

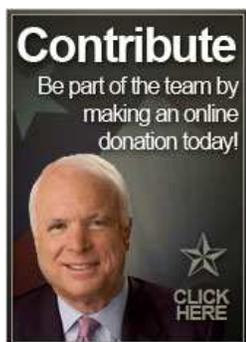


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John McCain on Health Care

Des Moines Rotary Lunch
October 11, 2007

Thank you for the opportunity to talk today about the American health care system. You don't have to be a candidate for President to discover that worries over the availability and cost of health care trouble the waking hours and disturb the sleep of more Americans than any other single domestic issue. Indeed, outside of the pre-eminent challenge of our time - the threat of Islamic extremists - no issue comes up more frequently in large and small public discussions, in polls, debates and media reports.

So it is surely appropriate that the subject figures prominently in this presidential election. And in our eagerness to appear responsive to this acute public concern, every candidate will feel compelled to offer his or her "solution" to the problem. But will these solutions actually improve our health care system? Or will they merely serve as the candidates' opening ante in what looks to become a bidding war? In our haste will we promise more than we can deliver? Will we misdiagnose the problem and devise a cure that will kill the patient? Will we even ask ourselves that first, most important of questions: what exactly is the problem with the American health care system?

The problem, my friends, is not that Americans don't have fine doctors, medical technology and treatments. The state of our medical science is the envy of the world. The problem is not that most Americans lack adequate health insurance. The vast majority of Americans have private insurance and our government spends billions each year to provide even more.

The biggest problem with the American health care system is that it costs too much, and the way inflationary pressures are actually built into it. Businesses and families pay more and more every year to get what they often consider to be inadequate attention or poor care. And those who want to buy insurance are often unable to because of the high cost. What more compelling evidence of the problem do we need than to note that General Motors now spends more for health care of its employees and retirees than for the material required to manufacture its products - steel. The price of every GM car includes over \$1500 for health care costs compared to Toyota whose total cost for healthcare per car is about \$200.

The growth of costs affects everyone: government overspending, business costs and family budgets. It hurts those who have insurance by making it more expensive to keep. And it hurts those who don't have insurance by making it even harder to attain.

We are approaching a "perfect storm" of problems that if not addressed by the next president, will cause our health care system to implode. Here is what we know: First, we currently spend 2.2 trillion dollars-16 cents of every dollar we spend on health care. By 2015, just seven years from now, that number will nearly double to four trillion dollars. Second, by 2019 Medicare will be broke. We are currently spending more on Medicare than we are collecting in payroll taxes and cashing in the few IOU's left in the trust fund. In the meantime, more and more of our retirees' social security checks will also go to pay for Medicare leaving our seniors with less money for their everyday expenses. Third, by 2017 more money will be going out of social security than is coming in. The next president must act to avert the impending "storm."

For all the grandiose promises made in this campaign, has any candidate spoken honestly to the American people about the government's role and failings about individual responsibilities? Has any candidate told the truth about the future of Medicare? Its costs are growing astronomically faster than its financing, and leaving its structural flaws unaddressed will hasten its bankruptcy. Has any candidate warned that we have a personal responsibility to take better care of ourselves and our children? Yet that is the only way to prevent many chronic diseases. Has any candidate insisted that genuine and effective health care reform requires accountability from everyone: drug companies, insurance companies, doctors, hospitals, the government and patients? Yet that is the truth upon which any so-called solution must be based.

Democratic presidential candidates are not telling you these truths. They offer their usual default position: if the government would only pay for insurance everything would be fine. They promise universal coverage, whatever its cost, and the massive tax increases, mandates and government regulation that it imposes.

I offer a genuinely conservative vision for health care reform, which preserves the most essential value of American lives - freedom. Conservatives believe in the pursuit of personal, political and economic freedom for everyone. We believe that free people may voluntarily unite, but cannot be compelled to do so, and that the limited government that results best protects our individual freedom. In health care, we believe in enhancing the freedom of individuals to receive necessary and desired care. We do not believe in coercion and the use of state power to mandate care, coverage or costs.

