Health Care Reform Newsmaker Series: Sen. Chuck Grassley (R-Iowa)
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DREW ALTMAN: It has certainly been one of those weeks in Washington that makes health reform seem tame by comparison. I didn't say easy, but just tame. We thought we'd try a more intimate setting this time up here in the Kaiser space. As some of you know, it is on the ninth floor, rather than the big conference center downstairs just because we thought it might be more conducive to an informal dialogue, which is really our goal in these settings.

Also, as I think all of you know, we built this building, some years ago, in part to let non-profits use the conference center and broadcast studio downstairs, and mostly those are small non-profits and broke non-profits, though I don't know who is not a broke non-profit this year, but today the Pew Charitable Trust is borrowing the conference center downstairs. Apparently they have big money, but small facilities. So that's why we're upstairs today, for both of those reasons.

It's a personal pleasure for me to have Senator Grassley here today. He has been such an important leader in health, and will play a decisive role in deciding the fate of health reform this time around. I am very happy to have him here today, as I know our partners are.

may want to note, which is that Nancy-Ann DeParle will be here on April 14th and I know that is one you will be interested in. So you might want to just jot that one down.

At our first newsmaker breakfast, Senator Baucus talked about the close working relationship he has with Senator Grassley. He talked about how closely their staffs work together and said that it was his aspiration that the two senators come together on health reform. And we all know that crossing the aisle on health reform and paying for health reform are really tough challenges, so perhaps this morning we'll get an early sense of what the possibilities for that may be.

That's all from me this morning. This is not about us, this is all about hearing from Senator Grassley. So, with that, I'll turn it over to my partner for just some brief remarks, and to Ron to introduce the Senator, and we are off and running.

DAN DANNER: Great, thank you, I am Dan Danner with NFIB, it's a great pleasure for me to be here today, and I'm particularly excited about our speaker this morning because I know he understands the significance and importance of small business, certainly a great factor in his state.

And he also understands the challenges that small

small businesses. Small businesses definitely want a solution and we believe very strongly that this needs to be a bipartisan solution, so we very much look forward to working with the Senator and trying to find a healthcare solution that works for America's job creators. It's a great pleasure for me to be here.

RON POLLACK: Thank you, thanks, Dan, thanks, Drew. I have the great pleasure to introduce our guest of honor, Senator Chuck Grassley. All of us who care about trying to achieve healthcare reform want to do it on a bipartisan basis. And to do it on a bipartisan basis, it goes through Senator Grassley's door and so we are delighted to have the Senator speak to us here today.

As you know, he's a ranking minority member of the all important Senate Finance Committee that has primary jurisdiction over healthcare. He's on the Senate Budget Committee, he works very closely with his colleague, Senator Baucus, so I think the opportunities for doing something on a bipartisan basis appear reasonably promising.

In introducing him, I thought I'd mention three things that are not usually said about the Senator. One is he loves town hall settings, and so he loves good give and take, and I think this forum will be right down his alley. Another thing

The last time we were together, he brought one of his staff people, he had a camera so that he could be on YouTube. He likes to Twitter, he gets on Facebook and MySpace. I had the, if you don't mind, I had the nerve to say you're cool. And, lastly, we learned something new about the Senator, if you don't mind a double entendre; he has a real yen for Japanese culture. So it is with great delight that we bring to you Senator Chuck Grassley.

SEN. CHUCK GRASSLEY (R-IOWA): I appreciate this opportunity to be with you and, particularly, to thank all of the organizations involved in bringing you folks together to help us communicate with the American people on an issue that needs a lot of discussion at the grassroots level if we are going to get things done.

So you folks are helping us do our job of representative government. We are one half of that and our constituents are the other half. It takes dialogue to accomplish that and the facility of the media, plus some organizations sponsoring this are very important in that process because this is not something that is going to get by the American people.

The American people are very concerned about healthcare delivery, most importantly the high cost of healthcare,

very observant. But it's a very complicated issue and it's one that, not only does it need a general discussion, but there are subsets of it that need a great deal of understanding.

Before I get to what I would call opening remarks, let me say something about a policy in another department of government that I think is counter productive to what we are trying to do of bringing preventive medicine to the practice of medicine in the United States, and that's the policy of the Attorney General not enforcing marijuana laws.

