

# Health Care Reform and the American Character

## Talking Points

Written by Congressman Paul Ryan – July 23<sup>rd</sup>, 2009

While it's important to analyze the relative financial costs and benefits of health care proposals which Congress is considering, our greatest challenge cannot be limited to the economics of the issue. Our transcending concerns are moral and political. The American character itself and the principles of free market democracy which protect and preserve it may be lost beyond recovery if Congress chooses the wrong path to health care reform -- the path down which the Obama Administration seems determined to lead our country.

How are health care and American character linked?

Public health has always been a government priority. The unquestioned power to quarantine for contagious sicknesses in order to protect the community's health has been used for centuries. Selling unwholesome food and drink, carrying on industrial trades that infect or pollute the air, as well as neglect, unskillful management, and experimentation by doctors and pharmacists have traditionally been treated as crimes and grounds for civil lawsuits. Immunization programs to protect populations against disease have long been accepted as a legitimate government service.

The Framers of our Constitution were deeply influenced by the thought of William Blackstone, England's greatest legal thinker. In his Commentaries, Blackstone explained that every individual has a "right of personal security" which includes protection against acts that may harm personal health. This right is part of the natural right to life, which means that it does not come from government but from "nature and nature's God." As the American Founders declared, the purpose of government is not to create new rights but to secure pre-existing natural rights of all persons, to life as well as liberty and pursuit of happiness. In other words, the priority of protecting people's health, which is implicit in our founding principles, no more requires government to provide health care programs than, say, the legitimate concern that people be housed requires the government to build public housing. Government has a duty to secure these rights, but this obligation is normally met most effectively by establishing the legal and economic conditions for free markets that expand the opportunity and prosperity of all. When markets apparently fail to meet these needs properly -- today's health care delivery is an example -- government should begin not by filling the need itself but by looking to and correcting its own interventions and making competitive free markets more effective.

The Founders' highest hope in declaring independence from Britain, fighting the Revolution, and writing the Constitution was to secure human freedom. They established a "new order of the ages" for Americans to govern themselves in freedom, as individuals and as citizens of communities, states, and nation. There were to be no classes such as kings or nobles, clerics or intellectuals like those who ruled in old Europe by a supposed higher right. Popular consent alone would grant the power to govern Americans, and then only for a limited time between democratic elections.

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Under the Founders' model of "federalism," the central government had a few great powers while most areas of society (e.g., public health) were left to the states to regulate and the people to order in free markets. They encouraged America's citizens to take on the primary responsibility for controlling their lives: government's mission was limited to setting up legal conditions for men and women to act in freedom in order to achieve their potential. The pursuit of happiness requires the cultivation of good character traits. Free citizens must avoid seeing themselves as passive victims of a government over which they have no control. Persons who assume the burden of responsibility for their actions, successes, and failures develop traits such as courage, fairness, initiative, charity, self-restraint, industriousness, enterprise, and above all prudence, the wisdom which directs each toward the right means needed to flourish as a mature person.

A very short description of the American character would be: this ensemble of moral qualities that make it possible for persons to live under self-restraint, without dependency, in personal relationships with others in community under God.

As Tocqueville discerned in *Democracy In America*, a human being who fails to practice these fundamental habits, especially the key virtue of practical wisdom, will gradually lose the ability to sustain basic human qualities and sentiments. Lacking the habit of making prudent decisions every day about one's well-being and learning to accept the consequences of those decisions, one becomes a victim of necessity, passively serving unaccountable rulers who take it on themselves to define and satisfy the victims' needs, desires, and pleasures. Tocqueville's chief worry was something he described as a new kind of despotism. In generations to come, many citizens in democratic nations might be tempted to trade their liberty, which demands risk-taking, hard work, and self-restraint, for the easy security and benefits a "soft despotism" would bring. Tocqueville saw the path to this gray future in the growing centralization of government which had been at work in Europe for centuries. America's Founders, for their part, risked their whole experiment in free market democracy on preserving the character of citizens in order to resist every such design to turn Americans into European-style servants of the government.

Under the Constitution, health issues were left not to a distant central government but to states and individuals under the states' "police powers." Decentralization strengthened the people's close control over health issues and encouraged a diversity of medical practices and legal responses to health needs. Some were more successful than others. The states were in effect different laboratories applying varying approaches to public health concerns. Except for emergencies, public health was mostly advanced by free markets under local and state regulation, and spurred by federal patent and copyright incentives.

Congress in the early 20th century enacted laws to prevent interstate sales of unsafe medicines. The federal government also recognized a role in providing nationwide

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health-related information, establishing the Laboratory of Hygiene in 1887 and its successor, the National Institutes of Health, to carry out biomedical and health-related research, and in preparing for pandemics that don't respect state boundaries. Ultimately, under our system of federalism and free market democracy, the health of Americans has improved and flourished beyond the hopes and imagination of earlier generations.

