

Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well, Margaret, summer is officially here. School year is ending. People are planning their vacation. Perhaps again, this year, they would call staycations, and there is lots to do around every state and always work to do around the house.

Margaret Flinter: Well, we wish a wonderful summer to everybody. The solstice was last night, the longest day of the year, which is my personal favorite, and hopefully it will be healthy and safe summer for everybody.

Mark Masselli: Well, I hope the weather is better than it's been this spring. There are lots of natural disasters happening all over the country. A bad weather is not partitioned. And interestingly, wherever it happens, state governors are out there asking the Federal Government to help them out with the disaster. And yet, at the same time, our country faces a large budget deficit, and there is still the standoff going on about the debt limits. We will see how that plays out.

Margaret Flinter: You could say sometimes there is a love/hate relationship between the states and the government, but we are glad for all those communities in need that there is help, God knows, they needed.

Mark Masselli: Absolutely.

Margaret Flinter: And there is plenty of pasturing around the need increasing the government's borrowing limit, and negotiations are continuing overspending reductions that are tied to raising the borrowing limit. Lawmakers from both sides are trying to come to some agreement on how to save \$4 trillion over the next decade, and it's the big ticket items to continue to divide Republicans and Democrats and certainly those **in food** whether to increase tax revenues and making substantive changes to entitlement programs like Medicare and Medicaid.

Mark Masselli: Well, those changes in Medicaid and Medicare are likely to be on the table during discussions this week and probably for the next month into early August. Reports are that both parties have made some concessions last week, and House Budget Chairman Paul Ryan said he is open to keeping the traditional Medicare as an option alongside private plans to his overhaul proposal. And House Democrats have offered their solutions to preserving Medicare insolvency.

Margaret Flinter: Well, I continue to think that heat is going to be on the issue of entitlements, and it was interesting to note that a Democratic support and survey found that support for the Affordable Care Act, for the Health Reform Bill itself

has actually increased as a result of Ryan's Medicare proposal, showing people really do see how the two things affect each other.

Mark Masselli: Speaking of heat, the American Medical Association has been tied up in debate, and they came out two-thirds of the membership voted in support of the Affordable Care Act and in particular, the individual mandate. So there is still strong support at one of the old established medical institutions.

Margaret Flinter: And we had their president many months ago, and I thought he laid out some very reasons for why there is support for the Affordable Care Act. And let's see how far all of these ideas go and hear about some others from our guest today, David Wessel. David Wessel is the Economics Editor for the Wall Street Journal. He also writes the Capital column, a weekly look at the economy and forces shaping living standards around the world. And we are delighted David can join us today.

Mark Masselli: And we are also pleased to announce the Conversations on Health Care is also airing on Connecticut Public Radio WNPR 90.5 on Sundays at 4 p.m. Listeners in Connecticut, New York and Long Island, we look forward to learning more about you when you call us up and ask us questions about Conversations, and we are excited to be with them.

Margaret Flinter: And for our new listeners as well as our established listeners, as always, you can hear all of our shows on our website Chcradio.com. Subscribe to iTunes to get the show downloaded. Or if you want to hang onto our every word and read the transcript, come visit us at Chcradio.com. And don't forget, you can become a fan of Conversations on Health Care on Facebook and follow us on Twitter.

Mark Masselli: If you have feedback, email us at Chcradio.com, we would love to hear from you. And before we speak with David Wessel, let's check in with our producer Loren Bonner with Headline News.

Loren Bonner: I am Loren Bonner with this week's Headline News. The Department of Health has unveiled its new warning labels for cigarette packs. As part of Tobacco Control Act, these new labels are meant to be more graphic and more prominent. The department chose nine color images among those proposed, some more graphic than others. For example, one label will depict the man exhaling smoke through a tracheotomy opening in his neck. The new labels will also occupy 50% of cigarette packs. Dr. Margaret Hamburg, Commissioner of the Food and Drug Administration says, "The labels are just the first step and an expanded effort to further decrease U.S. smoking rates."

Dr. Margaret Hamburg: We also are involved in helping to support new products in innovation in terms of pharmaceutical interventions to help people to stop smoking.

Loren Bonner: All cigarette packs will also contain a toll free telephone number for quit smoking services. This is the first major change to cigarette warning labels on packaging in more than a quarter of a century.

In the separate announcement, Department of Health Officials unveiled the National Prevention Strategy, a plan to get all government departments and sectors of society on board to help Americans lead healthier lives. U.S. Surgeon General Dr. Regina Benjamin outlined the strategic directions for the plan. They include healthy and safe community environments, clinical and community preventive services, empowering people and eliminating health disparities. And like the Healthy People program which comes out every 10 years, the National Prevention Council will issue yearly reports to the President and Congress.