If you see the high cost of medicine that comes from drug abuse and what it drives up, not enforcing the marijuana laws, which are a gateway to other hard drugs and, particularly if you see the methamphetamine problems and the health problems that are connected with methamphetamine, this Attorney General is not doing healthcare reform any good, particularly the bit about getting healthcare costs down. And so the first rule of medicine, first do no harm is being violated by the Attorney General with his decision.

As I go into this issue of healthcare reform, I think the stage has been set by Senator Baucus, and I'm somewhat repetitive, but thank him for the close working relationship that we've had for eight years, now going on the ninth year. Two-thirds of that time I was Chairman, one-third he is

Chairman, and he'll be two-thirds Chairman, the way the numbers work out.

But it doesn't make much difference because wherever you come from in working with him, it seems to me that, in most cases, we are able to get bipartisan things done and, just in case you might wonder, so far this year it that really bipartisanship, some legislation that has already passed, I think don't judge the Grassley-Baucus relationship by a couple of things that have passed in a partisan way that would normally, coming out of our committee, be more partisan because I think there have been a lot of things forced on Senator Baucus by leadership that he isn't comfortable with, but some things that had to move quickly, moved quickly, and made it appear that that may be a shattered relationship.

It's not; in fact, Tuesday we met for the fourth time this year on the agenda of this year's work. We are going to meet at 4:30 again; normally we don't have Thursday meetings, but we are going to meet again today for another small aspect of our working together.

So this working relationship is going to help us get healthcare reform through because I don't think it's one that the usual bipartisan tool is going to fit into. If you understand the Byrd Rules and if you understand reconciliation,

the democrats can get it anyway, but considering Byrd Rule, it is going to be a very difficult thing for them to do.

But I think the overriding issue and, I'll bet you Senator Baucus gave you this figure; he wants a bill to pass by 75 to 80 votes. That dictates bipartisanship. I think he feels comfortable with it and, obviously, I feel comfortable with it and one reason why I think it's possible is because there might be divisions within the Republican party on certain aspects of healthcare reform, but honestly, to this point, I have not had one Republican of the 41 tell me that we should not be doing healthcare reform.

So I'm very positive about it. I'm somewhat cautious when I come to a meeting like this and everything I say is going to be; well, maybe not everything, maybe I hope everything would be reported. Not everything is going to be reported and maybe I'll be lucky and some things won't be reported.

But I'm cautious about coming here because we are not so far down the road that some things that are said just wrong could upset the apple cart, and it's an apple cart that, maybe not between Baucus and me could be upset, but other people of both political parties could upset the process. And I want to be very cautious in how I answer some of your questions and

But understand, our working relationship is not just Baucus-Grassley. I think over a period of eight years you could consider the staff of Finance, yes, divided between Republican and Democrat, but as one staff with a pretty close working relationship, a pretty good understanding of where other people are coming from, most importantly an understanding what it takes to get a bipartisan agreement and, whereas Baucus and I may talk regularly, but for short periods of time, these folks are dealing all the time.

So I'm positive that we can get healthcare reform done. I want to emphasize that politically in order to have a bipartisan agreement; it's got to be done through regular order and not reconciliation. I think our goal has to be to bring costs under control. I think one of the principles that was agreed to by both the President and most people in Congress, is that if you got health insurance that you like right now, you ought the be able to keep that.

One of the controversial things that will come up will affect that. In other words, let me just speculate, there is a public option plan out there, okay. Lewin says you have a public option plan, the government is not a fair competitor. It can drive, let's put it that way, and Lewin says after a period of time, 118 million people are going to opt out and,

So you kind of get to a point, well, if 118 million people out of X number of people that have health insurance now opt out, then what's left drives up the cost so much that eventually, I think, it’s a step towards single payer, and even the President of the United States has said that he is not out to have a single payer.

But, you know, progress can kind of go in that direction. It’s something that could happen slowly, like the analogy of a frog put in a boiling water jumps out and lives, but if you put a frog in cold water, heat it up to a boil and he will die. So those that want to preserve the option of a John Deere worker maintaining their insurance and having a government as a competitor, pretty soon there might not be John Deere insurance as an example, and John Deere is a major industry in my state and that's why I use them as an example.

