

# Remarks at the Annual Meeting of the American Medical Association House of Delegates in Chicago, Illinois

**June 23, 1983**

Thank you very much for a very warm welcome. Thank you for inviting me today, and I know Nancy would want me to thank you for your donation to the National Federation of Parents for Drug-Free Youth.

I'm delighted to address this annual meeting of the AMA House of Delegates, and I want to congratulate Dr. Jirka and Dr. Boyle on their new positions. I can't help but think what a great place this would be and what a great moment to have a low back pain. [Laughter] But I left him in Washington. [Laughter]

You know, one thing I've always liked about doctors is that you generate lots of anecdotes, which is very good for -- [laughter] -- very good for those of us who have to travel the mashed-potato circuit. Like the one about the fellow who went to the hospital for a complete check-up, very depressed, and said to the doctor, "I look in the mirror, I'm a mess. My jowls are sagging. I have blotches all over my face. My hair has fallen out. I feel ugly. What is it?" And the doctor said, "I don't know what it is, but your eyesight is perfect." [Laughter]

Well today, I'd like to take a clear-eyed look at our health care system. And let me start by saying as strongly as I can, the quality of American medicine is unsurpassed and on that we don't need a second opinion. What our space shuttle is to technology, our health care is to medicine. In life-saving discoveries, in innovative treatment, in the overall quality of services, America's doctors have no peers. Your medical accomplishments are a gift to mankind that honors us all. And I have a special appreciation for the skill of some Washington doctors and nurses who patched up an inner tube for me and had me back on the road very early and in quick time.

My respect for your profession is deep and personal. Let me add here that Judi Buckalew, who recently joined my staff as a special assistant, is the first registered nurse to serve in such a capacity. Her duties aren't medical, although with what's going on in Congress, Judi, it might be a good idea if you carry smelling salts. [Laughter]

A moment ago, I mentioned the space shuttle which, as you know, is scheduled to land tomorrow, weather permitting. And now it's beginning to look as if weather isn't going to permit. But medicine, as well, is becoming high-tech, increasingly so -- in some instances, high-bio. Through computers, lasers, nuclear devices, and various "Star Wars" technologies, your diagnostic and healing powers have multiplied over the last decade. We're going to make sure that trend continues by promoting solid math and science skills in our schools. We'll also further that trend with an active Federal role in quality research.

I believe the Orphan Drug Act that I signed in January eventually will add to your curing powers. As you know, the sad fact is that many diseases still cripple or kill hundreds of thousands of Americans because no drugs have yet been developed. Statistically, they are rare diseases, yet

that's small comfort for those afflicted and their families. The cost of discovering and developing a new drug, of course, is often staggering. This legislation provides incentives for the private sector to develop drugs to treat these rare diseases.

And I'm proud to say the FDA under this administration has proposed new initiatives to help streamline the drug approval process. We want a process that genuinely promotes the public health not only by keeping unsafe and ineffective drugs off the market but by enabling beneficial new drugs to reach those who need them more rapidly.

We recognize full well that if the burdens of excessive regulation are lifted, the American medical community can do an even better job in protecting the health of the American people.

While the quality of health care in this nation is unsurpassed, unfortunately, so are the costs. In fact, many patients believe that a hospital should have the recovery room adjoining the cashier's office. [Laughter]

I know cost is a matter that concerns you, as well. The AMA deserves congratulations for its cost-effectiveness programs and its health policy agenda. And, as I did at the White House in April, let me again thank those medical societies that have private sector programs to assure cost will not prevent anyone from receiving medical care.

But the problem of health care costs is so pressing you can't carry that full burden alone. For the last 12-month period, health care costs went up almost two-and-a-half times the overall inflation rate. In 1982 the cost of health insurance rose nearly 16 percent. Health care costs are consuming a growing portion of the Nation's wealth, and this is wealth that cannot be spent on education or housing or other social needs.

Health care costs are not just the concern of the sick in our society. Everyone is affected. The taxpayer picks up the tab for 40 percent of all hospital bills, mainly through medicaid and medicare. Because of rising costs, the poor on medicaid have seen their coverage reduced as States make cutbacks. Because of the increased cost of health insurance, employees have received lower cash wages. Consumers have paid higher prices for goods and services, since the costs of employee health benefits must be included in the price of products. And the elderly who are covered by medicare face the threat of catastrophic illness expense, against which medicare offers no protection.

It's high time that we put health care costs under the knife and cut away the waste and inefficiency. The growth in medical costs is malignant and must be removed for the continued health of the American people.