States are coming to terms with the fact that crucial federal funds for Medicaid will run out this month. The Obama Administration injected more than \$90 billion into state Medicaid programs during the height of the recession. But two years later, the number of beneficiaries is higher now than when Congress approved the aid as part of an economic recovery package. As a result, many states are cutting Medicaid payments to doctors and hospitals, limiting benefits for Medicaid recipients and increasing their co-pays, as well as reducing the scope of coverage services.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with David Wessel, Economics Editor of the Wall Street Journal. Welcome, David.

David Wessel: Thank you.

Mark Masselli: David, reducing the federal debt has become a dominant theme in the political discourse. And at the same time, as state governments are struggling to balance their budgets, there are other deficits like the trade deficits that are some are concerned with. Health care spending though is the significant part of the economy. Can you lay out for us the relationship between health care spending and the larger economic picture?

David Wessel: Well, we are spending an ever greater percentage of our income, whether as a country or as companies or as individuals on health care. And on one hand, you can look at that as a good thing that because we have become richer over the decades, we don't have to spend all of our money on food and shelter and clothing. We have money left over for other things. And in America, we seem to have a taste for buying more health care.

So it's also true that we are able to do things that we never did before, save lives whether it's preemies who are born and weigh three pounds or less or helping older people live a higher quality life in the last decade of life so we could do hip

replacements or bypass surgery and stuff like that. So I think it's important to remember that it's not all bad. But the problem is we all seem to get our moneys worth, and it's eating a lot of our resources and making it impossible for the governments in particular, both state and federal governments, to spend money on other things that might be more productive in the long run.

Margaret Flinter: David, it's easy to get caught up in the U.S. health care issues for sure, but we would like to take a look at the larger world frame. We often hear two different things. One, in the U.S., we pay more for less in terms of access and health outcomes but, two, the U.S. health care is the best in the world, bar none. And sometimes they translate that to "it's great for individuals, not so great for the total population." But how is U.S. health care spending and the return on that investment compared with other industrialized nations? Are they seeing the same issue of rising costs and what are they doing about it?

David Wessel: I think the answer to that is yes and no. On one hand, we do seem to spend a lot of money. And when you look at the overall measures of health, whether it's infant mortality or lifespan, we don't seem to look better than other countries who spend a lot less. On the other hand, I think we know that if you have some advanced and bizarre illness, the chances of getting really state-of-the-art care in the United States, particularly if you have insurance, are better than anywhere else, whether it's heart-lung transplant or the latest cancer treatment. I mean I don't think those are mutually inconclusive. I think that at the frontiers of medicine, we have the best medicine in the world. But as a society, we haven't found a way to care for everybody in the society despite the efforts of people like Community Health Center in Middletown.

I think that the other question, though, is that there are things which are driving up health care costs which we have in common with other countries. One is, as older our population gets, the more old people, the more expensive health care is because old people use more health care than young people, and that's the fact, and you are seeing that in Europe and Japan and Canada. And secondly, the ability of technology to – the advances in technology make it possible for us to do things that we never thought doing before, and they tend to be expensive. So these twin drivers of aging societies and technology opening up new avenues for health care are driving up costs in other countries as well.

Mark Masselli: David, let me bring it back to our **shores** that Republican Party seems to be very committed to redefine the role the Federal Government plays in health care. There is a lot of talk about privatizing Medicare, Block-Granting Medicated States and repealing the Affordable Care Act. I think we have a good handle on the business community, which is often perceived as aligned with the Republican Party. Tell us about what the business community is thinking on Healthcare Reform.

David Wessel: If you have teenagers and someone says to me, “Tell me exactly how it is that your teenager is thinking about (inaudible 10:49), I kind of feel like (inaudible).” I think that the business community is not of one mind. As you probably know, I wrote a column pointing out that I think for big employers repealing the Obama Healthcare Bill is idiocy, and I think a lot of them know it. It’s not that they like every part of it but the alternative which is to go back to the status quo without much hope of controlling cost or insuring the uninsured is worse.

I think big companies are, in some cases, frustrated that even if you have 10,000 or 20,000 workers, you can’t deal with the health care costs and quality problem because you are not big enough. And so some of them think about some global solution, meaning – not really global – but national solution which simplifies things. But other businessmen are just kind of stubbornly think that if the government would just get out of their hair, they could do a better job of doing it, and some of them have experimented with interesting things.

I think that the difference between what you hear from the Republicans in Washington and businessmen often boils down to who were we talking about here. The Republicans in Washington are very interested in the Federal Government spending less on health care and finding ways to do that, in many cases by shifting the cost more to individuals on the theory if the individual is spending their money, they will be wiser shoppers, and it will function like a textbook market.

