Thank you for inviting me. Well, after months of what has seemed like an interminable presidential campaign, you must have had about all you can take of policy and politics. I’m afraid at this point the intersection of policy and politics looks like a major train wreck with policies and politics flapping widely in the rhetoric breezes. It’s hard to determine what’s essentially political rhetoric from thoughtful engagement of challenging problems.

So, what is it about political campaigns that often add confusion rather than clarity to our public discourse? Have things changed or is this the way it’s always been?

Well, I’m too cautious to make sweeping generalizations, but I do think that political objectives and policy goals can be two very different things. In politics the goal is to identify the values and experience of those seeking office and distinguish them from an opponent. In policy matters, the goal is solutions to important problems that can garner support from those who are directly affected. When these efforts come together, we find policy prescriptions that are linked to political values. When the two diverge, the result is frequently stalemate and failure. Good policy has to make good political sense. Otherwise, it’s dead in the water.

So, my task this morning is to examine the relationship between policy making and politics at the federal level.

I think it’s useful to begin our discussion by dispelling some of common myths about policy making and politics. First and foremost, they are inextricably intertwined. Certainly, the most successful public policies are those that have been informed by political judgments. That’s another way of saying policies need to meet specific political needs and values.
Another common misconception is that if we could somehow disentangle or separate politics and policy we’d all be better off. In my view, that would be a recipe for disaster. Some of the most colossal policy failures are those created outside the political process. We’ll talk more about that in a minute.

Relying on “pure politics” to make public policy carries equal risks. Successful policies require acceptance across a broad spectrum of opinion and circumstances. If policies are perceived as simply the narrow special interests of the current political majority, they are unlikely to be effective or long-lasting.

In health policy, both political and ideological values affect the effort to find common ground. For example, while there is broad agreement at a 50,000 foot level that access to health care for all is a worthy goal, there are deep divisions over how to achieve the goal and intense competition around who should get the credit for it.

So, as we talk about some examples of how policy and politics intersect in the health care arena, we need to remember that health care is, in many respects, the Middle East of domestic policy – complicated, intensely political, ideological, volatile, and affecting vital economic interests. One might ask whether access to health care for all Americans is any more likely than peace in the Middle East.

These characteristics help to explain why it is so difficult to make significant progress toward a more effective and equitable health care system. People come to health care debates with disparate values and economic interests that are not easily compromised.

For example, there is in the American experience a long-standing controversy about the role of government and the private sector. While we have reached a number of agreements about the role of government in providing welfare, retirement benefits, and education, health care remains one of those areas where these roles have still not been sorted out.

You might think that we came to an historic compromise in health care when, over 40 years ago, Medicare and Medicaid were created for the elderly and low income populations, leaving the rest of us to fend for ourselves in the private sector. But, I would argue that we continually revisit this policy decision in seemingly endless debates about individual
responsibility and the responsibility of society as a whole. Many continue to advocate for privatizing these programs, if not completely, at least by turning over the management of these programs to private insurance.

Another important factor in shaping our health policies and politics is the increasing size of the investment in health care – now about 16% of the GDP and over 2 trillion dollars annually. This huge economic engine produces strong political support for maintaining the status quo, quite apart from the merits of specific policies. In my view, the single, biggest obstacle to fundamental health reform in this country is the enormous financial stake of health insurers, providers, and suppliers in the way things are now.

These competing values, ideologies, and economic interests are clearly represented in the political debates we have over health policy. Some join the health care debate on ideological grounds based on what they see as the proper role of government, others are motivated by a commitment to a social contract notion of health care as a right, and still others promote a more market-based approach that is aligned with our capitalist system.

It’s not to hard to find lots of examples of political stalemates based on one or more of these positions. And, it would be a mistake to overlook a more venal motivation – getting credit for success or shifting blame for failure to political opponents. The nasty reality is that raw partisanship plays an increasingly large role in our public debates and leads to finger pointing and ultimately to political gridlock.

So, my point in all of this is that health policy is best understood as the result of efforts to mediate conflicting ideologies, economic interests, and political values. To make sense out of what takes place (or doesn’t) in Washington you need to assume all these forces are competing to shape the final outcome. There rarely is one single explanation for Washington events.

