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**Senator Tom Daschle: Shift the Healthcare Burden Away from Business**

Rising healthcare costs and the growing number of uninsured are not only proof that the nation's healthcare system is not working, but also a burden to U.S. businesses. If former Sen. Tom Daschle had his druthers, business would get relief from the responsibility of managing healthcare costs through a "private system within a federal framework."

Daschle has called for a new approach to reforming the healthcare system. He says a seamless system that covers and pays for what works would rein in costs. And, as one part of the nation's health system reform, he is calling for a Federal Health Reserve, which would be modeled after the Federal Reserve System, to make health policy decisions. Representing the Center for American Progress, he testified in April before the House Energy and Commerce Subcommittee on Health in favor of universal health coverage for all Americans.

Under Daschle's direction, Meena Seshamani recently wrote and the center issued the report *Opportunity Costs and Opportunities Lost: Businesses Speak Out About the U.S. Health Care System--Ten Case Studies of Company Health Care Programs*. The report looks at the challenges U.S. businesses face in providing employer-based health insurance in the face of rising healthcare costs. Daschle recently spoke with *hfm* about how the government might go about achieving healthcare reform.

**Q. The American healthcare system is complex and involves many stakeholders. The nation's leaders have debated healthcare reform for many years without achieving any substantive reform. Do you think the federal government can be an instrument for healthcare reform this year? How?**

**A.** I believe that the federal government has to play a role, because if we change our healthcare system, in part it will be as a result of change in federal policy. We've already seen the beginning of this change at the state level. States have taken the initiative--and I would especially applaud Massachusetts and California in that regard--but it can't be done at the state level alone. It has to be done at the federal level.

And you ask if it can be done this year. I don't think that we will see a major change in health policy this year. I think we'll continue to do things incrementally for the foreseeable future. This year it will be the SCHIP program that will be reauthorized hopefully, and maybe we will pass mental health parity and the prohibition of genetic discrimination. Those are three major pieces of health legislation at the federal level. But at some point in the not-too-distant future, probably after the next presidential election, my expectation is that we will see a comprehensive proposal, and it will entail another debate like the one we had in the early 1990s with regard to what the role of the federal government should be.
Q. Can Congress consensus on healthcare reform?

A. I think it can achieve consensus. The urgency of reaching consensus has never been greater, and there's more and more involvement on the part of our national constituencies; that is, the business community, the different demographic groups, like the senior citizen organizations, labor unions, states, and municipalities--virtually everybody is concluding that something has to be done.

There are three primary motivations. The first is the tremendous increase in cost, second is the lack of access for 45 million Americans, and third is the increasing concern for quality in our healthcare system. We have a system that is really many systems, and I would describe it as islands of excellence in a sea of mediocrity. We've got to deal with quality in addition to cost and access.

Q. Please explain how your idea for a Federal Health Reserve could be more successful in fixing the healthcare system than previous attempts at healthcare reform, such as the Clinton administration's unsuccessful effort.

A. We can achieve success only if we recognize that there has to be a role for the private sector in health care, and it has to work in concert with the federal role. About 45 percent of the American people today are insured in some federal program. We have a lot of uninsured, but then we have the balance, of course, in the private sector. So it's about half and half federal--state government insured plus private insured. We have to recognize that we can't achieve a consensus unless we are prepared to accept the reality, which is that the private sector will always have an important role to play in healthcare delivery in our country.

What I envision is a private system within a federal framework. I believe that if we can build a private system that is an improvement over what we have today that deals with cost, quality, and access issues, but within a federal framework, we can begin to deal with those issues in a lot more effective way.

If one looks at the banking system today, that's exactly what we have. We have a private system in a federal framework. I believe that there are many success stories within our monetary system that are just as applicable in our health system, so I start with that premise. If we could replicate a Federal Reserve-like system for health care, then we've got the kind of infrastructure or architecture we need to accomplish what we are trying to do here.

Q. Reforming the healthcare system would be costly. The cost of providing health insurance to the uninsured alone would be significant. How should these costs be shared by the federal government, business, and healthcare providers?

A. We already spend 40 percent more than the second-most-expensive country, which is Switzerland. I don't see how we solve the problem of our healthcare crisis by adding even more costs. I think what we have to do is take the money that we currently spend, which is
about $2 trillion, and spend it more wisely, and spend it more efficiently, and reallocate it more successfully.

Today, we already are paying, in many cases, for the uninsured in the most inefficient way. We pay $6,700 for every man, woman, and child in our country in taxes, premiums, and out-of-pocket expenses. Those three ways that we pay for health care are fungible; that is, we could pay less taxes and more out-of-pocket expenses, or more premiums and less taxes, or more out-of-pocket expenses and less taxes and less premiums, but it's one of those three ways. We have to understand that we're probably going to continue to use those three vehicles as we pay for our system, but we're not using those vehicles very efficiently. By having universal coverage, we are going to reduce, if not eliminate, the cost-shifting that's going on today, which some have estimated to be $900 per person. My primary hope is that we could reallocate these dollars in a way that doesn't spend more money, but actually ends up spending less over a period of time.