And I think a lot of businesspeople say, “Oh my God, we saw that before. The government spends less, and it just gets passed onto the people who have insurance. And we and our employees are going to pay more.” So I think they are very suspicious quietly, privately about things that they think will end up adding to their cost rather than reducing the national.

Margaret Flinter: David, subject that you have written about that we now hear so much about is the role in the importance of clinical and basic science research spending in health care, you have actually framed that up from both the Republican and Democratic point of view, what are some of the implications of this research for national economy, the health care system and really ultimately for the nation’s health?

David Wessel: Well, I sometimes joke – and I do made a joke – as if we want to slow health care cost growth, why don’t we spend so much money on the National Institutes of Health inventing more ways to treat people and come up with the cure. I mean there is a bit of contradiction there. I think that the debate in Washington over government spending is sometimes mindless because it sort of – one group of people says every dollar the government spends is a waste, and other people say every dollar the government spends is making someone’s life better, and we know that neither one of those is true.

I have been intrigued by some Republicans, including the infamous Newt Gingrich, who have made the case that starving research and basic science is a huge mistake, and we will pay a price in the future if we don't continue to spend it. That is that the basic research at any market economy is always going to have to be funded by the government or subsidized by the government because no company is going to do it because the chances of making a profit on it are so slim. _____ 14:02 takes along and stuff. Or if you invent something, basically everybody else will share the benefits, and you won't be able to _____.

So there is a very straightforward, basic, conservative economic case for government spending on clinical research and development and science and stuff like that. And I actually think that that's having some impact on Washington. Now, my guess is that when they get done with this budget-cutting exercise, that they won't have starved basic science as much as it looks like from the initial proposals, partly for that reason.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with David Wessel, Economics Editor of the Wall Street Journal. David, I want to pull the thread a little long on that last comment because you wrote an article about enormous value of broadening access to quality health care, both the individuals and the entire society. And the study you cited, which was very fascinating compared to the educational test scores of black teenagers from the south in the 1980s to improved health care that they had received these infants after southern hospitals were integrated in the '60s. And so you have sort of clear evidence-based research that shows that by these transformations that we can save costs and good outcomes. So I am not sure why a conservative wouldn't buy that or it is just this natural reluctance to really give the Federal Government any more rope because they feel other things will happen – other bad consequences will happen.

David Wessel: Well, that's a really good question. I think that if you look at the study you cited about what happened to these scores, high school performance of kids when the hospitals are reintegrated is consistent with a lot of studies. There is a famous work that was done about when they wiped out hookworm in the south, and it turned out with that hookworm was really – and they tracked the wages of people in communities that had wiped it out, and you could see that they did better in life years later.

I think that it gets lost in a kind of cynicism and skepticism about the value of government. And I don't really know how to explain it. As I am sure, you will be sharp to learn in Washington, not all debates are decided on the evidence, and this may be one of them. I think that there is, and I think it's gotten worse since the financial crisis, that kind of sense that when government touches something, they just grew it up so we ought to get the government out of the way. And we know that we had a health care system that, with so many people uninsured, was

both **wasteful** because we were caring for them in other ways or starving us of their future productivity of these people, yet that hasn't convinced very many people or hasn't convinced a lot of people.

Margaret Flinter: David, as you know, we have been in the business of organizing and delivering care by running a Community Health Center for nearly 40 years. That's a system to provide quality primary care to what we call special populations, the underserved and uninsured and others. And across the country, the program serves 20 million Americans, and it's a really unique bipartisan support kind of amazing in this day and age in part because there is data to share its high-quality care and cost-effective care, and there is an economic impact of these organizations in community. So obviously, any major change to Medicaid or repeal of the Affordable Care Act or any of that has an impact, but we would be curious, what do you see organizations like health centers or national programs like health centers fitting into the economic landscape in terms of health care cost container or the potential to do that?

David Wessel: Well, I think you probably know more about that than I do. I think that we know that one of the flaws in our health care system is the way we deliver care and the push towards having more integrated health care where you don't have 15 doctors. Each of them is ordering the same test. We know that most experts think we have to find some way to solve their problem, and I think Community Health Centers are one place for those populations where people have a chance of getting not lost in the system.

But look, I think we also know that it's a mistake to argue that everything we do in providing access to people, all the preventive care, it's all going to pay for itself. I think some of it's not going to pay for itself but that doesn't mean we shouldn't do it. And I think that, in my opinion, the people who are hard on money for Community Health Centers, it's incumbent on them to say well, where would these people get care if it weren't for Community Health Centers, and what makes you think it would be cheaper for the system if they did that, whether it's emergency rooms or whatever. But I think it gets lost in the much bigger shifting on the tectonic plates.

