

LIVE A LITTLE

**HON. BARNEY FRANK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 12, 2000*

Mr. FRANK of Massachusetts. Mr. Speaker, I have for some time felt that we have over-emphasized the importance of holding down the cost of medical care as a general principle. The notion that if the total amount we spend on medical care in all of its facets as a percentage of the gross domestic product exceeds some arbitrary figure we will be damaged economically is demonstrably false. A dozen years ago or so, people were convinced that America's economic performance was being retarded because we spent too much on medical care. No one can now make that argument, given the strength of our economy, and the continued high percentage that medical care absorbs of our gross domestic product compared to many other countries.

Indeed, I believe this notion that medical care costs must be held down despite the good that is accomplished by medical care expenditures has caused us serious problems in recent years. The ill-advised, ill-named Balanced Budget Act of 1997 inflicted serious cuts on the Medicare program from which health care providers and patients are still suffering, and undoing this terrible mistake is long overdue.

Because I feel this very strongly, I was especially pleased in a conversation with journalist Jonathan Cohn to learn that he had written on the subject, and I asked him to send me a copy of the article. Having read it, I am delighted to share it with my colleagues. It is a year old, but it is not old in any other sense. Mr. Cohn's arguments are cogent and supported by our experience. As Mr. Cohn notes, "among all of the things a nation's wealth could buy, surely the health of its citizens is near the top." I am very pleased that Mr. Cohn has set forward the argument for adequately funding our medical care needs in so a persuasive a fashion, and because this continues to be a matter of some debate in the Congress, I submit his article from the June 7 New Republic on this topic to be reprinted here.

[From The New Republic, June 7, 1999]

LIVE A LITTLE

(Jonathan Cohn)

My grandfather survived three heart attacks and a stroke over the course of his lifetime. And he did so thanks to some of the best medicine that insurance could buy: a heart bypass operation, extensive hospitalization, plus literally thousands of hours of one-on-one nursing care after the stroke left him partially paralyzed. I remember when the stroke hit: the doctors predicted he'd live maybe nine more months. That was in 1986. He passed away last year.

It would be near impossible to add up my grandfather's medical bills, but I'm sure they totaled hundreds of thousands of dollars. He benefited from a wide range of pharmaceutical products, the most advanced medical technology in the world, and care from highly trained specialists. Above all, he benefited from a health care financing system willing to subsidize such extravagance

at every level—from the training of the surgeons to the research that invented blood-thinners to the salary of the worker who lifted him in and out of his wheelchair every day.

I thought about that last week when I read an article on rising health insurance premiums. It was merely the latest confirmation of a trend many economists have long predicted: that, after years of stability, the real price of health care in America is about to start climbing again. According to a study published last fall in the journal *Health Affairs*, the nation's total health care bill will likely go up by 3.4 percent annually over the next four years—compared with a rate of just 1.5 percent in the period from 1993 to 1996. By 2007, the study predicted, health care will soak up 16 percent of the gross domestic product. That would be quite a lot of money, particularly when you consider that we already sink more than 13 percent of GDP into health care—more than any other nation and well more than we spent in 1970, when health care was just seven percent of GDP.

The predictions are probably right. Today, about 85 percent of Americans who hold private insurance are enrolled in health maintenance organizations or other forms of managed care, which hold down costs by emphasizing preventive medicine; controlling access to tests, treatments, and specialists; and simply bidding down the services of doctors and hospitals. Most of the people in these plans shifted over from costly fee-for-service insurance only in the past few years, and that transformation is the primary reason health care spending has remained stable during that time. But the cost containment from HMOs seems to have been a onetime phenomenon. Now expenditures on health care are going back up, if at a somewhat reduced clip, in part because people are starting to demand some of the things HMOs have been denying them, in part because the population is living longer, and in part because researchers continue to come up with expensive new technological innovations that patients want, from Viagra to the protease inhibitors that keep HIV in check.

Once the bill for all of this spending comes due, in the form of higher insurance premiums and more government spending, you can bet that a chorus of experts and high-minded officials will start insisting that we're spending too much. Some will do what former Colorado Governor Richard Lamm did back in 1992: they'll come right out and say we need to stop coddling the elderly with the kind of "long-shot medicine" that sustained my grandfather and made him more comfortable in his final years. Others will strike more cautious tones, preaching the need to be more efficient in our outlays, but the end result will be much the same: less generous care particularly at the margins. In a sense, we're already hearing early versions of this argument in the ongoing debate over Social Security and Medicare—two programs in which the current level of expenditures is widely believed to be unsustainable over the long run.

But this may be a case where the average citizen, who intuitively wants to keep spending that money, knows more than the average expert, who insists it's not possible. After all, we spend far more on computers than we did 20 years ago, but nobody makes a fuss about that. The reason is that computers have made economy stronger and our lives discernibly easier. Well, the same logic ought to apply to health care. Among all of the things a nation's wealth could buy, surely the health of its citizens is near the top.

And, while some critics might carp about inefficiency in the system, that inefficiency keeps a good chunk of our country employed—while enabling the population as a whole to work longer and harder.

To be sure, many critics question whether our robust health care spending really translates into robust health. They argue that, even though European nations spend less on health care, the differences in health care "outcomes" and life expectancy are minimal. But it is notoriously difficult to measure the impact of health care spending. For one thing, those comparatively frugal countries benefit from the pharmaceuticals and treatments largely subsidized by big spending in the United States. What's more, the benefit of more health care spending may be simply to provide a few more weeks here and there, or to make life just a little more comfortable for some of the nation's sickest people. This is not the kind of thing that makes a big difference statistically, but it is the kind of thing a society might rightly deem important. After all, this is what usually happens in societies as they progress economically: the percentage of labor time spent on producing bare necessities—food, shelter, and clothing—shrinks, freeing up greater resources for making life more pleasant.

This isn't to say we parcel out all of our health care dollars wisely. Among other things, we currently subsidize emergency care for the uninsured, which is at once very expensive and not terribly efficient at keeping people healthy, while denying them the basic care most other nations offer as a privilege of citizenship. But the solution to this problem is not to worry excessively about how big the bill has gotten; if anything, we should be making the case for spending even more money and then making sure it's meted out on a more egalitarian basis. (Sound crazy? No less a sober mind than MIT economist Paul Krugman once made a similar argument, speculating that spending as much as 30 percent of GDP on health care might not be unreasonable.)

Yes, there is one catch. If you want to spend that much money on health care, you have to find the money to spend. But that's not a problem—or, at least, it shouldn't be. We have enjoyed enormous gains in productivity over the past few years, which means as a nation we are creating more wealth—wealth that can easily be directed to health care rather than to, say, sport utility vehicles, either in the form of higher insurance premiums or (heaven forbid!) higher taxes. "The alternatives uses of our resources are not necessarily more noble," Mickey Kaus once wrote in this space. He's right. There are a lot of things we could have bought my grandfather in his final months. But none was as valuable as the time itself.

HONORING LIEUTENANT COLONEL  
DEBRA M. LEWIS**HON. ROBERT A. BORSKI**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, July 12, 2000*

Mr. BORSKI. Mr. Speaker, today I pay tribute to Lt. Col. Debra M. Lewis, the departing Commander and District Engineer of the Philadelphia District of the U.S. Army Corps of Engineers. Colonel Lewis fills many roles in her life. She is a mother to Emily, wife, daughter,