I thought it might be helpful to talk about a few examples of health policy topics that reflect many of these forces and examine how they affected the outcome. Just as policy and politics are intertwined, there is no single explanation for what happens in these examples – rather they each represent an accumulation of factors that either pushed something over the top or resulted in stalemate or failure.
The Clinton Health Plan
You’ve probably guessed what the first example will be: The Clinton Health Reform Plan.

Here we have the classic case of ideology, economics, and political ambition combining in what became a catastrophic failure. The ideological base of the Clinton plan was rooted in the notion that the power of government could be used to create a competitive market place for private health insurance. Competition would be regulated, on a level playing field, so the theory ran, promoting efficiency and quality since all individuals would be required to have coverage and current market competition based on risk selection would be eliminated. It seemed so simple and inevitable at first. Perhaps the first sign of trouble, since few things in health policy are simple or inevitable. That didn’t last long. The opposition formed around:

- Ideologically-based opposition to government regulation of private markets;
- The economic threat to the multi-billion dollar health insurance industry;
- Vehement opposition from the small business community;
- Fear & uncertainty among those with coverage; and
- Competition for political advantage.

Those concerns eventually overwhelmed the message of supporters that everyone would be better off under reform. That dog simply didn’t hunt. Once opponents tapped into the underlying fear among those with coverage that they might be worse off, or that they might pay more and have less coverage, the Clinton plan was doomed.

Even so, the way the Clinton Administration went about formulating their policy violated every known rule about working with Congress. There was a failure to consult, they produced an incredibly complex proposal, and they failed to have a plan to explain simply how the proposal would affect key stakeholders.

When the 1500 page bill reached Congress, the sheer magnitude of the undertaking began to undermine support in the President’s own party. Then, as the Democrats tried to move the bill forward they adopted the strategy of adding even more provisions in an effort to get the necessary votes for passage. Rather than increase support this strategy actually cost more votes than it gained.
In many ways, this is a case of policy being formulated without the benefit of politics. While the policy may have been quite sound, the failure to build political support by showing ordinary people why they would be better off and engaging Congress earlier in the process gave opponents all the opportunity they needed.

The really sad thing about this failure is that it created such fear among politicians – especially Democrats – that serious consideration of comprehensive health reform remains something like the third rail of politics. However, discussion of universal coverage plans in the current presidential campaigns suggests that we’re likely to have another run at this. Whether our political leaders have learned from past mistakes will be one reason why these campaign debates will be worth watching. More about that later.

**Medicare Drug Benefit**

My second example – adoption of the Medicare Drug Benefit in 2003 – represents a successful combination of policy and politics. However, it did come perilously close to failure – passing the House by a single vote after holding the final vote open for nearly three hours in the middle of the night.

By the time Republicans began a serious effort to adopt a Medicare drug benefit, some important pieces were in place. First, drug coverage for seniors was wildly popular, viewed by most policy wonks as a critical missing piece of coverage in Medicare, and importantly the drug industry had come to the conclusion that this was going to happen and that the best time to have this happen was when Republicans were in charge.

Despite these positive attributes, it wasn’t a cake walk for Republicans. In their ranks there was deep opposition to broadening the Medicare entitlement without facing up to the significant costs that would follow. Meanwhile, many Republicans, including the President had campaigned in support of drug coverage, and many others saw it as an historic opportunity to take leadership in an area long dominated by Democrats.

The Republicans skillfully negotiated this minefield of policy and political concerns and produced a drug benefit within a budget, relying on competing insurance plans in the private market. It was a very significant political and policy victory and it produced a rare alliance between the AARP and Republicans. Now this is not to say this was a perfect marriage of politics
and policy. There remain serious criticisms of the policy in both Republican and Democratic circles and passage of this policy continues to cause fiscal conservatives a great deal of unease.

But I do think it’s instructive to see how the Republican leadership was able to communicate the policy and political messages about this legislation to their base of support and maintain discipline within their ranks. Democrats have much to learn from this experience.

**SCHIP Re-authorization**
The final example I’d like to discuss is the ongoing debates around the re-authorization of the State Child Health Insurance Program – SCHIP. This program has been in existence for 10 years and was born from a bipartisan compromise between the Clinton administration and the Republican Congress in 1997.

