

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring The Honorable Hillary Rodham Clinton, The
First Lady**

June 28, 1994

Although moral, ethical, social and political reasons exist for health care reform, the basic reason is economics. Unless health care costs are controlled, deficit reduction and budget containment are not possible. Short-term efforts to rein in health care costs will not succeed in the absence of comprehensive reform.

. . . in the absence of systemic health care reform that will contain costs, you can continue to slice away at every government program imaginable, you can continue to try to put downward pressure on defense spending, maybe to the point where it's not a good idea, but if you do not deal with Medicaid and Medicare which are projected to increase at 10 percent a year for the next 10 years, the deficit will continue to go up , after it has gone down for several years.

As you lower the public rate of reimbursement, the cost shift then goes onto the backs primarily of businesses that insure.

. . . the more people [who are] working who are not insured has gone up in the past three years. [That] means the more people who are uninsured, the more people who fall into eligibility for Medicaid and increasingly with aging, the more become eligible for Medicare, the downward cost pressures then continue to be bumped up against by the increasing population in need, thereby putting more political pressure on people in Congress and state government to try to cope with the unmet medical needs in the face of increasing deficits that are projected.

. . . in the absence of universal coverage, you cannot end cost shifting. You cannot begin to take the pressure off entitlements so you can bring them down without causing the unintended consequences of actually accelerating cost-shifting and increasing the number of uninsured and the dramatically underinsured.

One of the great challenges we face as we go through this health care debate is to try to get the business community to recognize what is in its long-term – I'm talking five to 10 years, but in America, that's long-term—economic interest. Certainly, no one wants to pay more money for anything. No one wants to be mandated to do anything. That's always been a part of the American character, but it's in dramatic form these days. But in the absence of getting everyone into the system, the eventual cost-shifting and financial impact will not be very subtle. We will see more hospitals close, we will see more and more doctors refuse to take Medicare and Medicaid patients, or at least refuse to take the payments available.

I do not understand why every business person who currently provides insurance is not up in arms at the costs they bear, which are a hidden tax because so many other businesses and their employees show up, get health care, and then you pick up the tab.

I personally think that the moral and ethical and social and political aspects are very important. But at bottom, it is a question of economics. Are we going to continue to pay more money per capita than any other country and not insure everybody? Are we going to continue to subsidize a financing system that is leading to more uninsured and higher costs?