Mark Masselli: David, let's talk about the politics of resolving our national debt ceiling this summer. I guess it will make great reading next summer but it's sort of a nail-biter now. And it appears that some in the Republican Party are willing to stretch this out as long as possible in hopes of bringing about dramatic change and certainly in the front of health care in Medicare and Medicaid policy. How do you see this playing out? And I know there is a lot of energy that's being brought by new members. Do you think sort of at the end of the day that sort of senior leadership from both sides will say, "Look at it, we have let this _____ 19:31 too long. Now, it's going to be too hot to handle at the moment, and let's wrap this up sooner than later."

David Wessel: I don't know about the sooner or later part, but I think that in the end, they will raise the federal debt ceiling. After all, it's not like- the federal debt is a consequence of spending in tax decisions that they made in the past. It's kind of ridiculous to think if you didn't raise the debt ceiling, somehow something would change. I think it's much more a question about how specific will the conditions be that are attached to the debt ceiling, and that's really hard to guess at this point. There is clearly a game of check in between the Democrats and the administration and the Republicans. And nobody – I think it may take some scare in the markets and the span the stock market is going _____ 20:24 before some of these guys realize that this is not just an idle threat that if you let people think that a country that borrows as much as we do might not pay its bills that you could really hurt things.

I don't think **they are going to** reform Medicare and Medicaid in the next two months when they raise the debt ceiling. I think the much more likely thing is that they come up with some sort of targets for savings and tax increases or something or debt reduction, that they all agree on now and that the fight over how to reshape Medicare and Medicaid is deferred till after the presidential election in 2012.

Margaret Flinter: David, we would like to ask all of our guests this final question. When you look around the country and the world, what do you see in terms of innovation and who should our listeners at Conversations be keeping an eye on?

David Wessel: Well, I think that the good thing about the United States is that we still seem to be the center of a certain kind of innovation, and that's really encouraging. I mean the iPad and the Kindle may not be made in the United States but the idea for them was born in the United States. And Amazon is now selling more books on the Kindle than in print. And I saw a little video the other day of some guys coming up with a software app that allows you to – and this is really important to book authors – to autograph a Kindle copy of the book. What could be better than that, right?

Margaret Flinter: Perfect.

David Wessel: On the other hand, I worry sometimes that we are complacent. The Chinese and the Indians and Brazilians are coming on strong. They have a lot of smart people. They are investing a lot in the future. They have fast growing economies that are attracting investments from American multinationals. And I think the competition in innovation is going to get stiffer rather than easier. And we have to really stay on top of our game, and that means everything from making sure that all our people are well cared for in health care so they can work productively and contribute to society rather than become dependent on it.

It means fixing our K-12 school, and it means making sure that you don't have to be rich and son of a Harvard alum to go to Harvard because we need to make

sure that the best of our educational institutions are open to the broadest number of people. It means keeping our doors open to ambitious immigrants and all that stuff. And I think sometimes some Americans take for granted that we are going to be the most innovative society just because we have been. And I think that's a kind of mistake that leads to a declining society.

Mark Masselli: Today we have been speaking with David Wessel, Economics Editor of the Wall Street Journal. David, thanks so much for joining us today.

David Wessel: Okay, my pleasure.

Margaret Flinter: Thank you.

Mark Masselli: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives.

This week's bright idea focuses on a unique partnership between chefs and local schools that aims to make a lasting impact on the way kids, parents, teachers think about nutrition. The Chefs Move to Schools program was launched by First Lady Michelle Obama, Let's Move campaign and the U.S. Department of Agriculture last June as a call to action for chefs across the nation to join in on the fight against childhood obesity. Healthy school meals are crucial to a child's wellness since nearly 31 million students participate in the National School Lunch Program, and more than 11 million participate in the School Breakfast Program. The Chefs Move to Schools program encourages chefs to volunteer their food expertise so that schools can do a better job preparing food that are tasty and nutritious.

Well, at the same time, being mindful of the schools' regulatory, dietary guidelines and budgets in addition to chefs working with schools to whip up healthier meals, these chefs who range from local restaurant owners to contestants on the hit reality show Iron Chef also conduct cooking classes on the weekend and help cultivate school gardens. So far, more than 1,700 schools have signed up to connect with a chef through the program. And as word spreads, many more will follow. Using their leadership and expertise to inspire children to eat healthy foods, chefs are making a lasting impact on the health of the next generation. Now, that's a bright idea.

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli. Peace and health.

Conversations on Health Care, broadcast from the campus of Wesleyan University at WESU, streaming live at Wesufm.org and brought to you by the Community Health Center.