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McGill Guide 9th ed.

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*Administration of Barack H. Obama, 2010*

**Remarks in a Discussion on Insurance Reform at a Bipartisan Meeting on  
Health Care Reform**

*February 25, 2010*

*Representative John A. Boehner.* Mr. President, I'd like to yield to Dr. Boustany to continue this conversation about insurance reform.

*Representative Charles W. Boustany.* Thank you, Leader Boehner, and thank you, Mr. President. I come at this as a physician, a cardiovascular surgeon with over 20 years of practice doing open-heart surgery, dealing with patients who have come to me with very challenging cases at very difficult times in their lives. And along with my colleagues, Dr. Coburn and Dr. Barrasso, we bring a wealth of experience in dealing with insurance companies and all these everyday problems that so many American families face. We all agree—we all agree that we need insurance reform. There's no question about it. The question is, how do we do it?

*[At this point, Rep. Boustany made brief remarks, concluding as follows.]*

So again, I think it's clear that the American people have rejected the bills that have gone through so far because they see increases in premiums for families, they see that it raises taxes significantly on families and raids Medicare to create a new entitlement. This doesn't really bring down the cost; this is really not the answer.

What American families want is a common step—a commonsense, step-by-step approach that will really lower the costs for families and small businesses.

*The President.* All right.

*Rep. Boustany.* I believe we have a duty to reform health care, but we have an obligation to get it right.

*The President.* Okay.

*Rep. Boustany.* Thank you.

*The President.* Thanks, Charles. We're going to go to George Miller—and if you want to respond to some specific things that Charles raised or make some more general points. We'll then go back to a Republican. At some point in this discussion—and we're going to have to be a little more disciplined in our time in order to stay on schedule on this section—at some point, I'd like Secretary Sebelius, who is not only a former Governor but also an insurance commissioner, to address some of the issues that have been coming up around insurance and minimum payment.

*Senator Max S. Baucus.* Mr. President, I don't know if any one of us were told of what the time limits are.

*The President.* Well, I'm trying to be flexible, but——

*Sen. Baucus.* I know; I'm just curious if you've got a certain amount of time in mind.

*The President.* We've got about half an hour remaining for this section. So if people can keep their points brief.

*Sen. Baucus.* Thank you.

*Senator Harry Reid.* Mr. President, from the Senate we have Senator Harkin and Rockefeller to respond for the Democrats.

*The President.* Right. And I've got a list. George.

*Representative George Miller.* Well, thank you very much. This issue of insurance reform is, I think, where most families intersect with their insurance companies, with the health security of their families. And let's start out with our commonalities in the bill that Congressman Boehner—Leader Boehner offered on the floor. He agreed that lifetime caps should be abolished, that annual caps should be abolished, that young people should be able to stay on their parents' plan—I think it was 25, I think, and your suggestion, Mr. President, it's 26. So there's that kind of commonality there.

[*Rep. Miller made brief remarks, concluding as follows.*]

And, yes, you can go to a high-risk pool; so, yes, because you have a preexisting condition, because I have two artificial hips, I can go to the most expensive insurance system in the country. I'm now in a high-risk pool, and I'm trapped in that high-risk pool forever. You can make it a high-risk pool among States, you can make it a high-risk pool among small businesses, you can make it a high-risk pool among large businesses—I'm still trapped in the most expensive insurance because of something that happened to me that I had no control over: I have a child with a cleft palate I have a child with acne. How can this possibly be?

Now, fortunately, in our discussions, as I said, a lot of the business organizations have agreed that these things should be phased out over time. Some can be put in right away—it's not terribly expensive to cover people 18 to 26, and that can be done right away, and we have that commonality.

So I would just hope that we would focus on this issue of what real insurance reform looks like with respect to the impacts on families and individuals as they try to navigate this insurance market.

*The President.* Thank you, George.

*Senator Addison M. "Mitch" McConnell.* Mr. President, we're going to turn now to John McCain.

*Senator John McCain.* Well, thank you, Mr. President, and thank you for doing this. And I understand the four categories, but there's a big category that the people in my State and across this country are deeply concerned about, and that's not just the product that we are examining today, the 2,400 pages, but the process we've gone through to reach that.

[*Sen. McCain made brief remarks, concluding as follows.*]

And at the town hall meetings that I conduct all over my State, people are angry. We promised them change in Washington, and what we got was a process that you and I both said we would change in Washington.