Federal intervention in health care, with the best of intentions, has sometimes proven inapt and difficult to eliminate after it has become obsolete. For example, federal tax code changes appropriate to the World War II era have resulted in making employers the major providers of health insurance rather than the employees, thus distorting employment opportunities and other job decisions. Other federal laws and regulations in the 20th century resulted in excessive government intervention and health insurer over-involvement in treatment issues that rightfully belong to health coverage buyers, patients, and doctors. Because of these interventions, along with Medicare and Medicaid, the U.S. today does not have an efficient and competitive free market in health care delivery.

The federal government entered the area of health care delivery most massively in 1965 with the enactment of Medicare and Medicaid. Real cost control quickly became a nightmare. Fraud proliferated despite all attempts to stop it. Program costs have continually been underestimated. When Medicare began in 1966, the cost to the taxpayers was about \$3 billion. The House Ways and Means Committee estimated that Medicare would cost only about \$12 billion by 1990 (including inflation), yet the actual cost by then was nearly nine times as much -- \$107 billion. By 2006 Medicare reached \$401 billion while Medicaid added another \$309 billion for a total of \$710 billion. The failure to control Medicare's costs demonstrates why the Constitution inherently leans toward solving society's problems by means of free market democracy and decentralized government.

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America is now being pushed headlong into enacting a massive federal government-run health care program. The rush, of course, is the Congressional Democrats' chosen strategy prompted by the Obama Administration's hunger for a big victory. This strategy may be politically expedient, but it is extremely irresponsible, unwise, and unfair to the American people. Government-monopolized health service flatly contradicts both the moral principles of free market democracy and the excellence of health care that still draws patients from socialist utopias to the capitalist United States for medical treatment. This untested experiment with our national health demands no less than responsible public debate and prudent political judgment. Right now America is getting neither.

Right to our north, our neighbor Canada has a government health care system that should be an important part of our public debate. Liberals point to the Canadian system

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as a model for the U.S. The government is the single payer for health service, though most providers are in the private sector. In Canada the waiting list is up to more than 4 months between patient referrals and actual treatment for a dozen of the specialty procedures most needed. The average Canadian now has to wait over a month after getting a primary doctor's instruction just for a CT scan, and more than two months for an MRI. Canada's medical equipment is old, unreliable, and obsolete. Canadians notoriously travel to the U.S. if possible for treatments for everything from cancer and emergency care to hip surgery and childbirth. That nation has long suffered a professional "brain drain," its doctors fleeing the government-run health care program to practice in the U.S. Our government tried to make this more difficult, yet according to a 2007 report, one in nine doctors trained in Canada is now practicing medicine here. Has the Obama Administration explained to Americans the facts about Canada's "model" of government health care? Is this the kind of national health service the U.S. should imitate?

It is clear that the Democratic plan is prohibitively expensive and fiscally reckless. It will fail to control health care costs, exacerbate our growing debt, and require crushing taxes. Their approach would spend trillions more dollars, mandate that all employers provide health insurance, impose massive new tax burdens on workers and health care practitioners, and exacerbate our entitlement crisis with the creation of another open-ended entitlement. The nonpartisan Congressional Budget Office has informed the Senate that their health care plan would worsen the overall fiscal outlook, and its review so far of the House proposal draws the same conclusion. It makes the fiscal situation even worse.

That plan will undermine the excellence of American health care and displace those who are happy with their insurance coverage. (Surveys show that 80 percent or more are satisfied with their current arrangements.) It will stifle the energy and ingenuity which have given this nation's science and technology the edge in global medical research and innovation.

Their plan will insert the government between doctors and patients. This would constrain the freedom of medical providers, limit patient options, and restrict the right of patients to make personal health care decisions in consultation with their doctor.

Their plan will vastly expand the reach of government into the private lives of Americans and increase dependency on the state. Rather than help to expand people's choices, it would provide more direct benefits and establish more limitations, gatekeeping, and red tape.

The Democratic plan's bureaucratization of health care is not compassionate. Impersonal agencies, whether of governments or insurance providers, make decisions about how to heal patients not according to needs but according to budget-driven calculations. Bureaucratic indifference replaces compassionate caregiving by loved ones under a free market with a spectrum of health services. Today's bureaucratized

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market badly needs reform to make personalized health care possible. But their plan moves in the opposite direction.

Its logic requires government rationing of health care resources. The first step was taken back in February when the Economic Stimulus package's fine print set up a new agency (the Council for Comparative Effectiveness Research, or CCER) patterned on Britain's National Institute for Health and Clinical Excellence (NICE). This agency's stated purpose is to identify medical practices that produce outcomes that work as opposed to those that don't work. As long as there is a competitive private health care market, CCER's impact will be limited. But under a national health care insurance plan, providers will not be paid out of the plan for health care which CCER disapproves of. Once competing plans have been driven out, the government's approval or disapproval will dictate the care providers may offer to beneficiaries, automatically denying treatments for certain categories of patients.