I believe Americans want to be part of a system that offers high quality care; that respects their individual dignity and is available at reasonable cost. Unfortunately, the American health care system as it is currently structured fails this test. It is too expensive. It insults our common sense and dignity with excessive paperwork, disconnected visits with too many specialists, and by elaborately hiding from us any clear idea of what we are getting for our money. We must reform the health care system to make it responsive to the needs of American families. Not the government. Not the insurance companies. Not tort lawyers. Not even the doctors and hospitals.

The next president will have to take on the special interests that thrive in the health care system. Doctors must do a better job of managing our care and keeping us healthy and out of hospitals and nursing homes. We will need alternatives to doctors' offices and emergency rooms. Hospitals must do a better job of taking care of us when we are there, commit far fewer deadly and costly medical errors and generally operate more efficiently. Pharmaceutical companies must worry less about squeezing additional profits from old medicines by copying the last successful drug and insisting on additional patent protections and focus more on new and innovative medicine. Insurance companies should spend more on medical care and less on "administration."

My reforms are built on the pursuit of three goals: paying only for quality medical care, having insurance choices that are diverse and responsive to individual needs, and restoring our sense of personal responsibility.

These reforms are also built on the most fundamental of medical tenets: do no harm. There is much to be admired about medicine in America, and I want to protect those qualities. Doctors and other providers want to provide quality care. Lower costs mean that Medicare premiums don't continue to spiral beyond our ability to sustain it, and our insurance premiums are stretched farther. Most importantly, any reform must respect the freedom to keep your care and insurance just as they are.

The first principal of real reform is that Americans should pay only for quality. Right now, too much of the system is built on getting paid just for providing services, regardless of whether those services are necessary or produce quality care and outcomes. American families should only pay for getting the right care: care that is intended to improve their health.

American families know quality when they see it, so their dollars should be in their hands. When families are informed about medical choices, they are more capable of making their own decisions, less likely to choose the most expensive and often unnecessary options, and are more satisfied with their choices. Health Savings Accounts are tax-preferred accounts used to pay insurance premiums and other health costs. They put the family in charge of what they pay for, and should be expanded and encouraged.

I am committed to ensuring the finest quality medical care for our veterans. They have earned that consideration and more. They should not have to wait for access to a VA facility that is hours away. We can give them the option to put the means for financing their care under their control - in an electronic card or other device - so that if they want they can choose their care in another way that suits them best.

We cannot let the search for high-quality care be derailed by frivolous lawsuits and excessive damage awards. We must pass medical liability reform, and those reforms should eliminate lawsuits for doctors that follow clinical guidelines and adhere to patient safety protocols. If the Democrats are sincere in their conviction that health care coverage and quality is their first priority, than they will put the needs of patients before the demands of trial lawyers. But they can't have it both ways.

Research shows that coordinated care - providers collaborating to produce the best health outcome - offers better quality and costs less. We should pay a single bill for high-quality heart care, not an endless series of bills for pre-surgical tests and visits, hospitalization and surgery, and follow-up tests, drugs and office visits. Paying for coordinated care means that every single provider is now united on being responsive to the needs of a single person: the patient. Health information technology will flourish because the market will demand it.

Clinics, hospitals, doctors, medical technology producers, drug companies and every other provider of health care must be accountable and their transactions transparent. Families, insurance companies, the government - whoever is paying the bill - must understand exactly what their care costs and the outcome they received.

Families place a high value on quickly getting simple care, and have shown a willingness to pay cash to get it. If walk-in clinics in retail outlets are the most convenient, cost-effective way for families to safely meet simple needs why should government stand in their way? I will not.

If the cheapest way to get high quality care is to use advances in web technology to allow a doctor to practice across state lines, then let them. In disasters like Katrina we saw how stupid and harmful it is to refuse the services of doctors just because they had an out-of-state address. We should have a national market place, and if I'm elected President, we will.