So then we got into the special interests, whether it be the Hospital Association or the AMA or others. And one of them that was particularly egregious—and I won't go through the whole list—was PhRMA. PhRMA got an \$80 billion deal, and in return—for which they ran \$150 million worth of ads in favor of, quote, "health reform." Their over \$2-million-a-year lobbyist was here at the White House and was reported to say in the media "a deal is a deal." And part of that deal was that there would not be competition amongst pharmaceutical companies for Medicare patients. The other—among others was that the administration would

oppose drug reimportation from Canada, a proposal that you supported in the United States Senate. And the Christmas——

*The President.* John, can I just say——

*Sen. McCain.* Can I just finish, please? And then at Christmas Day—I believe it was Christmas, the majority leader said, quote, “A number of States are treated differently than other States. That's what legislation is all about. That's compromise.” Compromise is not the word for that.

So when my constituents and Americans now who overwhelmingly reject this proposal say, go back to the beginning—they want us to go back to the beginning. They want us not to do this kind of legislating. They want us to sit down together and do what's best for all Americans, not just for some people that live in Florida or happen to live in other favored States. They want a uniform treatment of all Americans.

So I hope that that would be an argument for us to go through this 2,400-page document, remove all the special deals for the special interests and favored few, and treat all Americans the same under provisions of the law so that they will know that geography does not dictate what kind of health care they would receive.

I thank you, Mr. President.

*The President.* Let me just make this point, John, because we're not campaigning anymore. The election is over.

*Sen. McCain.* I'm reminded of that every day. [*Laughter*]

*The President.* Yes. So we can spend the remainder of the time with our respective talking points going back and forth. We were supposed to be talking about insurance. Obviously, I'm sure that Harry Reid and Chris Dodd and others who went through an exhaustive process through the—both the House and the Senate, with the most hearings, the most debates on the floor, the longest markup in 22 years on each and every one of these bills, would have a response for you.

My concern is, is that if we do that, then we're essentially back on FOX News or MSNBC on the split screen just arguing back and forth. So my hope would be that we can just focus on the issues of how we actually get a bill done.

And this would probably be a good time to turn it over to Secretary Sebelius, who——

*Sen. McCain.* Could I just say, Mr. President, the American people care about what we did and how we did it. And I think it's a subject that we should discuss. And I thank you.

*The President.* They absolutely do care about it, John. And I think that the way you characterized it obviously would get some strong objections from the other side. We can have a debate about process, or we can have a debate about how we're actually going to help the American people at this point. And I think that's—the latter debate is the one that they care about a little bit more.

So, Kathleen, why don't you just address some of the issues related to insurance reform. There's some agreement here, but I know that on the Republican side, there are a couple of concerns about the issue of rate review. The issue of setting up some benchmark standards that insurance companies have to abide by, some people may think that those have been a little bit too aggressive.

You've been both a Governor as well as an insurance commissioner. Maybe you can talk a little bit about what you've seen at all those different levels and how you think we can best move forward to protect American families.

*Secretary of Health and Human Services Kathleen Sebelius.* Well, thank you, Mr. President. And I know there are lots of people who want to comment on these topics, but I don't think there's any question and I think there's a lot of agreement that the current insurance market really fails way too many people. It is a system that is not a market for about 40 million Americans who are either in an individual policy or in a small group policy, have no choice, there is no competition.

[*Secretary Sebelius made brief remarks, concluding as follows.*]

It's a lot cheaper to insure people who promise never to get sick. I watched it as insurance commissioner. But segregating that market is not insurance, it's not pooling a risk. And I think your proposal, Mr. President, gets back to the notion that there'd be a pool, there'd be an opportunity to pool that risk and have people have the kind of negotiating power as a Governor. And like Senator Alexander, I am a former Governor. We both ran our State employee health pools. I don't know about Tennessee, but in Kansas, that was the largest pool in the State, 90,000 covered lives. We had a lot of negotiating power. We could get a pretty good deal on a couple of companies competing on hospital rates, on doctor rates. That's what this kind of pooling mechanism and a new exchange would give everybody, and it's around a set of standards that made sense.

*The President.* Okay.

*Rep. Boehner.* Mr. President——

*The President.* Yes, John.

*Rep. Boehner.* Mr. Cantor, please.

*The President.* Eric.

