
DOES NOT EVEN PROVIDE MATERNITY BENEFITS OR PEDIATRIC
CARE FOR ITS ACTIVE EMPLOYEES.**

**BUT, WHILE ECONOMIC PRESSURES MAKE BUSINESS CONSIDER
CUTTING BACK ON THE HEALTH-CARE BENEFITS THEY PROVIDE,
SOCIAL PRESSURE COMPELS PROVIDING EVEN MORE.**

**WE HAVE SEEN CURRENT LABOR DISPUTES FOCUS NOT ON
WAGES OR HOURS BUT ON HEALTH BENEFIT PACKAGES.**

8

**I'M REMINDED, OF THE RECENT REPORT OF THE "NATIONAL
COMMISSION TO PREVENT INFANT MORTALITY."**

**AMONG OTHER THINGS, THE COMMISSION RECOMMENDED THAT
THE AMERICAN PEOPLE MUST ... "PROVIDE UNIVERSAL ACCESS TO
EARLY MATERNITY AND PEDIATRIC CARE FOR ALL MOTHERS AND
INFANTS."**

**IN OTHER WORDS, LET'S GET RID OF ANY AND ALL BARRIERS TO
HEALTH CARE FOR EACH AND EVERY MOTHER AND CHILD IN
AMERICA.**

**OF ALL INDUSTRIALIZED NATIONS, ONLY THE UNITED STATES
DOES NOT GUARANTEE ACCESS TO BASIC HEALTH CARE.**

**BUT THIS RECOMMENDATION AMPLIFIES THE CONCEPT OF
"ACCESS" IN A NEW AND VERY IMPORTANT WAY. IT SAYS THAT ...
"EMPLOYERS MUST MAKE AVAILABLE HEALTH INSURANCE
COVERAGE THAT INCLUDES MATERNITY AND WELL-BABY CARE."**

**THE COMMISSION WAS EVENLY BALANCED WITH PHYSICIANS
AND NON-PHYSICIANS ... REPUBLICANS AND DEMOCRATS ...
FEDERAL AND STATE OFFICIALS ... AND SO ON. HARDLY A
RADICAL BUNCH BY ANYONE'S
STANDARD.**

**YET, THE MEMBERS CAME OUT FOR A MUCH GREATER ROLE FOR
PRIVATE EMPLOYERS.**

WHY DID THEY DO THAT?

**BECAUSE TODAY, OF THE MORE THAN 56 MILLION AMERICAN
WOMEN OF CHILD-BEARING AGE, ROUGHLY 16 TO 44, ALMOST 28
MILLION OF THEM ARE EMPLOYED FULL-TIME IN THE AMERICAN
WORK-FORCE.**

**THAT'S 50 PERCENT OF ALL WOMEN IN THAT CRUCIAL CHILD-
BEARING AGE GROUP.**

**IN ADDITION, WELL OVER HALF OF ALL MOTHERS OF SMALL
CHILDREN -- KIDS THREE YEARS OLD OR YOUNGER -- ARE
WORKING FULL-TIME.**

**ON A DAY-TO-DAY BASIS, IT IS NOW CLEARLY THE MANAGEMENTS
OF BUSINESS AND INDUSTRY WHO EXERCISE THE MOST CRITICAL
INFLUENCE UPON THE HEALTH OF AMERICA'S MOTHERS AND
CHILDREN.**

**THE HEALTH CARE SYSTEM IN AMERICA TODAY IS A TERRIBLE
MORAL BURDEN FOR SOCIETY TO BEAR, IN THAT THE SYSTEM
DOES NOT RESPOND AT ALL TO SOME 12 TO AS HIGH AS 15
PERCENT OF OUR POPULATION.**

**AND IT IS A TERRIBLE ECONOMIC BURDEN FOR SOCIETY TO
BEAR, IN THAT THE SYSTEM SATISFIES ITS OWN UNCONTROLLED
NEEDS AT THE EXPENSE OF EVERY OTHER SECTOR OF AMERICAN
SOCIETY.**

WE NEED TO CHANGE THAT SYSTEM.

NOT JUST A LITTLE CHANGE HERE AND A LITTLE CHANGE THERE.

**WE NEED TO BRING ABOUT A PROFOUND CHANGE, ACROSS-THE-
BOARD, IN THE WAY WE MAKE MEDICAL AND HEALTH CARE
AVAILABLE TO ALL OUR CITIZENS.**

BUT CAN WE DO IT?

THERE IS NO PANACEA FOR
THE HEALTH SYSTEMS ILLS

THINK OF A PIE DIAGRAM

MEDICARE

MEDICAID

WORKING POOR

PRIVATELY INSURED

160 MILLION

→ BE SURE TO CERTAIN

MUST BE EXPANDED

POVERTY — DOCS/DEBT

POOL → NO ↑ PREMIUMS

WE ARE AT A CROSSROADS. WE CANNOT AFFORD TO DO

NOTHING,

TO CONTINUE BUSINESS AS USUAL.

THE PRESSURE FOR RADICAL CHANGE IS COMING FROM ALL

DIRECTIONS:

FROM MEMBERS OF CONGRESS, FROM BUSINESS, FROM LABOR,

AND FROM THE GENERAL PUBLIC.

INCREASINGLY WE HEAR THE DEMAND FOR RESTRUCTURING THE

FINANCING AND DELIVERY OF HEALTHCARE IN THE UNITED

STATES.