



EDWARD M. KENNEDY ORAL HISTORY PROJECT

INTERVIEW WITH DAVID BLUMENTHAL

March 20, 2007
Boston, Massachusetts

Interviewers

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TRANSCRIPT

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Heininger: You're writing a book right now about different Presidential administrations and their approach to healthcare.

Blumenthal: Yes. Did I tell you that?

Heininger: Yes. Well, I already knew that too. But that's one of the things we want to talk to you about, because you've got a global perspective on how different Presidents have approached this. You've also worked with Kennedy. Can you talk about how you've seen different Presidents handle healthcare, and how Kennedy has, particularly national health insurance?

Blumenthal: Well, I think Presidents are different from Senators. And Presidents have an ability—though Kennedy comes close—Presidents have an ability to set an agenda that a Senator doesn't have.

I think Kennedy has been brilliant at prodding Presidents to confront healthcare issues—national health insurance as well as others. One of the remarkable things about going through—and I haven't finished, by the way—going through all the Presidents, but certainly for [Jimmy] Carter and for [George H.W.] Bush, and I suspect for [Richard] Nixon as well, you can see Kennedy's footprints. You can see them in the Nixon tapes, which we're just transcribing right now, selectively, the Nixon tapes related to healthcare. And with Carter, you can see in the memos in the White House how important Kennedy's activism—some might call it agitation—was in terms of forcing Presidents to confront this issue, especially during the time when he was a potential Presidential candidate.

Nixon and Carter were always worrying about whether Kennedy was going to be able to take this issue and make it part of a challenge or part of a Presidential run. So that's probably one of the perspectives that I can bring to this, to see how the White House is affected. But nevertheless, once a President decides to take on an issue like that, they usually have a bully pulpit that few Senators can match. Kennedy has come close, but can't quite match it.

So an ability to set an agenda—I would say that's where Kennedy has come closest. It's usually been in the situation I just described where he can use his advocacy to force other important actors to deal with this particular issue. There may have been another time—well, during the Nixon administration—when he was also able to do this, when he encouraged Wilbur Mills to become active on health insurance, when Mills himself was toying with the idea of a Presidential

run. And so I think, again, there was this opportunity to use the leverage of a campaign to draw in his colleagues and the other people who were active in the Washington scene.

I think Presidents fall into two categories in general: those who seize the healthcare issue willingly and those who are pushed into it. There obviously are some gray areas in between, but there have been very few Presidents over time who have seized it willingly. But every President has had to manage it. I know we're not talking about Presidents in general, but that's my view of it. I think Carter was someone who was forced into it; [Lyndon] Johnson was someone who seized upon it. Kennedy—that is, John Kennedy—was somewhere in between, but I think he fell more in the proactive than the reticent category. I think [Franklin] Roosevelt, despite his reputation, was a very reticent President about healthcare, and [Dwight] Eisenhower was more proactive than he's given credit for.

But I generally think that to take this issue on in a big way entails substantial risks for Presidents to approach the big health issues—not small health issues like workforce funding, or NIH [National Institutes of Health], or a war on cancer, or those kinds of things. But to talk about coverage is a very risky Presidential proposition and takes some Presidential commitment. The ones who have that commitment are pretty rare in our history, actually quite rare. And Kennedy and Johnson were two of them—Johnson much more than Kennedy.

Young: You're talking about Jack?

Blumenthal: Jack, right.

Young: Those were both Medicare.

Blumenthal: I'm just in the middle of writing a chapter about Jack right now, but I think I'm pretty clear on what happened. I think he came to Medicare in the middle of his second year in office, and then seized it with great gusto, and then backed off again in his third year when he tried to accomplish his tax cut and introduce the civil rights bill. I think he would have come back to it again, because he actually expended an enormous amount of political capital on it when he got active with it.

I think Ted, though, is unique in the history of the 20th, and maybe the 21st, century so far in his perseverance, and his commitment over time, and his passion for this complicated issue. There is no one else who has been at it as long, or as consistently, or as thoughtfully, or as no-holds-barred fervently as he has. And as you look at the Carter administration and you look at the memos and the discussion that was going on between the Kennedy and the Carter camps, you almost had some sympathy for Carter because there was no way that what Ted wanted and what Labor wanted was ever going to see the light of day. But Labor and Ted wouldn't let him [Carter] off the hook, and they just kept pounding and pounding, and they weren't reasonable about it.

I think the Carter people kept saying, "Well, there's no way that [Russell] Long is going to let this happen. There's no way that Ways and Means is going to approve this. Give us a break. We're trying to honor our campaign commitment to health care—" which they were dragged into anyway—"but this is a silly way for you to force it. And look, Proposition 13 just passed; look at the way the Congress is going; look at where the country's going. This makes no sense." But

Kennedy wouldn't back off. I think when you're passionate about something, history will forgive a little bit of irrationality. You see the extent to which this was something of the heart for him.

Young: How do you think he came by that commitment?

Blumenthal: I don't know. I've never had the chance to talk to him about it. One of the things I've been going through, reading carefully, is [Robert] Dallek's account of Jack Kennedy's illnesses, which didn't seem directly to affect him. At least there is no record in the history of how it affected his attitudes. What did affect Jack Kennedy was his father's stroke. This is actually in Larry O'Brien's oral history. I don't know if you've seen it, but it's quite telling. And Ted Sorensen remembers it this way as well. And then Kennedy, in a speech he gave, which bombed in Madison Square Garden, about Medicare, in May of '62—which was the culmination of a six-month campaign to pass Medicare—he threw away the written text and tried to come up with his own. And he spoke about his father in that speech, which clearly was on his mind, because it wasn't planned.