*Representative Eric Cantor.* Mr. President, thank you again very much for having us and for staying with us for the 6 hours. I appreciate that. I don't know if you will after the 6 hours or not. But I want to——

*The President.* Let me just guess, that's the 2,400-page health care bill. Is that right?

*Rep. Cantor.* Well, actually, Mr. President, this is the Senate bill along with the 11-page proposal that you put up online that really, I think, is the basis for the discussion here.

But I do want to go back to your suggestion as to why we're here. And you suggested that maybe we are here to find some points of agreement to bridge the gap in our differences. And I do like to go back to basics. We're here because we Republicans care about health care just as the Democrats in this room. And when the Speaker cites her letters from the folks in Michigan and the leader talks about the letters he's received—Mr. Andrews, his—all of us share the concerns when people are allegedly wronged in our health care system. I mean, I think that is sort of a given.

[*Rep. Cantor mad brief remarks, concluding as follows.*]

So I guess my question to you is, in the construct of this bill, if we want to find agreement, we really do need to set this aside. And we really do need to say, okay, the fundamental structure is something we can't agree on, but there are certainly plenty of areas of agreement.

And because I don't think that you can answer the question in the positive to say that people will be able to maintain their coverage, people will be able to see the doctors they want in the kind of bill that you're proposing.

*The President.* Well, let me—since you asked me a question, let me respond. The 8 to 9 million people that you refer to that might have to change their coverage—keep in mind, out of the 300 million Americans that we're talking about—would be folks who the CBO, the Congressional Budget Office, estimates would find the deal in the exchange better. It would be a better deal. So, yes, they would change coverage, because they've got more choice and competition. So let's just be clear about that, point number one.

Point number two, when we do props like this—stack it up and you repeat "2,400 pages," et cetera—you know, the truth of the matter is, is that health care is very complicated. And we can try to pretend that it's not, but it is. Every single item that we've talked about on the Republican side, if we wanted to exhaustively deal with fraud and abuse, would generate a bunch of pages. So I point that out just because these are the kind of political things we do that prevent us from actually having a conversation.

Now, let me respond to your question. We could set up a system where food was probably cheaper than it is right now if we just eliminated meat inspectors and we eliminated any regulations in terms of how food is distributed and how it's stored. I'll bet in terms of drug prices, we would definitely reduce prescription drug prices if we didn't have a drug administration that makes sure that we test the drugs so that they don't kill us.

But we don't do that. We make some decisions to protect consumers in every aspect of our lives. And we have bipartisan support for doing it, because what we don't want is a situation in which suddenly people think they're getting one thing, and they're getting something else; they're harmed by a product. What Secretary Sebelius just referred to—which is not a Washington thing, in fact, State insurance standards in many States are higher than anything that's done in Washington—is as a consequence of seeing consistent abuses by the insurance companies and people finding themselves helpless to deal with.

Now, we can have a philosophical disagreement about how much insurance regulation is appropriate. What you've indicated to me, just based on the bills that I've seen, is you guys believe in some regulations. You already said you did. You believe in making sure that you can't just drop somebody with coverage. Now, if you don't have a law there, let me tell you, that happens all the time. I've got a bunch of stories in here of folks who thought they had insurance, got sick, the insurance company goes back and figures out a way to drop them. I'm not making this up. I'm not trying to just add to the pages of that bill. It's in response to an actual problem, and you guys have agreed to it. So philosophically at least, on a whole range of issues, you agree that we should have some insurance regulation. My suggestion had been that we try to focus on what are the specific regulations, since we agree that there have to be some, what are the specific ones that you object to.

Now, let me just close by saying this. Preexisting conditions is one that, theoretically, we all say we agree on. Theoretically, everybody thinks it's a bad deal if my wife had breast cancer, I lose my job, I now try to buy insurance, and they say, "Well, you know what, if we're going to cover—we can't cover you because your wife has a history of cancer." We all think that's a bad deal.

There are two options of—two ways of dealing with that. One is what Kathleen raised, which is a high-risk pool. You could say, you know what, you can go in there and buy it in a big

high-risk pool. And by the way, you could probably set up a high-risk pool without having as many pages in the bill. And it's an option that's been around for 30 years.

Here is the problem. What happens is the reason that all our rates—as Members of Congress or as elected officials—are pretty low is we've got such a big pool, there are millions of Federal workers, and as a consequence, any single one of us have cancer, any single one of us have a child with a disability, our costs are spread out over millions of people. And so all of us are able to keep our rates relatively low, even though if any individual in that situation was trying to buy insurance, it would skyrocket.