The danger is that high medical inflation may soon jeopardize the quality and access of our health care, and America won't be able to sustain its unequalled health care system if citizens can't afford it. Not all Americans have the fancy, gold-plated, all-option insurance plans that cover every sneeze and itch. Yes, the big corporations can look after their people, but let's not forget that little guy down at the doughnut shop.

Don't get me wrong. It's not bad to spend money on health care, far from it. The Nation's high level of health expenditures is testimony to our people's compassion. We can't and we will not scrimp on the health of America's citizens. But on the subject of compassion, let me clear something up. In spite of all the stories you hear on television -- and I would turn flips down the halls of the White House if this next statement made the evening news -- [laughter] -- the truth is that this administration, in 1984, will devote more money to health care than any administration in history. That probably surprises you. But 49 million elderly, poor, and disabled persons -- one out of every five Americans -- will have health care needs met through medicare and medicaid in 1984. That's a million more than this year and 3 million more than in 1980.

With this kind of solid record, you can understand why I get a little irritated by those who say that we're cutting health care. The critics remind me of the hypochondriac who was complaining to the doctor. He said, "my left arm hurts me, and also my left foot, and my back. Oh, and there's my hip and, oh, yes, my neck." And the doctor muttered something to himself and then sat him down and crossed his legs and tapped him with the little rubber hammer. He says, "How are you now?" And the patient said, "Well, now my knee hurts, too." [Laughter]

Many of our critics are simply political hypochondriacs. They're complaining about every little ache. I've also read those know-nothing stories about this administration ignoring childhood diseases. Well, let me just tell you that in the last 2 years, the reported cases of diphtheria, measles, mumps, polio, rubella, and tetanus, as I'm sure many of you know, have reached all-time lows. The measles rate is down by nearly half over '81. The problem is that Washington is full of special interest groups passing around self-serving studies that are then reported as fact. They serve up headlines, but too many of them don't serve up the truth.

I understand why doctors are torn by our attempts to put the brakes on the budget. Like most citizens, you want to slow the growth in Federal spending. Yet, at the same time, professionally, you worry about this braking action and that it may affect our health care, especially the health care of the poor. Well, let me reassure you: We're not trying to limit the quality and access of America's health care; we're trying to save it. We want a health care system that is affordable and fair to all Americans. There are some who, no matter what the problem is, think money is the answer. If you told them that you had walking pneumonia, they'd give you 5 bucks and tell you to take a cab. [Laughter] And if they're not proposing more money, they're proposing more government controls over the practice of medicine.

Back in 1847 a group of 250 physicians convened in Philadelphia to establish this American Medical Association. Well, I'm going to tell you what I told them. [Laughter] We have the best health care in the world, because it has remained private. And, working together, we'll keep it that way. The Government plays a role, of course. I believe medicare and medicaid have filled genuine needs in our society. But our Federal health care system was designed backward. The incentives have not been to save, but to spend. medicare and Medicaid costs have gone up nearly 600 percent since 1970. For too long, the Federal Government has had a blank check mentality. The hospital simply filled in the amount they wanted and then Uncle Sam, or, to be more precise, the hard-pressed American taxpayer paid the bill.

Today, for example, medicare payments for treating a heart attack can average \$1,500 at one hospital and \$9,000 at another, with no apparent difference in quality. Likewise, medicare payments for hip replacements can vary from \$2,100 to \$8,200. And payments for cataract removal can vary from \$450 to \$2,800.

One of our reform measures to control hospital costs has already been passed. No longer will we pay virtually whatever the hospital asks. With our Prospective Payment Program, we'll pay one fair rate, and the hospital that delivers its services at a cost less than that rate can keep the difference. In the past the government actually subsidized and encouraged inefficiency by paying more to the inefficient hospital than to the efficient one.

Medicare cost-sharing has often seemed backward as well. Under current law, unbelievable as it seems, medicare hospital coverage can actually expire in the event of catastrophic illness -- just when it's needed most. And even when the coverage has not expired, those in a hospital with stays for 60 days must make every high, out-of-pocket payment. In contrast, those with shorter hospital stays pay nothing out-of-pocket after the first day. It's cheaper for the patient to be at the hospital than at home.

We're trying to make coverage fairer by using moderate cost-sharing early in an illness, rather than imposing severe costs later, when the patient has little choice over the length of the hospital stay.

Under current law, the average patient hospitalized in 1984 for 150 consecutive days would owe \$13,475 from his or her pocket and then bear the total cost of all subsequent hospital care. Under our plan, the patient would owe only \$1,530 with absolutely no cost for subsequent hospital care. The copayments proposed for medicaid are nominal -- \$1 to \$2 a day -- and intended only to discourage the unnecessary use of services.