Q. The Center for American Progress report Opportunity Costs and Opportunities Lost: Businesses Speak Out About the U.S. Health Care System shows that employer-based health insurance is a growing burden to the nation's businesses. What alternatives should the government address in the face of rising healthcare costs and the growing number of uninsured?

A. I've come to the conclusion that this shouldn't be a business responsibility exclusively. I believe that it's going to be important for businesses to get out of the health management business. There's something wrong when a business like Starbucks spends more on health care than it does on coffee. There's something wrong when a business like General Motors spends more on health care than it does on steel. We have to recognize that we can't continue to tolerate the high level of costs involved in providing health care in the way we do it. I would like to take that responsibility away from businesses, unless they decide on their own that that is what they want to do for recruitment purposes or because they feel a commitment to their employees that goes beyond the economic issues involved, and that certainly is their prerogative. But it shouldn't be mandated from business.

I would favor, therefore, an individual mandate; that is, a requirement that all individuals be required to have insurance just as they do housing insurance or car insurance. And I believe that it is the responsibility of the country to help those who don't have the means to pay for it for themselves or their families. There may be a role for business in helping to finance health care, just as there's a role for business in helping Medicare solvency with the shared commitment into a system, and I could see that perhaps for business. But I don't see where managing health care is something in the future we ought to continue to require of business.

Q. What role can and should healthcare financial executives in hospitals play in the public policy debate over healthcare reform?

A. Healthcare financial executives in hospitals can play a vital role. They perhaps know better than anyone how problematic our current financing system for health is. They know how
broken our system is. They will have terrific ideas on how we can address some of the problems, because they face them every single day. They experience them. We've got to continue to emphasize the inclusion of healthcare financial executives and others as we get into the policy debate in the months and years ahead.

Q. What was your greatest challenge in the area of healthcare reform when you were serving in the U.S. Congress?

A. The greatest challenge was overcoming the power of special interests who are determined to keep the status quo. There are powerful special interests that oftentimes thwart efforts for reform, and I think we're going to have to deal with that. I think they may be less powerful than they used to be, but they're still there. And we have to overcome the lethargy and the tremendous opposition that has occurred in the past as we have addressed health care. The way we do that is to create win-win-win situations; that is, where everybody wins and nobody feels that there's more of a loss than a gain. I think we can do that. Our goal ought to be not to have winners and losers, but for everybody to understand how, if we can work together, we can all win in this policy debate. That ought to be the goal of everybody involved.

Sen. Tom Daschle completed 26 years of public service in January 2005, having represented South Dakota for eight years in the U.S. House of Representatives (1978-86) and 18 years in the U.S. Senate (1986-2005). He holds the distinction of being one of the longest serving Senate leaders in history, holding that position from November 1994 to January 2005. When he was elected to the Senate, he was appointed to the Senate Finance Committee, an unusual honor for a freshman.

He served as Minority Leader of the Senate from 1994 to 2001 and from 2003 to 2005, and Majority Leader from 2001 to 2003. During that period, he worked with members of both parties in Congress and the administration in crafting the response to the attacks of Sept. 11, 2001. In 1988, then-Senate Majority Leader George Mitchell named Daschle the first-ever co-chair of the Democratic Policy Committee, making him the first South Dakotan ever to hold a Senate leadership position. He also served as a member of the Agriculture, Veterans Affairs, Indian Affairs, Finance, and Ethics committees.

During his long public career, Daschle was known for his annual "unscheduled driving" tours, when he would travel across South Dakota in his car with no staff and no schedule, visiting each of the state's 66 counties. He continues to spend a significant amount of time in his home state, where he uses his influence on behalf of South Dakota's interests.

He became the first person in his family to graduate from college when he earned a political science degree from South Dakota State University in 1969. Following graduation, Daschle served three years as an intelligence officer in the U.S. Air Force Strategic Air Command and then five years as an aide to Sen. James Abourezk.

Today, Daschle is an adviser to the law firm of Alston & Bird, Washington, D.C., where he provides strategic advice on public policy issues such as energy, health care, financial
services, trade, agriculture, tax policy, and telecommunications. He is a Distinguished Fellow at the Center for American Progress, Washington, D.C. Daschle serves on the boards of InterMedia Partners, the Freedom Forum, CB Richard Ellis, the Mayo Clinic, and the National Democratic Institute for International Affairs. He is also a visiting professor at Georgetown University’s Public Policy Institute.

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