England's NICE operates as a rationing bureaucracy. NICE decisions for or against new medicines, surgeries, and other treatments are life-and-death matters. They determine whether patients under Britain's government health program will be allowed or denied access to preferred forms of care. NICE's determinations are pushed and pulled by two forces: national budgeting calculations and factional political pressures. Under NICE rationing, the government has capped the amount that may be spent on treatments to extend someone's life by six months. The amount is \$22,000, an arbitrary number chosen by government accountants, not medical professionals.

The idea that the government should make decisions about how long people should live is deeply offensive to everything America stands for. It is no answer to say that health care resources are limited and will be rationed one way or another. Under systems of market freedom, the limited amount of all services and goods, including health care, are rationed by individuals and their personal caregivers as they allocate their own resources among many competing producers. But should government do this, based on financial spreadsheets and political pressure groups? I believe this is morally and politically abhorrent to all Americans because it denies our most basic personal rights. We should treat our sick, special needs patients, and elderly better than this.

President Obama denies that he wants to ration health care under his government-run program. Granting his sincerity and ability to stop Congress from mandating it, four or eight years from now there will be another President who will not be bound by Obama's anti-rationing rhetoric since national health care would be a fait accompli by then. Government rationing, like it or not, is the logical endpoint of government health care.

Any authentic solution to the problem of affordability should be consistent with our first principles of moral and political freedom, should respect doctor and patient privacy, restrain spending, and channel the energy of our free market system, not dry it up. There is no lack of sensible alternative solutions offered by Republicans to empower patients and health insurance buyers, not big government or insurance company

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bureaucrats. Senators Coburn and Burr, and Congressman Nunes and I co-authored The Patients' Choice Act which would eliminate government-driven market distortions that now exclude millions from affordable health care delivery. More uninsured Americans can be covered by spending current dollars more wisely and efficiently than by throwing trillions more dollars at the problem. Our health care delivery alternatives are based on principles that respect timeless American moral and political truths. We believe health care arrangements should reflect a commitment to compassion, family choice, and individual freedom, together with responsibility for the nation's economic well-being.

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What is at stake in this battle goes far beyond health care. This debate may prove to be a surrogate for the defining issue of our generation. If we follow the path the Obama Administration wants, our nation will reach a tipping point where a majority of citizens pay little or no taxes and become dependent on federal welfare. Tax cuts would be politically unfeasible because more people will have a stake in government benefits than in free enterprise and personal initiative. The spirit of risk-taking will be smothered by an all-providing government. The American character, however, rests on the great experiment in individual freedom begun over 200 years ago. It cannot survive without it.

If this sounds hyperbolic, consider that America's private and public sectors now spend about \$2.5 trillion a year on health care, more than twice what any other country spends per person, amounting to about 17 percent of our nation's GDP. If government is now to take over the whole cost burden as another entitlement, the tipping point will be inevitable. This democratic system under which each person bears the responsibility for working to fulfill his or her potential, maturely judging risks and rewards, will be replaced by a nation of passive subjects indebted only to their leaders for the welfare they receive to keep them alive.

If President Obama and his party are serious about establishing a radical new government-driven health care program, rather than force an untested program on the whole nation, why not follow federalism by encouraging one or two states to adopt such a plan as a pilot program? Former Governor Romney of Massachusetts, a Republican, led in the creation of a state universal health care program three years ago, and Jon Huntsman, Republican Governor of Utah, has spearheaded major market-based health care reforms in that state. The benefits, costs, and satisfaction in these state health care "labs" would be useful information before we decide on a federal role.

If the majority party truly wants more competition, as they say, why propose government insurance instead of enabling more non-profit insurance?

If they have no intention of transforming the system into Medicare for all, why do they tie all payments to Medicare?

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And if the majority is so worried about our skyrocketing national debt and the burden on the next generation, why do they want to create an entirely new entitlement that would deal a staggering blow to our economy -- an entitlement that rivals the size and liabilities of Medicare?

The answer to these questions is that this is ultimately not about health care but about advancing an ideological crusade. Our nation, founded on the credo that unalienable rights were granted to all not by government but by "nature and nature's God," is to be remade into a "benevolent" social welfare state. Federal government health care is the first step down that path. Until now, people in other nations that have chosen that path might at least come to the United States. But where will Americans go when the U.S. also has socialized health care? There will be no place of freedom left to us.

The exceptional character of the American people is not free-floating. It lives, as one of our greatest Americans, Martin Luther King, once wrote, by "those great wells of democracy which were dug deep by the founding fathers in the formulation of the Constitution and the Declaration of Independence." I do not believe our citizens want to trade the American character for socialist materialism supplied by European-style health bureaucrats. Yet this is really what the debate is about. Both sides agree that the current system is not working well. Both sides have proposed reforms, but they point to opposite paths. A government-run health care monopoly or a patient-centered reform that expands health care delivery while affirming free market democracy: the stakes in this debate could not be higher. If Americans understand this, I am confident they will insist that Congress reject social welfare medicine and enact reforms to restore real freedom in health care.