I think another principle that everybody wants to maintain, but I think you’ve got to understand that it’s pretty easy when the government is driving something to get in the way. And that's maintaining the doctor/patient relationship and, without going into detail, I would refer you to a short speech that I gave yesterday on the floor of the Senate, where I think that some things of healthcare reform could take us in the direction of interference in doctor/patient relationship.

I think we also have been led to believe by spokesmen for the administration, maybe even some people in Congress, that it's necessary to do healthcare right now because of the situation of the economy. Maybe it's more can you do this and the economy at the same time; the answer is, yes, you can, so I am not finding fault with people that are promoting this at the same time.

We are trying to get out of a recession, but I think people are led to believe that this is something that is going to help us with the short term economic problems. Obviously, it's not. It could help us and hopefully it will help us with long term budget problems, but it in and of itself is not a fix on the tremendous entitlement problems that we have before us. It's a partial help towards the entitlement problems, but it's not a total help.

I think that there is probably a lot of other things I should say, but I'll stop there and let you folks set the agenda, and when I say let you set the agenda, that is exactly what I say at my 99 town meetings that I have in each of the 99 counties in Iowa every year for 28 years, 24 so far this year. So you set the agenda.

DREW ATLMAN: The Senator asked me to moderate understanding that he can take over whenever he chooses to do

I do want to do, the one prerogative, is just give Karen Tumulty the first question only because of her wonderful piece about her brother, which we all so much enjoyed, and you raised your hand anyway.

KAREN TUMULTY: Well, Senator, I am Karen Tumulty from *Time* magazine. Just on this last point that you made that it's not a short term fix for the economy, does this mean that you don't necessarily think it has to get done this year, because the other argument in healthcare reform this year is that if you wait, you are going to end up repeating what happened in '93.

SEN. CHUCK GRASSLEY (R-IOWA): I think if it isn't done this year, it won't be done for the next four years, so I think it needs to be done this year. Something just came to my mind, unrelated to her question, but I think I made this clear in my comment about marijuana, first do no harm. I think it's counter productive to our goals of preventive medicine, and if I didn't say that, that was the point that I was trying to make.

WYATT ANDREWS: Wyatt Andrews of CBS. Senator, thanks so much for doing this. Weren't you the one that asked the President the other day about the public option?

SEN. CHUCK GRASSLEY (R-IOWA): Yes, I did.

essentially, “We need this public option to keep the private payers honest,” or something to that effect. I wonder what your thoughts were; I mean, bluntly, do you trust that answer? And as a second part of the question, isn't there a value to a public plan if it creates a certain national minimum of coverage for everybody who gets into the system?

SEN. CHUCK GRASSLEY (R-IOWA): I want to answer all of your questions, so if I forget something, I’ll start with the last thing because that's the easiest way for me to remember. First of all, remember you can do it through the public option, yes, but don't forget the problems we had with supplemental insurance policies for Medicare during the 80’s. We had 1,000 of them develop and people were over insuring and buying policies three or four times to cover one thing.

So what we did is we set a pattern, they had to fit into ten principles or they had to emphasize ten things so we didn’t have this duplication so it wasn’t a problem for the senior citizen. And we can do the same thing for private insurance.

In fact, we do it for private insurance, only through the states with all the mandates that we have. So we can do it, it would be preemption of state law, and if uniformity is what you want, we can legislate that without the private option

Now go back, and the other one was about what the President exchanged with me. I think the President had to say what he had to say, and if it had been a Republican president, the Republican president would have had to say it maybe shouldn't be an option because here's where you are on this issue. I don't know what forum I heard this about, I was not there, but somebody brought up does the plan have to have a private option?

Well, there was somebody speaking either for the Republicans or like a Republican, and said something like, well, if you have a public option in there, then it's a no-go, you just can't have it. And then there was, I think, Mr. Stern over here for the union said, well, if you don't have a public option in it, it's a no-go for us.

So the President has got to take a position that everything is on the table, and since I take a view that there is almost anything compromisable in public affairs, except probably the issue of abortion, I don't want to say that there's not something. But this is a very difficult issue to find a compromise in.