We also propose limiting the current tax subsidy for high-priced health plans. Most employer contributions for employee health benefits should be tax free because this encourages employee health insurance. Our plan would simply cap this tax-free treatment in order to correct the bias toward high-priced first dollar coverage. Health insurance should cover hepatitis and whooping cough, not hiccups. The proposed cap is an effort to make the tax law neutral in the choice between added wages and added health benefits. The Bible tells us that in creating the universe God made order out of chaos. Well, at times I think even the Almighty would have His hands full making orders out of the regulatory tangles that afflict our health care system. But our reforms are a conscientious start. Some of these reforms, such as prospective pricing, catastrophic coverage, and capping tax-free health insurance, many of you either support or remain flexible. And I want to thank you for these positions. I realize that other of our reforms, such as medicare vouchers or competitive bidding, many of you don't support.

Well, I'd like to explain an additional proposal you don't support -- the 1-year freeze on medicare physician reimbursement. These payments have been increasing at highly inflationary rates. In 1982 they increased 21 percent and are expected to rise 19 percent more in 1983. Now we believe physicians, too, must share the burden of slowing the rise in health care costs. As the

patient in the movie often says, "Give it to me straight, Doc." Well, we believe the straight answer is that a 1-year freeze is painful but necessary medicine.

In spite of occasional differences of opinion, our goals are the same as the AMA's. As written in your constitution more than a century ago, the purpose of the AMA is to promote the science and art of medicine and the betterment of public health. Well, we, too, are looking for ways to improve the health of the American people, and we need your support and your ideas.

I want to insert something here. I want to applaud the efforts by the AMA to become more involved in the public debate regarding environmental health risks. Yesterday, in a speech before the National Academy of Sciences, EPA Administrator William Ruckelshaus urged the scientific community to take an active role to help clear up confusion over the health dangers of chemicals. Your resolution on dioxin contamination is a positive step to a more reasonable public discussion of these important issues, and I commend you and thank you for it.

I think sometimes we want health and we don't want public hazards, dangers to our people, wherever they may be, but a very eminent scientist once said that he questioned whether there were any dangerous or harmless substances. He said there were only dangerous or harmless amounts. And I think that sometimes we have, with the fantastic and the dramatic -- melodramatic treatment of some of these things, we have frightened a great many people unnecessarily. And the answer is not to take risks, not at all, but to make sure, also, that we haven't frightened people unless there is truly a reason for them to be frightened.

Before I go, let me briefly mention an issue important to you, both as citizens and as doctors. Last week I sent another message to -- or a message to another group of doctors who were gathered in an international conference in Holland. They were not meeting on heart disease or nerve disorders; they were meeting on the matter of preventing nuclear war. And I told them that we have an unprecedented opportunity to reduce nuclear arsenals. Very serious negotiations are proceeding in Geneva between the United States and the Soviet Union on the means of achieving substantial, equitable, and verifiable reductions in our nuclear arsenals and on building the mutual confidence necessary to reduce the risks of nuclear war. No task has greater significance for us, our allies, and for the entire world than to work for the success of the Geneva negotiations and reverse the growth in nuclear arsenals.

We've been making a great effort to move these negotiations forward. Just 2 weeks ago, I announced that our negotiator, Ambassador Ed Rowny, would be going to Geneva with new instructions to give us greater flexibility in the talks and to take account of concerns the Soviets have expressed to us. I told the doctors meeting in Holland, those negotiations deserve the full support of all who seek genuine progress toward peace.

That was my message to the international group of physicians -- to reaffirm that nuclear war cannot be won and must never be fought. I invited their support for the important arms reductions negotiations underway in Geneva, and today, I invite your support, as well, so that we can make real progress toward the genuine peace that we all seek for ourselves and for our children.

Charles Kettering once said that the greatest thing any generation can do is to lay a few steppingstones for the next generations. And that's what we're trying to do. We want to lay steppingstones to better health care and a more secure peace for America. And with your help we can do it.

Thank you, and God bless you all.

*Note: The President spoke at 11:27 a.m. in the Grand Ballroom at the Chicago Marriott Hotel following an introduction by Dr. Harrison L. Rogers, speaker of the AMA House of Delegates. Dr. Rogers announced a \$5,000 donation from the association to the National Federation of Parents for Drug-Free Youth.*

*In his remarks, the President referred to Dr. Frank J. Jirka, Jr., and Dr. Joseph F. Boyle, the new president and president-elect, respectively, of the AMA.*

*At the conclusion of his address, the President met briefly with members of the executive board and then had lunch with the board of directors of the AMA.*

*Following the luncheon, the President returned to Washington, D.C.*