

He Wrote the Book on Health Care

By Alex Wayne, CQ Staff

When Tom Daschle was the Senate’s Democratic leader, he wasn’t known for his health care expertise. He had other, more pressing worries — mainly keeping his caucus together when it was balanced on a simple one-vote majority. So he mainly deferred on the issue to Massachusetts Sen. [Edward M. Kennedy](#), who had long advocated for comprehensive national health insurance.

Now, though, Daschle is President-elect [Barack Obama](#)’s choice to head the Department of Health and Human Services (HHS), where he will live and breathe health care policy — especially because Obama also expects him to spearhead a new initiative to overhaul health care early next year. And thanks to a book that the former South Dakota senator published this year, readers can glimpse the likely shape of a Daschle-driven bid to remake the system. That book, “Critical: What We Can Do About the Health-Care Crisis,” plainly sets forth the reasons the American health care system is broken, in Daschle’s view — together with his accounts of why previous attempts to fix it have failed, and his own plan for a health care overhaul.

Daschle has not responded to interview requests, and an Obama spokesman declined to comment since the HHS nomination is not yet official. But Daschle’s book offers some clues to his plans for attacking health care as HHS secretary. And while Obama will obviously have ultimate authority over next year’s big health care push, it’s also reasonable to assume he and Daschle are pretty much on the same page, since “Critical” also boasts a glowing blurb from the president-elect.

Daschle counsels a basic shift in political tactics for lawmakers pushing a fresh effort to fix the system. The cost of health care, he writes, is the one problem “burdening the most people” and thus the best issue to drive an effort to remake the system. So it seems a safe bet that Daschle and Obama will press Congress to pass legislation to impose new controls on those costs — in addition to the more politically palatable option of expanding insurance coverage.

Daschle also writes at length about the failures of President Bill Clinton’s 1993 health care revision effort, but he focuses most intently on one: Clinton waited too long to get started, he argues. So Obama and Daschle would seem determined to move rapidly on the issue shortly after Obama’s inauguration. Daschle suggests in his book that Congress might even attach an overhaul plan to the federal budget, which could protect it from filibuster in the Senate and speed its passage.

Daschle’s own plan for expanding insurance coverage is mostly standard centrist-Democrat fare: Combine expansions of Medicaid and Medicare — to cover more people who are old or poor — with a new program that would give all Americans the option to purchase the same insurance offered to federal employees. He also endorses requiring all Americans to purchase health insurance, a measure that Obama has said isn’t a necessary condition for a health care overhaul but is something that many Republicans support.

To get at the tricky issue of reducing costs, Daschle proposes a solution that hasn't gotten the backing of his boss — at least not yet: creating a new Federal Health Board, modeled on the Federal Reserve Board, that would have sweeping authority to regulate the entire health care sector, thus relieving Congress of politically onerous decisions about which treatments government health programs should cover and how much to pay different health providers.

This might seem to add up to an ambitious bid to create a de facto White House monopoly on health care and thereby block out the many for-profit players that, in Daschle's judgment, have stymied past overhaul efforts. But health policy experts who know him and his proposals insist that's not so.

"It's perfectly fine in Tom Daschle's world to make money," said Len Nichols, director of health policy at the centrist New America Foundation. "You just have to make money adding value."

Daschle thinks there's little value in a lot of what doctors and hospitals do now and in the drugs and procedures that insurance companies and the government buy. "Health care is a complex topic, but we have to face a simple truth: We're paying top dollar for mediocre results," he writes.

The Policy Players

The people he blames for the status quo are many of the familiar culprits fingered for the upward spiral in health care costs: doctors prescribing costly treatments of dubious use, drug companies stoking demand with overhyped direct-to-consumer ads and hospitals inflating costs for uninsured or underinsured middle-class patients.

Daschle also contends that insurers bear a big responsibility for the health care mess, since they regularly "employ underwriting strategies that exclude or charge the highest rates to people who need coverage the most."

Still, these pronouncements aren't exactly sending advocates on either side of the issue to the barricades.

"I don't think 'blame' is the right word," says David Mechanic, director of Rutgers' Institute for Health, Health Care Policy and Aging Research, whom Daschle cites repeatedly in his book. "The system is set up in which a very large proportion — millions and millions of people — live off the health care system and are concerned about their futures."

"Everyone agrees that the system is poor and has all these pathologies and doesn't provide value for money; on the other hand, when their interests are at stake, they work hard at protecting their interests."