Right now, I'd have to say I don't see a compromise, but I am going to take the same approach the President takes because I want to see what's possible. And there were

were litmus test issues there between Republicans and Democrats, between Bush on the one hand and, let's say a Senator Kennedy on the other hand. Senator Baucus and Breaux, Hatch, and I, we compromise to get that done.

And so I'm not going to say that there is some issue, some way this can be compromised, but right now, I am going to take a purist position for my side as the President took. It may not be a really purist position because I think he wanted to give me a little bit of leeway that he was considering what I said. But he's taken a purist position for his party now.

DREW ALTMAN: And if you're on the side, please speak up again for the webcast.

FEMALE SPEAKER: You said earlier that if healthcare doesn't get done this year, it's not going to get done for the next four years. Could you explain that a little bit more and is there a danger that the current distraction over financial rescue plans and possibility of more money could actually delay it then?

SEN. CHUCK GRASSLEY (R-IOWA): Well, first of all, you have got to think that you can adopt a policy and you can trigger a date down the road. But the obvious answer is if it doesn't get done this year, why won't it get done? One word: elections. And the financial problems could have something to

But you know some people that maybe want to move more slowly in this area than Senator Baucus and I do have brought that up without saying that they really want to slowdown healthcare reform. I think that's part of the motive. Or they're saying the President's trying to do too much and we ought to concentrate on this recession issue. But maybe the President can only focus on one thing, but Congress can do more than one thing and we're going to do more than one thing.

During World War II, we didn't fight just World War II. We passed the GI Bill. We passed ADC legislation, the first welfare. Congress legislated during World War II. We may have a war on recession, but we can also legislate in this very important area and we will.

DREW ALTMAN: So, three on this side and then we'll come back here. We'll go Marilyn Serafini, Julie and Robert and then we'll come back over on this side.

MARILYN SERAFINI: Senator, Marilyn Serafini with National Journal. Could you talk a little bit about financing? I've heard some Republicans say that they're very concerned about potentially not paying for this legislation. So how big of a problem would it be if Democrats didn't offset this package. But also, there seems to be some question about how do you do it within the budget? Can't you have some flexibility to

SEN. CHUCK GRASSLEY (R-IOWA): Well, first of all, I think a principle of, I think, all 41 Republicans—I don't want to say absolutely 41, but I think it's a consensus among us—that it has got to be paid for. And that partly is driven by what Democrats have done in the previous Congress of PAYGO. It is our reminding them of a principle that they laid out and they ought to live by the principle.

In regard to costs, would you repeat one of your questions?

MARILYN SERAFINI: It has to do with the budget window and how much flexibility there should be there. And many people are saying we invest—

SEN. CHUCK GRASSLEY (R-IOWA): Upfront, yes. Well, I think that there may have to be some investment upfront, so I don't want to preclude that there must be. But I think you've got to look at the document put out in January or December by CBO that there's not a lot of savings there. And so I think you're going to have a lot of us questioning those investments to begin with. On the other hand, whenever you get a program started, there is some upfront cost.

JULIE ROVNER: Julie Rovner, National Public Radio. You say that this absolutely needs to get done this year. The only way to give it a real shot at getting done is if you put it in

60 votes. Is there any way that that would not be seen as the ultimate declaration of bad faith, to have reconciliation instructions?

SEN. CHUCK GRASSLEY (R-IOWA): I'm not assuming bad faith and I'm not assuming reconciliation because going back to November 13th and every time since then that we've had this kind of Board of Directors that includes the health committee plus our committee plus the budget committee, and Senator Baucus chairs those, I've had the occasion to bring it up, and every time, I've gotten the same answer—that they expect to use regular order.

So I am taking them at their word and I'm not going to raise questions about it. If I would speak about that being a possibility, then that's kind of showing that I don't have good faith in what Senator Baucus says, and I do think it's a good faith statement.

I didn't say this at the time that I said about you can assume that maybe bipartisanship has broken down by the first two bills that were in our jurisdiction that passed, I said that I though Senator Baucus was uncomfortable with that. And I think that everything he said about bipartisanship on this is the same thing I've been hearing him say since we first sat down in January of 2001 and decided to meet once a week to plan

JULIE ROVNER: Are you confident that—both of you have set out what sounds like this incredibly ambitious schedule to get a bill of this magnitude not just out of committee but to the Senate floor—do you think that you can do that under regular order?

