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by John S. Hoff

**A**s Washington addresses health care again this year, it will focus on two main areas: Medicare and expanded coverage.

The problems of Medicare will not go away and will only get worse. Both presidential candidates from the 1996 campaign supported the creation of a "bipartisan" commission that would be instructed to come up with ways to save Medicare. Despite both candidates' support, which was born out of a mutual self-interest to avoid having to discuss how Medicare will be changed, the commission's creation is not going to be easy or quick.

A commission is a way for politicians to try to find political cover. The commission, in theory, would reach agreement on what reforms must be made. The political parties would in effect agree not to criticize each other for going along with the commission's recommendations. But the Republicans are in no mood now to give the Democrats an opportunity to escape responsibility for making Medicare changes. The Democrats took advantage of the Republicans' modest and preliminary efforts in 1995 to reform Medicare and accused them in the 1996 campaign of trying to scuttle Medicare. Most objective observers agree that the charge was unfair and even demagogic. The Republicans, therefore, are reluctant to help the Democrats do what they had been lambasted for trying to do themselves. But this desire to let the Democrats twist in the wind may not last. If the Democrats can accuse the Republicans of obstructing efforts to save Medicare (life indeed is ironic), the Republicans may be forced themselves to seek cover from a commission.

In essence, the political calculus is

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at what point the Republicans' desire for revenge will be overcome by their desire for self-protection. But even if that point is reached and the politicians find they have a mutual interest in protecting themselves by turning the question over to a commission, that does not mean the creation of a commission will be easy.

The conventional wisdom is that there is no sense in appointing a commission unless there has been an agreement in advance on what it will do. Without prior agreement, the commission approach can backfire. The commission can become deadlocked, or it can produce a result that the appointing parties are unwilling to accept. In either case, the politicians have the grenade back in their hands—and their escape route has been closed.

Reaching necessary agreements will be difficult. Is it possible for the parties to agree on "reductions" in benefits? On new taxes? Most importantly, can they agree on structural reforms? In particular, will they agree on whether Medicare should be converted from a defined benefit system to a defined contribution (which most observers believe is the way to create a more efficient system and to bring expenditures in line with receipts).

An agreement to create a commission must resolve a number of additional questions: Will the commission look only at long-range problems (created by the aging baby boomer generation and the demographic imbalance), or will it look also at the short range (the exhaustion of the Part A trust fund in approximately three years)? Is the pressure created by the pending depletion of the trust fund necessary to force attention on the longer term, or will efforts to devise stop-gap fixes for the short term impede more structural recommendations? In addition, there is the always sen-

sitive question of who will sit on the commission. Politicians? Experts? Representatives of the special interests? Which ones? How many?

Some time will pass before there is a will to reach agreement on these issues and more time before agreement is reached. In effect, a large part of the commission's deliberations will actually take place in the process of creating and shaping it.

Washington will also turn its attention to extending insurance coverage. The Clinton administration believes it knows what lesson should be drawn from the failure of its reform proposal and from the bipartisan enactment of the Kassebaum-Kennedy bill. The administration believes not that its goal was wrong, but that universal coverage should be reached by a series of incremental steps. Incrementalism will be applied to two areas: expanded coverage for children and assistance to workers to continue coverage after layoff.

These initiatives will be particularly interesting because they raise larger structural questions. In particular, they represent skirmishes in the bigger battle of whether assistance should be run through the government as it traditionally has (but perhaps modified to have state governments stand in the place of the federal government) or by a new mechanism that gives individuals control and ownership of their own health care, an effort that began last year with the limited pilot program for medical savings accounts (MSAs).

The MSA debate last year was about bigger issues than simply MSAs; namely, how health care financing should be reformed, and whether consumers should make more decisions about their care. The debate this year over expanding insurance coverage also will be a surrogate for these more major questions. ■