That's the concept of pooling, is you get the healthy people and the young people alongside the not-so-healthy and the older people. But we're all kind of spreading our risk, because each of us don't know at any given time what might happen. Maybe our kid is the one who gets diagnosed, heaven forbid, for something. And as a consequence, we insure ourselves by making sure that we're also insuring somebody else.

When you get into something like a high-risk pool, what happens is all the sicker, older people are in that pool; all the younger people, they end up getting really cheap rates. And overall you could say, well, that's how the market works; it's a good thing; there's more choice. There's more choice for the young, healthy person, but not for the person who, heaven forbid, got sick.

Now, on preexisting conditions, we've got a similar situation. The challenge we have—I'd love to just pass a law that said, insurance companies, you can't exclude people based on preexisting conditions. The problem is, what they'll say to you is, well, you know what, what prevents somebody from not buying insurance until they get sick and then going in and just buying it and gaming the system?

So we've tried to respond to a difficult problem by saying, well, let's make sure everybody has some coverage. Without that it's hard to do. So I just wanted to respond to—yes, we've got a philosophical objection, but let's not pretend that any form of regulation of the insurance market is somehow some onerous burden that's going to result in terrible things happening to consumers. That's a good thing.

*Rep. Cantor.* Mr. President, if I could respond.

*The President.* Please.

*Rep. Cantor.* We, again, have a very difficult bridge to gap here, because I know that this is something that we don't want to look at, but these are, as you say, the complexities of what this is about. But when you start to mandate that everyone in this country have insurance and you lay on top of that now the mandates that we all would like to see in a perfect world, there are consequences to that.

We just can't afford this. I mean, that's the ultimate problem here, is in a perfect world, everyone would have everything they want. This Government can't afford it. Businesses can't afford it. That's why we continue to say, go step by step trying to address the cost, and we could ultimately get there. But we're asking that you set aside this mandated form of insurance—this mandated form of health care regulation and let's go back to things we can agree on without this trillion-dollar attempt here, that's all.

*The President.* I think the cost issue is legitimate, and whether we can afford it or not, we'll be discussing that. And I think that's an entirely legitimate discussion.

*Vice President Joe Biden.* Mr. President, can I have 10 seconds? Literally, 10 seconds.

*The President.* Go ahead.

*Vice President Biden.* We don't have a philosophic disagreement. If you agree that you can't be dropped, there has to be dependent coverage, if there's no annual lifetime cap, then in fact you've acknowledged that it is the Government's role. The question is how far to go.

So this idea we have a fundamental, philosophic difference—you're either in, or you're out. You either say your Government can't do it, none of it, or they can do some of it—we argue how much.

*The President.* The cost issue is legitimate; we're going to address it. I want to——

*Rep. Cantor.* Actually, Mr. President, if I could just—it's not the—it's the cost issue, but it's being driven by the fact that you've got in the bill—which I assume that your proposal supports—that the Secretary define what a health benefit package should be.

*The President.* Only in the exchange. Only as part of the pool that people who don't have health insurance would buy into. If you were working at a big company that already has a big pool, then—but you know what, I want to make sure—because, Eric, we're going to end up in a back-and-forth that cuts everybody else out.

I've got, on the Democratic side, a couple of people that want to speak, and there are probably some—a couple of Republicans. We're already over time. I've burned some of it; I apologize. I'm going to go to Louise, then——

*Sen. McConnell.* Mike Enzi.

*The President.* ——Mike Enzi. I'll go to Tom Harkin and then go back to Dave. So I've got five speakers, and I don't have a lot of time. Go ahead.

*Representative Louise McIntosh Slaughter.* Thank you, Mr. President, and thanks to all of my colleagues for being here. I am pretty succinct and pretty timely. I will not take up a lot of time, but I sure do have to say some things.

The first one is the preexisting conditions absolutely has to go. It is cruel, it is capricious, and it is done only to enhance the bottom line. This was not even anything we talked about 10 or 15 years ago. But it was mentioned that all Americans should be treated the same. Let me give you a little history on that.

Eight States in this country right now have declared that domestic violence is a preexisting condition on the grounds, I assume, that if you've been unlucky enough to get yourself beaten up once, you might go around and do it again. Forty-eight percent is the higher cost for women, in many cases, to buy their own insurance. Believe you me, that is really discriminatory.