SEN. CHUCK GRASSLEY (R-IOWA): Yes, I do.

DREW ALTMAN: Robert, you had your hand up? No, okay. Let's go down this side.

DREW ARMSTRONG: I'm Drew Armstrong with Congressional Quarterly. You and a lot of other Republicans have been mentioned preserving a doctor-patient relationship. And in the past, and sometimes when questioned about what that means, it can sometimes be a surrogate for not making cuts to certain providers when we talk about re-jiggering the payment system and things like that. So what does not interfering with the doctor-patient relationship mean? It can be a broad term a lot of times used to—

SEN. CHUCK GRASSLEY (R-IOWA): Let's say that the crux of your question is not through the payment system. This is one of the principles that I should have laid out that we're trying to accomplish here and I didn't get to that point, but put down that a very important point for me and answering your question at the same time is moving from quantity, paying based on

And I think that's the number one way. A second way would be to—we pay on quantity now. And in the process of paying on quantity—now this may be self-corrected by going from quality to quantity -- but let's just suppose we stay on quantity. We have, through our payment system, upset the whole practice of medicine to such a point that we don't have very many primary care givers or primary care doctors.

And that has driven up the cost of medicine itself with emphasis upon specialists. And it has reduced the quality of delivery, particularly in rural areas, and we don't have very many practitioners wherever you are. So this analogy was given by one of the medical professional people that are members of Congress. We pay specialists four times what Congressmen get paid. We pay primary practitioners, primary doctors, less than what we get paid. So we have incentivized, since at least the Shaw Study [misspelled?] of the late '80s shoved everybody going into specialty.

And you need some of that but we've overdone it. And we've got to incentivize people to be family practice. It is a whole lot like in the 1960s when I was in the state legislature. We wondered why medical doctors were going to California to practice. Well, one was that general practitioners were not considered a specialty. So we set up a

saying to go to California because that's where you get the high money.

So policy has consequences. And we've had consequences of overemphasizing specialists beyond the need to a point where the practice of medicine in the upper-Midwest, from Wisconsin to, let's say, the Pacific Ocean but no including California, and from Kansas up to Canada, if we practice medicine in the rest of the country like we do there, we would save 1/3 of Medicare because people are healthier. That's part of it.

People don't over-utilize. That's a big part of it. Doctors don't send you to the hospital at the drop of a hat. And more importantly, they don't send you to 25 specialists. I don't know whether it's as bad as the doctors in Des Moines tell me, but they said go to Louisiana and you can see Louisiana on the Dartmouth Study how costly it is there. But they're sending people to 25 specialists compared to an average of five to six.

Maybe you'll have to go to the doctors in Iowa to get a justification for that. I'm quoting them and I'm happy to quote them because when I see the Dartmouth Study, I think they know what they're talking about.

DREW ARMSTRONG: A follow-up on that—

CHUCK GRASSLEY, SENATOR: I didn't even answer your

DREW ARMSTRONG: I know. That's what I was going to say [laughter].

SEN. CHUCK GRASSLEY (R-IOWA): So you interrupted before I ate up all the time.

DREW ARMSTRONG: OMB Director Orszag, he mentioned and he pointed out that this is where the biggest pot of money is and one person's waste is another person's income, obviously. And you talked about how congressional policy has created all these specialists and essentially has created your own monster that you're going to have to deal with on the lobbyist side.

SEN. CHUCK GRASSLEY (R-IOWA): You understand it was based on a Harvard professor by the name of Shaw.

DREW ARMSTRONG: Well I guess you're going further north than the Ivy League now. So I'm wondering now that this monster has been created and presumably any cuts there are going to be very poorly received given that this is the biggest pool if you believe what Orszag says. How do you try to break the back of that thing if you really are honest about cost control and you look at the biggest pot of what I think everybody agrees is wasted money.

SEN. CHUCK GRASSLEY (R-IOWA): It's probably something you can do in an overall healthcare reform bill that we're talking about here at this meeting, but it's not something you

a Medicare bill in November just to keep doctors from being cut. So it's got to be kind of lost in the whole overall issue.