Nor are the targets of Daschle's wrath especially distressed about the specter of him in charge of HHS.

“We believe the nomination of Sen. Daschle is very encouraging because it signals that the new administration is thinking big on health care reform,” said Robert Zirkelbach, a spokesman for America’s Health Insurance Plans, the insurance industry’s trade association.

“Daschle’s a politician,” said Joseph Antos, a health care scholar at the conservative American Enterprise Institute. “He’s more aware than most people who aren’t politicians that you cannot have a health system without all of those interests. And furthermore, you can’t have health reform unless all those interests not only grudgingly cooperate, they’ve got to be enthusiastic about what you’re doing. Otherwise, it’s not going to work.”

Daschle’s proposal to move health care forward comes out of his firsthand experience of the debacle of Clinton’s 1993 health care overhaul. A year before Clinton came to Washington, Daschle had introduced his first health care overhaul bill, which was similar to the plan he proposes in his book — part of a boomlet in congressional health care proposals as public interest in the issue spiked in the early 1990s. As Daschle recounts, much of Congress’ reawakened attention to the issue stemmed from the surprise victory in a 1991 special election of Harris Wofford, a lightly regarded Democrat who had been appointed to fill out the term of Pennsylvania GOP Sen. John Heinz, who had died in a 1991 plane crash. Wofford had made health care issues central to his campaign, and when he overtook former Gov. Dick Thornburgh, the well-funded GOP front-runner who had served as attorney general under Presidents Ronald Reagan and George Bush, lawmakers rushed to display their own credentials as health care reformers.

When the Clinton administration came to power courtesy of a similar mandate to remake health care, the moment for change seemed ripe, Daschle recalls. But the fight over Clinton’s plan in 1993 and 1994 impressed Daschle with lessons that were mostly negative.

Too many people were involved in writing Clinton’s bill, Daschle writes. Deliberations were too secretive, and as a result, damaging leaks were frequent. Congressional leaders weren’t involved from the outset. The legislation itself, at 1,342 pages, was too long and too complex. Lobbying by supporters, Daschle writes, was “anemic,” while opponents, led by the National Federation of Independent Business, “mounted a skillful campaign against it.” Most of all, Daschle maintains, Clinton didn’t move swiftly enough to advance his plan; the legislation didn’t drop until the fall of his first year in office — and when Clinton needed to put serious momentum behind it, he was distracted on the foreign policy front, when 18 U.S. Army rangers were killed on a peacekeeping mission in Somalia.

Daschle suggests that significant changes to the health care system can come via budget reconciliation, which can protect legislation from filibuster in the Senate. But the procedure may be too constraining for a separate health care bill; it requires the legislation to fit within the fiscal limits of the congressional budget resolution. “It’s not surprising — he was a senator,” Antos said. “That’s the first thing he would think about.”

Board Certified

As HHS secretary and the point man in Congress for Obama's health care overhaul push, Daschle will be in an excellent position to see some of his ideas embodied in legislation — even if one key proposal, the establishment of a powerful new Federal Health Board, is designed to take Congress out of the picture when it comes to efforts to contain health care costs.

Daschle offers a detailed breakdown of how the board would work. Much like the Federal Reserve, it would be led by a presidentially appointed board of governors serving fixed 10-year terms.

A system of regional boards would promote the decisions made by the national board at the local level. Its most controversial power would be to conduct research on which health procedures and treatments are most effective and to make recommendations about which ones should be covered under public and private insurance plans.

The point, Daschle writes, is to insulate technical health policy decisions from political forces. “Which really means getting them away from the lobbyists, so you have a better chance that science can win the day, instead of very, very focused special interests,” Nichols says.

But Antos is skeptical of the idea. With national health care spending approaching \$2.5 trillion a year, too much money is involved for Congress to remove itself from health policy decisions, he says.

“We’re talking ultimately about the vast expenditure of public dollars, and Congress is not going to disentangle itself from meddling with those sorts of things,” Antos says.

Daschle disagrees: “I suspect that most members of Congress would be glad to be rid of their responsibility for controversial health policy decisions,” he writes. In the years ahead, he’ll have ample opportunity to put that suspicion to the test.

FOR FURTHER READING: *Health care challenges*, *CQ Weekly*, pp. [3138](#), [2662](#); *health care concepts*, p. [3092](#).

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