[*Rep. Slaughter made brief remarks, concluding as follows.*]

I think it would be really a good thing for us today, while we're here in this room together, to really think about what's absolutely important here, not nitpick over little pieces of this and that, but think about all the people out there every single day, the number of people with excess deaths because they have no health insurance.

I even had one constituent—you will not believe this, and I know you won't, but it's true—her sister died. This poor woman had no dentures; she wore her dead sister's teeth, which of

course were uncomfortable, did not fit. Did you ever believe that in America that that's where we would be?

This is the last chance, as far as I'm concerned, particularly on the export business. We have fallen behind. We're no longer the biggest manufacturer in the world. We've lost our technological edge. We have an opportunity to do that, but a major part of the success of that is getting this health care bill passed.

Thank you very much.

*The President.* Louise, thank you. I was just informed—and by the way, this has been a terrific conversation so far—the House had to schedule a vote on an item, and my understanding is it has already started. So what I'd like to do is this—we've got four remaining speakers, Mike Enzi, Dave Camp, I guess again, as well as Tom Harkin—four remaining speakers—and Jay Rockefeller.

What I'd like to do is to break so that the House can take the vote. When we come back, we will start with Mike, and we will return to finish up the issue of insurance reform. And then we will move on to the questions of coverage. All right? So we are scheduled to be back here at 1:45.

[*There was a break in the discussion. Later, the discussion continued as follows.*]

*The President.* Okay, all right. There were several people who were still in the queue who didn't have a chance to speak prior to us breaking. The topic was still insurance reform, although, obviously, these things interrelate, and I suspect that people may have some other issues that they want to raise.

After this, we're going to go to the issue of deficit, which touches on some of the issues related to Medicare that have been raised already. And I'm going to actually have Joe Biden open that up.

*Representative Charles B. Rangel.* Mr. President, before we leave health care reform, could I get on the list? I didn't know—[*inaudible*].

*The President.* Well, no, no, I mean, we will be talking about health reform, Charlie. I guarantee you, you will be called on before—you'll have a chance to talk about all these issues. All right.

Q. Mr. President, what time do you expect to end the meeting?

*The President.* My hope is that we get out of here—we're running a little bit late, but for having a lot of elected officials sitting around a table, we're not too late. [*Laughter*] My hope is, is that we can adjourn by 4:15. All right? Okay—4:15. Originally it was scheduled to go to 4. We're starting a little bit late on this front, you know, so we'll see if we can get out of here by 4:15, all right? That will require, probably, a little more discipline on all our parts, including myself, than was shown in the morning session, although let me just say that I thought the tone of the discussion was helpful, and I appreciate everybody's participation so far.

With that, I'm going to go to Mike Enzi. Then I'm going to go to——

Q. Mr. President, as long as I hear you talking about leaving, Mr. President, please put me on the list.

*The President.* Well, I guarantee you, you guys are all going to have a chance to speak. But we're going to go to Mike Enzi, and then we're going to go to Tom Harkin. I know that we

had—Jay Rockefeller was still on the list. Was there another Republican that wanted to speak just on the insurance reform issues or—do you want to go to John Barrasso? Well, all right, we'll let you guys split time on this one.

All right. Mike.

*Senator Michael B. Enzi.* Thank you, Mr. President, colleagues. When we're talking about insurance reform, we haven't really talked about, but Representative Slaughter kind of opened the door on it, and that's Medicare. Seniors out there are really nervous. Seniors are the ones objecting the most to the program, and it's because they see half a trillion dollars coming out of their program.

If Medicare were separate and any savings that we did in Medicare reform went back into Medicare, it would do a lot to relieve the tension that's out there. It'd even be a way to pay for the doc fix. So I'm hoping that that can be a piece of what we're doing.

[*Sen. Enzi made brief remarks, concluding as follows.*]

But what I would hope you would consider is having the exchanges to list anybody's insurance that wants to put it on there, and then mark the ones that meet the Federal minimum standards so that people can decide really what's out there in the market. And I think it would pull up some of the ones that are lower down up into the category, and at the same time, everybody could see what all is on the market out there and, hopefully, regardless of States.

Thank you, Mr. President.

*The President.* Thank you very much, Mike, and thanks for staying succinct. Thank you very much. And I thought you shared some important ideas there.

Tom Harkin.