DREW ALTMAN: By the way, my first job in health was on the Dartmouth Study, but I won't tell you how long ago that was. Next question, yes?

Anna Edney: Hi, I'm Anna Edney with Congress Daily. Senator Grassley, can you talk a little bit more about paying for it. The President has suggested possibly limiting itemized deductions. Senator Baucus has talked about some way to tax health benefits. Do you like either of those, or hate either of those or have your own ideas?

SEN. CHUCK GRASSLEY (R-IOWA): The first one was when you move from quantity to quality, there's some savings there, probably big savings. And there's probably more of an equitable distribution of the Medicare dollar from parts of the country where there's overspending to parts of the country where they're a little more careful. Now, you asked one of those questions that I'm probably not going to answer, but let me speak around it and maybe get myself in trouble even if I try to be cautious.

This is an 800 pound gorilla in the room. It's an issue that Senator Baucus has spoken out on and got some criticism. It's something that the White House has spoken out on and

But not necessarily just as a revenue raiser. It's on the table because economists have studied the use of higher priced health plans and have come to the conclusion that they tend to bring about over-utilization and expense that goes with over-utilization. And that is a contributing factor to the inflation of health costs by maybe two or three percentage points.

So if we do something in that area, it's also got something to do with savings as well as raising money. The extent to which it's a compromise of the president's position as well as mine and Wyden and Baucus that if you've got your health insurance now, you ought to be able to keep it.

The extent to which you would cap something, it would be a compromise of that, but not any more of a compromise than the President's public option. If you're going to have 118 million crowd-out, eventually you don't have private health insurance or it's too costly so you can't afford it. People inadvertently are being denied what we promised them of keeping what you have.

So it's something that we're going to have to move on cautiously and quite frankly, unless there's a great, big consensus to do that, what you're question is about capping, I assume, and to raise money or for the other, more important reason, of taking inflation out of health insurance, it's not

STEVE TESKE: Hi Senator. I'm Steve Teske from BNA. Can you walk me through your timeline and Senator Baucus' timeline? If you're talking about having it in committee in June or maybe July—

SEN. CHUCK GRASSLEY (R-IOWA): If I've misstated, I would like to have Mark of my staff join me in trying to answer it, but it's my understanding that next week plus going into April, at the subcommittee level, which is Senator Rockefeller, there's going to be hearings on certain aspects of it. And I think two or three of those are scheduled. And then probably three roundtables, which we've been invited to do by the experience that Senator Kennedy has used roundtables in his health committee as being very helpful to getting consensus, three or four roundtables during April and May.

And also during this period of time, certain segments of a plan worked out between Baucus and me within our jurisdiction. And I can't speak for the health committee, but certain segments of it being put out for discussion purposes are probably in tune with the dates of the roundtables on those certain subsets and then getting to legislation in June with hopes of having it on the floor in July. Is that right?

MARK HAYES: They'd really like to have a markup in June it goes to the floor in June.

STEVE TESKE: So that basically leaves you two months with vacations and everything to get this done. And I'm just thinking in the past, just to do a very much simpler Medicare bill, it's taken you six, seven, or eight months just to—and this is hugely complicated. Could you explain how you're going to do that?

SEN. CHUCK GRASSLEY (R-IOWA): Well, first of all, I hope you would agree that if we don't set an aggressive agenda, it's not going to get done this year. And it's just our commitment to getting it done and the hard work that we're willing to put in. And probably only one other issue that's going to interfere with the work of the committee, and that would be possibly if there's an energy bailout of energy, we may have a tax component to that. But energy legislation within our committee tends to be very bipartisan and almost non-controversial.

So I think you're talking about the ability of Senator Baucus and I to keep our attention on this one issue as well as our staff in the health areas on both sides of the isle would not be working on health issues in conjunction with this until you get to November or December and we don't get this done and we've got to pass something just on Medicare updates.

DREW ALTMAN: Robert?

ROBERT PEAR: Senator, have you expressed any position on the idea of requiring most employers to contribute to the cost of coverage for their workers?

SEN. CHUCK GRASSLEY (R-IOWA): No I have not. And that is one that I haven't thought out thoroughly so I can't give you an opinion. Except I can add to it though, you know things that I have to consider. I have to consider how Massachusetts is working out and the problems that they have.