Drugs are an important part of medicine, of course, and are often quite expensive. Here in Iowa the Attorney General is suing seventy-eight drug companies accusing them of inflating drug costs paid by Iowa taxpayers through the Medicaid system. Problems with costs are created when market forces are replaced by government regulated prices. If drug costs reflects value, fine. But if there are ways to bring greater competition to our drug markets by safe re-importation of drugs, by faster introduction of generic drugs, or by any other means we should do so. If I'm elected President, we will.

Government programs such as Medicare and Medicaid should lead the way in health care reforms that improve quality and lower costs. Like most of our system, Medicare reimbursement now rewards institutions and clinicians who provide more and more complex services. We need to change the way providers are paid to focus their attention more on chronic disease and managing their treatment. This is the most important care and expense for an aging population. And in a system that rewards quality, Medicare should not pay for preventable medical errors. I am appreciative of the therapeutic benefits of modern pharmaceuticals. However, I strongly opposed adding another unfunded entitlement to the fiscal train wreck that is Medicare by providing all seniors with a costly drug benefit, even those, like me, who can more than afford to pay for their medicine.

The second principle of effective reform is to have insurance choices so varied and responsive to individual needs that you could fire your insurance company if you wanted to. Right now, too many of our citizens don't have an insurance policy at all, and those who do are afraid they will lose the one they have - afraid they will get too sick, afraid to stay home and not work full-time, and afraid their benefits will disappear along with their job.

I believe that everyone should get a tax credit of \$2500, \$5000 for families, if they have health insurance. It is good tax policy to take away the bias toward giving workers benefits instead of wages. It is good health policy to reward having insurance no matter where your policy comes from.

To use their money effectively, Americans need more choices. We should give additional help to those who face particularly expensive care. If it is done right and the additional money is there, insurance companies will compete for these patients - not turn them away. It is a challenge to develop techniques that allocate the right amount to each of these families. I propose that we try a time-honored approach and let the states work on whatever method they find most promising. The federal government can help fund this effort, but in exchange, states should allow Medicaid and SCHIP funds to be used for private insurance and develop methods to augment Medicaid and tax credits for more expensive care.

Family-based policies translate into broad success when they are paired with greater competition among insurers on a level playing field. You should be able to buy your insurance from any willing provider - the state bureaucracies are no better than national ones. Nationwide insurance markets that ensure broad and vigorous competition will wring out excess costs, overhead, and bloated executive compensation. Introducing competition into the health insurance market will reduce costs.

Some are already content with the choices and advice offered by their employer. Fine. But Americans should be able to choose who they trust. If a church or professional organization wishes to sponsor insurance for its members, they should be able to do so.

When an American family controls its own health care financing, has a wide variety of low-cost, innovative choices, and receives insurance through a sponsor they trust, insurance policies will only disappear when the family decides it doesn't serve them as well as a competitor would.

The final important principle of reform is to rediscover our sense of personal responsibility. We must personally do everything we can to prevent expensive, chronic diseases. Our rights in this country are protected by our personal sense of responsibility for our own well being. Cases of diabetes are going up, not only in the baby boom generation, but among younger Americans obesity, diabetes and high blood pressure are all on the rise. Parents who don't impart to their children a sense of personal responsibility for their health, nutrition and exercise - vital quality of life information that political correctness has expelled from our schools - have failed their responsibility. Also, parents are responsible for ensuring that their children are covered health insurance if, as is often the case, many options are already available to them.

We can build a health care system that is more responsive to our needs and is delivered to more people at lower cost. The "solution," my friends, isn't a one-size-fits-all-big government takeover of health care. It resides where every important social advance has always resided - with the American people themselves, with well informed American families, making practical decisions to address their imperatives for better health and more secure prosperity. The engine of our prosperity and progress has always been our freedom and the sense of responsibility for and control of our own destiny that freedom requires. The public's trust in government waxes and wanes. But we have always trusted in ourselves to meet any challenge that required only our ingenuity and industry to surmount. Any "solution" that robs us of that essential sense of ourselves is a cure far worse than the affliction it is meant to treat.



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