*Senator Thomas R. Harkin.* Mr. President, thank you again for bringing us together today. I think if anything of what I've learned here so far is that, quite frankly, we may be closer together than people really think in actually getting agreement that we can move forward on. I hope that's the case.

[*Sen. Harkin made brief remarks, concluding as follows.*]

Lastly, I'd like to put this in a different kind of a contextual framework. We don't allow segregation in our country on the basis of race, creed, color, national origin, et cetera. Twenty years ago this year, we also said we're not going to allow segregation on the basis of disability, when we passed the Americans with Disabilities Act. And yet we still allow segregation in America today on the basis of your health. Why should we? Why should we allow that to happen? It's time to stop segregating people on the basis of their health. That's why insurance reform is so vital, because the health insurance industry in this country is based on a flaw. And the flaw is, their ratings are based on segregating people because of their health.

Think about that. Whenever I hear the word pool—this pool, that pool, this pool—I think segregation. You're segregating people out because of their health status. I think it's time to end that. I sold insurance. I was an insurance agent when I was a young man. And there's one principle of insurance I learned then that I've never forgot: The more people in the pool, the cheaper it is for everybody. You start setting up these pools, you're going to make it more expensive, and you're going to be segregating people on the basis of health. Let's think about that. It's time to stop that kind of segregation in our country.

*The President.* All right, Tom. Dave Camp.

*Representative David L. Camp.* Thank you very much. On the issue of insurance reform and preexisting conditions, there are responsible ways to solve this problem and reduce the cost of health insurance for everyone. And we support State universal access programs that address high-risk pools and reinsurance that makes affordable coverage available to those who are sick and those who have a preexisting condition. And I won't go all of those—through all of those things that Dr. Boustany and others here have talked about.

[*Rep. Camp made brief remarks, concluding as follows.*]

And the American people are telling us that the individual—the mandates, the requirements to buy insurance are something that they want us to scrap and start over on. And that's why you're seeing State legislatures around the country passing resolutions saying, our citizens are going to have a choice on whether they buy health care; they're going to have a choice on the kind of coverage they want to have.

And so this is a fundamental difference in this area of insurance reform that I think we have to really begin again and really take into what the American people are saying and expressing this through their elected representatives in the State legislatures. I know there's a lot of former State legislators here; I am one as well. And I think that's a very serious point that we need to address.

*The President.* I'll just touch on your last point, which is the whole issue of preexisting conditions. Tom Harkin mentioned it. And I'll be very brief, because I know that we've got to move on to the next topic.

The way I understand Leader Boehner's bill works, and I think that's the one you're referring to, the way you deal with a preexisting condition is to essentially set up a high-risk pool. I mean, that's the mechanism. So what you're saying is, if you're sick or older or you got hip replacements or what have you and you're having trouble buying insurance on the open market, you're going to be able to buy into a high-risk pool.

Now, Tom made the point earlier that—and this is indisputable; I don't think anybody would disagree with this—that if you set up a high-risk pool in which you don't have healthy people, younger people in the same pool as older, sicker people, the premiums for the older, sicker people who have been segregated into this pool is just going to be higher. Now, I have—you know, we looked at the Boehner bill to see sort of how you approach that. And you've got some reinsurance—and keep in mind, we use a high-risk pool as well until we get to the exchange. And we have reinsurance. For example, for people who are on retiree plans, we want to help employers maintain those plans, and they've got an older population, so we want to help reinsure them.

But given the amount of money that you have allocated for that pool, it's just not going to be a very useful tool for the vast majority of people who've got preexisting conditions, just because there's just not enough money that you guys put into it to be able to cover all the people with preexisting conditions, which is why other States have high-risk pools, as Kathleen mentioned. There are—I don't know how many States, but let's say 20, 21 States currently have high-risk pools. Out of all those 21 States, about 200,000 people use the high-risk pool. And the reason is because by just dealing with older, less healthy individuals separately or people with preexisting conditions, it is very, very expensive.

Tom's point was, if everybody is in it—because presumably none of us know at any given moment who is going to end up being healthy and who is not; we don't know whether our kids are going to be suffering some sort of disease that we don't anticipate yet or our spouses get ill—that if everybody is in it, then that drives prices down cheaper for everybody.

So it's not that I think that the high-risk pool idea is a bad one. As I said, the House, the Senate bill, the bill—the proposal that I put forward all use the high-risk pool as a stopgap measure to get to a broader pool. But the goal has to be to get everybody in, in a place where those risks are spread more broadly.