And I think those issues in Massachusetts or the inability of California to move ahead with a plan that presumably at one time there was a bi-partisan consensus between the governors and Democrats and the legislature to move forward on. And then even the Democrats and the legislature backed off of it. And I assume that it had something more than just the budget problems of the State of California that was basic for that.

We've got lessons to learn from our laboratories of the states in this regard.

DREW ALTMAN: Let's go to Texas and then to Noam.

JIM LANDERS: Senator Grassley, I am Jim Landers of the Dallas Morning News. I wanted to go back to what you were saying about a public insurance option. I didn’t really get what you were trying to say. The president's got a position

SEN. CHUCK GRASSLEY (R-IOWA): Let me ask you did I confuse you in my opening remarks or did I confuse you in the answer to his question?

JIM LANDERS: Answer to his question.

SEN. CHUCK GRASSLEY (R-IOWA): Okay, there was two answers to his question. One was the issue itself and the other one was the approaching of it by the two political parties or by the two extremes. And I think that the easiest way to answer the latter is that at this point everything is on the table. And you don't negotiate if everything is not on the table even if there is something that is on the table that if it's on the table at the end you don’t have a deal, see. So everything has got to be on the table if you're negotiating in good faith.

But then let me speak to the substance of it because I think this is the most important aspect. The president says, I say, Baucus says, Wyden says we want people to be able to keep the insurance that they have right now if they decide to keep it.

Okay, you have a public option that people can buy into. Government is not a fair competitor and so you have a government plan and eventually it crowds out, Lewin says 118 million people. When you crowd out 118 million people you want

promised it to them it becomes so expensive for the small pool that's left that eventually you end up with a single payer.

And then that's contrary to the original promise of being able to keep what you want to. So if you want to keep the promise of people keeping what they have you have to have a viable private insurance industry and you aren't going to have a viable private insurance industry if you have an unfair government competition. Is that clear?

DREW ALTMAN: Okay, so we go to Noam and then Lester had a question. We do have a hard ending at nine.

NOAM LEVEY: Senator, I wanted to follow-up, I'm Noam Levey with LA Times. I want to follow-up with the questions that Drew was asking about utilization. If you're going to tackle the issue of over utilization in a place like Mississippi, doesn't that necessarily then mean that the federal government has to be in a position of saying to patients and doctors in say Jackson, Mississippi, you can't go to that extra specialist? Or we're not going to pay for that extra specialist?

SEN. CHUCK GRASSLEY (R-IOWA): No, because what we're saying it's the government policy has driven doctors to and it's encouraged over utilization, its encouraged abuse of the system, it's encouraged a gaming of the system. And we want to

SEN. CHUCK GRASSLEY (R-IOWA): By rewarding people on quality instead of quantity.

LESTER FEDER: Senator, I'm Lester Fader with The Nation. I want to pick up on the point you're making about this unfair competition with a public option. As you know in your state Wellmark has over 50-percent of the market share in insurance. And the next closest competitor is about 12-percent. And I am wondering if you I mean if that situation is considered fair competition, if Wellmark can be considered an unfair competitor? And how, short of a public option that might shake up that kind of breakdown of the insurance market, you come up with a regulatory scheme that allows fair competition to take place?

SEN. CHUCK GRASSLEY (R-IOWA): Sure, just by striking the prohibition against selling insurance across state lines.

LESTER FEDER: And you don’t— and you're not worried that would precipitate a race to the bottom in terms of how they were structured, the insurers, or you think you could put in place a national regulatory [inaudible].

SEN. CHUCK GRASSLEY (R-IOWA): Well if you think it's necessary as the question over here implied that you had to have a public option in order to have some sort of uniformity or some sort of minimum coverage, we can legislate that minimum

LESTER FEDER: Thank you.

DREW ALTMAN: Other questions? Let's see who hasn't asked one yet? Yeah?

FEMALE SPEAKER: Senator, what do you think the political price would be to Republicans this year if there is opposition enough on your side of the aisle that this fails?

SEN. CHUCK GRASSLEY (R-IOWA): Well that's not a problem because I haven't had anybody tell me that they didn't want healthcare reform and you know I've got people in my party that are not bashful to tell me that I cooperate too much with the Democrats.

