

Mr. Speaker, Aileen Rosa-Arroyo has been a leader in her community by ensuring that every member of her community has the opportunity to be educated and succeed. As such, she is more than worthy of receiving our recognition today and I urge my colleagues to join me in honoring this truly remarkable person.

RECOGNITION OF DR. KENNETH L. SAUNDERS, SR.

**HON. FRANK PALLONE, JR.**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 10, 2005

Mr. PALLONE. Mr. Speaker, I rise today to recognize the achievements of a dedicated member of my community, Dr. Kenneth L. Saunders, Sr. Next month, Dr. Saunders will be celebrating his 16th pastoral anniversary at the North Stelton A.M.E. Church. He has emerged over the years as a community leader as well as a dedicated member of his congregation. Under his committed administration, the congregation at North Stelton has more than doubled.

In addition to serving his community through the church, Dr. Saunders works as State Parole Board Commissioner, Chaplain of the local police department, and New Brunswick Theological Seminary Trustee. He has received numerous accolades including Senatorial commendation, the humanitarian of the year award from the Rutgers University School of Medicine and Dentistry, and the Martin Luther King, Jr. award from the local chapter of the NAACP.

Dr. Saunders is also devoted to his family life. He has been married to Sister Shirley Harris Saunders for 25 years and is the proud father of Kenneth L. Saunders, Jr. The efforts of Dr. Saunders in the community and the church have benefited many citizens throughout his career.

I ask my colleagues in the United States House of Representatives to join me in recognizing the outstanding accomplishments of Dr. Kenneth L. Saunders, Sr., an exemplary citizen that I am proud to represent here in Congress.

AN EXCERPT FROM DR. ARNOLD S. RELMAN'S NEW REPUBLIC ARTICLE: "THE HEALTH OF NATIONS"

**HON. FORTNEY PETE STARK**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 10, 2005

Mr. STARK. Mr. Speaker, I rise today to recognize an excellent article recently published in the New Republic. It has been apparent for years that free market solutions will do nothing to ameliorate the healthcare crisis in our nation. This article, authored by Arnold S. Relman, M.D., the former editor of the New England Journal of Medicine, shows us exactly why market forces hinder, not help our attempts to reform the system.

In his article, Dr. Relman explains how free market approaches—focused on consumer driven health care and individually purchased high deductible health plans—will only exacerbate the problem of the uninsured. The only thing that is empowered by these solutions is blatant discrimination against the sick and poor who will not have affordable access to care. We already have 45 million uninsured in this country, and according to Dr. Relman that number will only continue to grow if we continue down this dangerous path.

Dr. Relman proposes a solution that isn't politically popular but would fix the myriad problems in our current system. It starts with a "tax-supported national budget for the delivery of a defined and comprehensive set of essential services to all citizens at a price we can afford." This universal system would rely on networks of not-for-profit providers supplying all the care covered under the national plan. A new federal agency would administer the plan, generating huge economies of scale and reducing spending by billions. This is the only real solution to our current crisis, and I commend Dr. Relman for taking a tough stand on this difficult issue.

It is with pleasure that I submit the attached excerpts from the article, "The Health of Nations," for inclusion in the CONGRESSIONAL RECORD. The article originally appeared in the March 7, 2005 edition of the New Republic.

[From the New Republic, March 7, 2005]

EXCERPTS FROM: THE HEALTH OF NATIONS

(By Arnold S. Relman)

In this past election season, our dysfunctional and extravagantly expensive health care system was pushed off the front pages by concerns about the candidates, the fight against terrorism, and the war in Iraq. And yet the health system's problems will not go away; sooner or later we will have to solve them or face disastrous consequences. Over the past four decades (starting just before the arrival of Medicare and Medicaid), both the system itself and ideas about how it should be reformed have changed a lot, but an equitable, efficient, and affordable arrangement still eludes us.

During the past four decades our health policies have failed to meet national needs because they have been heavily influenced by the delusion that medical care is essentially a business. This delusion stubbornly persists, and current proposals for a more "consumer-driven" health system are likely to make our predicament even worse. I wish to examine these proposals and to explain why I think they are fundamentally flawed. A different kind of approach could solve our problems, but it would mean a major reform of the entire system, not only the way it is financed and insured, but also how physicians are organized in practice and how they are paid. Since such a reform would threaten the financial interests of investors, insurers, and many vendors and providers of health services, the short-term political prospects for such reform are not very good. But I am convinced that a complete overhaul is inevitable, because in the long run nothing else is likely to work . . .

. . . In 1963, a seminal analysis of the medical care system as a market was published in the American Economic Review by the distinguished economist Kenneth J. Arrow. He argued that the medical care system was set apart from other markets by several special characteristics, including these: a de-

mand for service that was irregular and unpredictable, and was often associated with what he called an "assault on personal integrity" (because it tended to arise from serious illness or injury); a supply of services that did not simply respond to the desires of buyers, but was mainly shaped by the professional judgment of physicians about the medical needs of patients (Arrow pointed out that doctors differ from vendors of most other services because they are expected to place a primary concern for the patient's welfare above considerations of profit); a limitation on the entry of providers into the market, resulting from the high costs, the restrictions, and the exacting standards of medical education and professional licensure; a relative insensitivity to prices; and a near absence of price competition.

But perhaps the most important of Arrow's insights was the recognition of what he called the "uncertainty" inherent in medical services. By this he meant the great asymmetry of information between provider and buyer concerning the need for, and the probable consequences of, a medical service or a course of medical action. Since patients usually know little about the technical aspects of medicine and are often sick and frightened, they cannot independently choose their own medical services the way that consumers choose most services in the usual market. As a result, patients must trust physicians to choose what services they need, not just to provide the services. To protect the interests of patients in such circumstances, Arrow contended, society has had to rely on non-market mechanisms (such as professional educational requirements and state licensure) rather than on the discipline of the market and the choices of informed buyers.

Of course, another conclusion could have been drawn from Arrow's analysis (though he apparently did not draw it). It is that medical care is not really a "market" at all in the classical economic sense, and therefore that the basic theories of economics are not relevant to the discussion of the first principles of health care. But our society assumes that market economics applies to virtually all human activity involving the exchange of goods or services for money, and this dogma is rarely questioned. Most economists would acknowledge that medical care is an imperfect or idiosyncratic market, but still they believe that it is a market, and that it should therefore obey economic predictions . . .

. . . In 1980, in The New England Journal of Medicine, I described this changing face of American health care as the "new medical-industrial complex." The term was derived, of course, from the language that President Eisenhower had used ("military-industrial complex") when warning the nation, as he was retiring, about the growing influence of arms manufacturers over American political and economic policies. Referring to Arrow's analysis, I suggested that market-driven health care would simply add to the explosion of medical expenditures and the growing problems of inequity and variable quality. I was also worried that this uncontrolled industrial transformation would undermine the professional values of physicians, which are surely an essential ingredient of any decent medical care system. Financial incentives were replacing the service ethic of doctors and hospitals, as the providers of care began to compete for market share and larger income. Yet competition on the basis of the price and quality of services—an essential characteristic of most free