It bears many of the hallmarks of successful policy and politics. Giving children – especially the children of low-income working families – access to health care resonates across a range of ideological, political, and economic interests. Ideologs of the left and right embraced the policy rationale – getting kids off to a healthy start. Key design features of the plan – like federal and state financing, annual spending caps, flexible benefit packages, and discretion permitting states to run the program directly or to subsidize private plans – gave a little something to everyone.

That was then. Now, we are in a stalemate over the terms of an extension of the program. What has happened? Well, for one thing, the bipartisan spirit that animated the compromises in 1997 is nowhere to be found. Democrats have seized on the opportunity of their congressional majorities to significantly expand the program to children in higher income families and to increase federal spending by about $50 billion over the next 10 years. Republicans – especially the President – have decided this is the place to draw an ideological distinction and label what the Democrats are doing as the first step toward “socialized medicine.” So, last fall two versions of an extension passed Congress only to be vetoed by the President. The program has been continued, as is, through March of 2009 when the debate will be renewed.

What’s especially odd about this turn of events is that both sides seem unwilling to compromise even though failure to extend this most popular
program will be a negative for both. Why all of the advantages that both sides seemed to see 10 years ago are no longer apparent is hard to explain. I think, unfortunately, that the end of an Administration and the approach of elections that hold the possibility of strengthening one side or the other, may be working against compromise and bipartisanship. Democrats seem committed to what has been called a “veto strategy”, reasoning that this will give them political advantage going forward. Republicans meanwhile see the stalemate resulting in a simple extension of the program and avoiding increased spending that they fear will replace private insurance with public coverage. Time will tell who the ultimate winner will be. Unfortunately, in the meantime the losers are the 11 million uninsured children in the U.S.

The Presidential Campaigns

As noted earlier, a prominent issue in the current political campaigns is once again health care reform. The presumptive Republican nominee has taken the position that health care cost containment should be the primary objective of his health policies. He reasons that by de-regulating the private insurance market, the resulting competition will make coverage more affordable. He also supports tax subsidies for the purchase of health insurance. While his proposal is a start, he admits that it will not result in coverage for all.

The two still contending Democratic candidates, Senators Clinton and Obama, have proposed broad policies to cover all the uninsured. Their proposals are quite similar and rest on 3 main features:

1. More affordable private insurance coverage offered through large purchasing pools that operate under rules that effectively spread the cost of coverage broadly;

2. Premium subsidies scaled to family income; and

3. Defining employer and individual responsibilities – this is where they differ, with Clinton calling for both an employer and individual mandate to purchase coverage, and Obama including a mandate on employers, but initially only one for coverage of children.

Obviously, there are serious and substantial differences in these approaches. However, most of the details have been left to future negotiations between the next president and Congress – clearly a lesson learned from the earlier
Clinton effort. How successful these candidates will be in selling their vision of health reform will determine whether the next president has a “mandate” to support his or her recommendations. Without a broad political mandate, the forces of the status quo will once again likely have the upper hand. Without a bipartisan agreement, it will be hard for health reform to be enacted as the next Congress will likely be just as divided as the current one. This matters most in the Senate where it really takes 60 votes, rather than a simple majority to move anything forward.

**Key Implications for Advocates**
What are the lessons that we can take from these examples? In my view, there are some common features to success in the policy and political arena.

First, it’s about more than just rational policy. If we were in an idealized world isolated from economic interests, political ambitions, and ideologies, then maybe we could afford the luxury of a more academic approach to policy making. We’re not, so these competing values must be compromised.

Second, it makes a lot of sense to anticipate the legitimate objections of opponents and find ways to give them some recognition in proposed policy solutions.

Third, I think we have to take the long view and admit our uncertainties about how the future may play out. This suggests to me an incremental approach, with opportunities for adjustments and mid-course corrections that can appeal to a broad range of ideologies and economic interests.

Finally, I firmly believe that persistence in pursuit of policy goals is essential. Most all of the significant public policies in health care have had a rather long incubation period which on the whole I believe to hold advantages. It gives one a chance to listen to others as well as to improve ideas through dialogue with stakeholders.

I hope this brief trip through the health policy arena has helped to explain a little about why things turn out the way they do, and how the past is often prologue to the future. Success in the policy arena is often slow in coming and only occurs if policy makers are willing to engage all of the factors that drive decisions in our pluralistic system.
Thank you for being such an attentive audience and for your hospitality is bringing me here today. I’d be happy to respond to any questions you may have.