FEMALE SPEAKER: So in relationship to the goodwill that Republicans, you say, have this year. What do you see as the major stumbling points this year? Is it the substance of the policy? Is it the price tag that they will have to pay? Is it the distractions as you know, [inaudible]?

SEN. CHUCK GRASSLEY (R-IOWA): I think the major difference between the two political parties is the extent to which we keep a market base health insurance or we have a government driven based health insurance.

FEMALE SPEAKER: And is there anything incremental that could be done this year that would address that, that wouldn't be considered comprehensive?

comprehensive healthcare reform. Now I'll back up a little bit from saying incrementalism in entirely out. You could have— as long as we adopt an overall healthcare reform -- you could have a little bit of incrementalism through phasing in certain aspects of it or when you start it. Let me back up to your first point about Republicans being blamed, why would Republicans be blamed if we don't have healthcare insurance any more than the Democrats would be blamed? Can you tell me where you're coming from with a question like that?

FEMALE SPEAKER: It's called asking the question to get you interested in answering.

SEN. CHUCK GRASSLEY (R-IOWA): Oh then okay let me show you the good faith of the Republicans. Every Wednesday that we've been in session since the second week of January we have had an hour long meeting of everybody in the Republican caucus to be educated about this issue, express their views and brought in experts to do it with an understanding that we have the very same job within our Republican caucus of educating people about the details of this, the same way that I said that a meeting like this is very useful to help educate the people at the grassroots about the subsets of this.

Nobody needs to be educated about the need of healthcare reform or the 50,000 level but we've got to start

FEMALE SPEAKER: Always.

SEN. CHUCK GRASSLEY (R-IOWA): Okay, you must have went to the University of Missouri School of Journalism.

DREW ALTMAN: She did.

SEN. CHUCK GRASSLEY (R-IOWA): Oh.

DREW ALTMAN: Marilyn, last question then we'll see if the Senator wants to make some final comments.

MARILYN: [Inaudible] dragging you back to the subset of the public plan but a lot of people are talking about the public plan as an all or nothing proposition, and you have mentioned the word a few times today of compromise. Can you give us some idea of what compromise could essentially look like? Some people have talked about that the FEHBP which doesn't actually have a public plan but yet is run by the government, you know, has some government say in there. What does a compromise—

SEN. CHUCK GRASSLEY (R-IOWA): I think that you get back to the same answer that I gave this gentleman over here. You set up certain minimums that every insurance policy has to have. And then the options are who do you want to buy from in the private sector.

MARILYN: So there would not technically be a public plan there would just be—

Lewin's study, you don't have— eventually don't have any private health insurance.

MARILYN: Is this— you seem very passionate about this issue if you were— if it looks as though you were on the path single payer is that a deal buster for Republicans?

SEN. CHUCK GRASSLEY (R-IOWA): I said that— I think I spoke very strongly that this is a deal breaker for Republicans if it's in and it's a deal breaker for Democrats if it's not in. Is there a compromise in between? I don't see one today. There might be one. And if you're going to legislate in good faith, I should say negotiate in good faith, everything is on the table. But it's one of the most difficult things and I don't see a compromise in that area. But I told you that only abortion is about the only issue I know of that's not compromiseable.

DREW ALTMAN: Senator, would you like to make a final comment that might or might not have anything to do with a public plan?

SEN. CHUCK GRASSLEY (R-IOWA): Well it's the same thing I would tell a radio station when I get on it in my weekly broadcast. Thank you for helping us communicate with our constituents, representing the government is a two-way street. I'm one-half of that process, my constituents are the other

Thank you for helping us have dialogue through this forum with our constituents in a very important issue because the education of the American people of the grassroots are very essential to get this passed. And that's why I should have and didn’t but now I do compromise the president for having his healthcare forum two weeks ago.

And I compromise him for having five around the country of which he is going to have one in Des Moines on Monday.

DREW ALTMAN: Monday, okay. Thank you all for coming. Certainly thank the Senator for coming. And as this develops should you be interested you are more than welcome to come back and to it again.

SEN. CHUCK GRASSLEY (R-IOWA): There is nothing happened today that I wouldn’t welcome an opportunity to come back.

[END RECORDING]