[*Rep. Camp. made further remarks.*]

*The President.* All right. What I'd like to do is to move on to the topic, which I think underlies—oh, I'm sorry. We've still got Jay, my apologies. Jay, please go ahead.

*Senator John D. "Jay" Rockefeller IV.* Thanks, Mr. President. One of the—we really haven't discussed, I think, what is at the basis of the frustration about this whole business of preexisting conditions and lifetime limits, all the rest of it, and that is the way and the nature of the health insurance industry for the most part. They are, among all industries I've ever encountered—and in the Commerce Committee, we have spent a year analyzing and bringing out some of their sins and ills—they're terrible. They're in it for the money.

[*Sen. Rockefeller made brief remarks, concluding as follows.*]

I'm going to say one word about medical loss ratio, because it's sort of a crazy name but it's a really good concept. What we say is that—the health insurance industry says that they spend 87 percent of all of their revenues from premiums or any investment that they might have on health care. That doesn't work out quite that way. For large businesses, they do a much better job, but for small businesses and the individual market, they're down, in West Virginia, in the high sixties and the low seventies.

So how do you stop that? You can't stop that by asking them to. You stop that by having a law, which is a good law, saying that you have to spend between 80 and 85 percent of everything you take in, in revenue on medical care for your patients. And if you don't, we will know about it because we'll be tracking it. And then you have to rebate that difference to the people.

So there's a reason for doing that. It's good public policy. It can't just happen on a voluntary basis. I mean, it's—but it's a way to make sure you get your objective.

Let me just close on one other issue. The rate review—and I wish we could talk about the Medicare board—advisory Medicare board, which is controversial, but which is—

*The President.* Well, we will have a chance to talk about it next.

*Sen. Rockefeller.* I know. I know.

*The President.* So, Jay, let's wrap it up, because I want to make sure everybody—

[*Sen. Rockefeller made further remarks.*]

*Rep. Boehner.* Mr. President, Ms. Blackburn was on the list, I thought, before we left.

*The President.* Okay. Go ahead, Marsha.

*Representative Marsha Blackburn.* Thank you, Mr. President. And, yes, one of the points that we did want to cover today was the across-State-line purchasing of insurance. You've

alluded to that a couple of times and mentioned that you felt like we were close on that issue. I think that there are some very important structural differences in the way we approach this, just as I think that there are very deep philosophical differences in how we approach health care reform.

[*Rep. Blackburn made brief remarks.*]

*The President.* I appreciate that very much, Marsha. Just to close, because there have been two issues that were raised—one, the purchasing insurance across State lines, and the other was the issue of the mandate—and I just want to address those very briefly, and then I'm going to turn it over to Joe.

I support the idea of purchasing insurance across State lines. And you're right that the way we structure it is to have compacts between States so that you start getting a regional market. But I think there are two things that are important to understand.

Number one, with respect to California, for example, the problem, as was presented yesterday, in California, was not that there were a whole bunch of insurance companies from other States who were clamoring in to get into California to sell insurance to those individuals who saw their premiums spike by 39 percent. There weren't.

The problem has to do with the fact, according to them, that people who have lost their jobs now, who are healthy and can't afford the individual market, have basically just decided, "I'm going to go without insurance. I'll see—I got to take my chances because I just can't afford it." What that's left is people who, because of preexisting conditions, because of special health care needs, because of age, they have to keep their insurance. And so the pool has become older and sicker.

Now, the way to get at that problem is actually what we've discussed earlier, which is to broaden the pool, make sure everybody is in the pool. And that's what the exchanges do.

I actually think that on the purchasing insurance across State lines, there may be a way of resolving the philosophical difference, not entirely, but there's a potential way of bridging this gap, and that is to say that once there was a national exchange with some minimum standards, then potentially you could just have a national marketplace, and anybody could be able to sell into the exchange. This is something that Mike Enzi just mentioned. I actually think that could be workable once the exchange was stood up. So there may be a way of bridging this difference.

Now, on the mandate, though—because the mandate issue is connected, and so I'm just going to mention this real quickly, and then I will move on. When I ran in the Democratic primary, I was opposed to the mandate.

*Q.* Bless you.

*The President.* Well—and I'll—because my theory was, you know what, people—the reason they don't have health insurance isn't because somebody is not telling them to get it, but because they just can't afford it, and that if we lowered costs enough, then everybody would be able to get it. So I was dragged, kicking and screaming, to the conclusion that I arrived at, which is, is that it makes sense for us to have everybody purchase insurance. And I have to say, this is not a Democratic idea. I mean, there are a number of Republicans sitting around this table who have previously supported the idea of an individual mandate, responsibility.

The reason I came to this conclusion is twofold. One is cost-shifting, which is a fancy term for saying everybody here who has health insurance is one way or another paying for those who don't. Every time somebody goes into the emergency room—if Jay's son got hit by a bus and his dad wasn't Jay Rockefeller, and he ends up in the emergency room, we'd give him emergency treatment, and we'd all pick up the tab. And the calculation—not our calculation, but independent economists—is that each family with health insurance right now is picking up 1,000 to \$1,100 worth of costs for people who don't have health insurance.

So when Tom Coburn earlier said, you know, if a kid comes to the emergency room, they're going to get treated—yes, they will get treated. Who's paying for it? Well, we're paying for it. Every American family who's got health insurance is paying for it. Every employer who is covering their employees is paying for it.

So we're already putting the money in. It's just in a very inefficient way. And so the notion that somehow if we don't ask people to carry their responsibilities, that we're saving money—no, we're not saving money; it's just we don't see it. It's called uncompensated care, and we all get charged an extra thousand bucks. So that's part of the reason.

The second reason has to do with the issue of preexisting conditions and the pool that we've already discussed, but I just wanted to address those two issues. Marsha, you had one thing that you wanted to respond to.

*Rep. Blackburn.* Yes, Mr. President—

*The President.* All right.

*Rep. Blackburn.* —I did, very quickly. I would just suggest that we're looking at this from, in your example, we're looking at it the wrong way. You're talking about letting companies into California. I'm talking about letting individuals out, empowering individuals—

*The President.* No, but it's the same idea, Marsha. It doesn't matter whether they're—companies are going in or people are going out. I promise you if—

*Rep. Blackburn.* Free it up.

*The President.* No, no, no.

*Rep. Blackburn.* Free it up.

*The President.* I promise you that the problem that's going on in California is going on in every State. It's not unique to California. It's not as if there are insurance companies that are given great deals in Iowa. That gentleman farmer who just talked about—these are some structural problems that exist in every State.

It is—

*Rep. Blackburn.* Let them—

*The President.* —what is true—

*Rep. Blackburn.* Yes, let them—

*The President.* No, I want to say this; hold on a second, guys—what is absolutely true is that some States probably have higher mandates than others, and so you can probably attribute a certain amount of the cost in a high—a State that has more requirements for bare minimum coverage, doesn't allow driveby deliveries or requires mammograms or what have you. Those

things all may add some incremental cost, but the truth of the matter is, is that that's not the reason that you're seeing such problems. In a lot of States, the problem is just you don't have competition at all. We want competition. We just want some minimum standards.

NOTE: The President spoke at approximately 12:12 p.m. in the Garden Room at the Blair House.

*Categories:* Addresses and Remarks : Health care reform, bipartisan meeting on, discussion on insurance reform.

*Locations:* Washington, DC.

*Names:* Barrasso, John A.; Baucus, Max S.; Biden, Joseph R., Jr.; Blackburn, Marsha; Boehner, John A.; Boustany, Charles W.; Camp, David L.; Cantor, Eric; Coburn, Thomas A.; Dodd, Christopher J.; Enzi, Michael B.; Harkin, Thomas R.; McCain, John; McConnell, Addison M. "Mitch"; Miller, George; Rangel, Charles B.; Reid, Harry; Rockefeller, John D. "Jay," IV; Sebelius, Kathleen; Slaughter, Louise McIntosh.

*Subjects:* Health and medical care : Hospitals :: Reimbursement for treatment of uninsured patients; Budget, Federal : Deficit; Congress : Bipartisanship; Congress : House of Representatives :: Minority leader; Health and Human Services, Department of : Secretary; Health and medical care : Cost control reforms; Health and medical care : Health insurance exchange, proposed; Health and medical care : Health insurance reforms, proposed; Health and medical care : High-risk health insurance pools, proposed; Health and medical care : Hospitals :: Reimbursement for treatment of uninsured patients; Health and medical care : Insurance coverage and access to providers; Health and medical care : Medical fraud and negligence, efforts to combat and prevent; Health and medical care : Medicare and Medicaid; Legislation, proposed : "Patient Protection and Affordable Care Act of 2009".

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