Ted has clearly, of course, and that whole family—and Ted is the youngest and the final member of the second generation standing—he's had his own personal experiences with it. He saw his brother struggle with it. He saw the illnesses of his children—of course that came later. All that, I think, has to have played some role. But other Presidents and other major figures have had experiences with illness and haven't been affected that way. And so I think there's something else psychologically that only Ted can help you with insight into. But it is one of the interesting themes that I've been struggling with in this book, because there is something special about healthcare. Once you've come across a close, personal encounter with illness, people are changed by it.

Heininger: Visions of mortality.

Blumenthal: Yes. You expect to see it, and sometimes you get a little hint of it, but it's not always apparent. George Bush the first's daughter died of leukemia, but there's absolutely nothing in that family's history that shows any interest in healthcare, an affinity for it. Franklin Roosevelt is another puzzle.

Young: Well, maybe the care is part of what—and the fairness. Perhaps that's part of it. Healthcare for all, he hasn't gotten. It's for all. I just finished looking through his '72 book, *The Crisis of Healthcare in the United States*, and I'm thinking, look, this is '72? It rather reads like today. And one of the things that figures very large in that book are the stories that he collected on the field as chair of the Healthcare Subcommittee, the stories of the patients or the victims of the healthcare system. And so I puzzled with the same thing too and on other issues.

Blumenthal: Some people hear those stories and aren't affected, and some people hear them and are. And of course with Kennedy, he collected them, and there was always an agenda.

Young: And they listened, yes, and he was out to get them. And even without hearings, he'll go and get people to talk about their experiences from their viewpoint. He said, at the beginning of that book—you had a little thing about his own experiences. It's interesting. It's sort of everything you would expect: his own back, his brother's back injury, his sister Rosemary

[Kennedy], and all of these things, the healthcare issue is very important. It's a poverty issue as well. And so it's all of those things. Of course that's what he says first in the book.

We were quite interested in Kennedy-Mills and the run-up to that, and Nixon, because that, for us on the outside looking at it, seems to be a moment of major opportunity. Everybody seemed to be for it. Nobody was against it, at least rhetorically.

Heininger: Well, the AMA [American Medical Association] was.

Young: Well, yes, of course, but Nixon says this is something. His moment has come. Labor had been backing it. The Senate Finance Committee was another question, but then he connected that with Mills.

Heininger: Why did everybody think it was inevitable?

Young: Yes, and everybody saying it's inevitable.

Blumenthal: I haven't done the Nixon administration yet, so I'm not as clear on that as I'd like to be. I'm sure Kennedy has told you, and I've seen him quoted to the effect, that he wished that he had basically bought the Nixon proposal at that time. My recollection of the timing of it was that Nixon's Family Health Insurance Plan came in the '73, '74 period, whereas the Kennedy-Mills movement peaked in '72.

Heininger: It was actually a little later.

Blumenthal: From Kennedy-Mills?

Heininger: It's actually '73, '74, yes.

Blumenthal: Okay, so it was about the same time.

Heininger: Nixon actually comes out in '71, which is the same time that Kennedy comes out.

Blumenthal: Nixon had two versions.

Heininger: Nixon comes out with his first one in '71, roughly the same time that Kennedy comes out with S3, the carryover from the Committee for National Healthcare. Then they go through the '72 election. And then, now there's a new Nixon proposal with a new Secretary of HEW [Health, Education, and Welfare], and there's a new one, which galvanizes things to begin to move again. And then you move into Kennedy-Mills.

Young: And Labor doesn't play much.

Blumenthal: I remember now the conversation we had on the phone collectively. Stan Jones is really the person who knows that history cold. I was in medical school at the time, and what I remember was that I was running this little newsletter that we used to mail out to people on healthcare issues. We had been supporting the original S3 or S1, whichever it was. And then Kennedy compromised with Mills over deductibles and financing mechanisms, and we, this little

group of medical students, said, “This is not right.” Somehow they found out about this. Somehow Kennedy got—maybe not Kennedy, but someone on the staff got wind of it. Stan Jones actually came up and met with us. I don’t think Stan remembers this, but it was very—that’s my major recollection of this time. And then, why Kennedy-Mills—I’m anxious to learn what I can from going over the accounts of that period about why it didn’t progress.

Heininger: Good. We’ll talk to you again after you’ve gone through those things, because it will be interesting to compare what we’ve learned with what you’re doing, coming at it from a different perspective.

Blumenthal: I have this much in the way of archival material from the Nixon time to go through, plus the tapes, which unfortunately end—I think John Dean or [Alexander] Butterfield spilled the beans before healthcare really got hot. So we have from ’71 to ’73.

Young: Why don’t you talk a bit, then, about Carter? This one you do know, and I’m still wondering, less now than earlier. Whatever happened between those two?

Blumenthal: I would say that Carter was a New Democrat. He wasn’t particularly committed to large social-policy initiatives. Among those that he wanted to take on, welfare was more interesting to him than health. But he was also this very upright individual who, when he made a commitment to something in a campaign, felt he had to honor it.

In order to get the nomination, he needed the UAW [United Auto Workers], and so the UAW got him to make a speech to the National Medical Association in ’76—I forget exactly where; it could have been Atlanta—in which he basically laid out a healthcare agenda. It was a very nicely done speech. The speech was very analytic, very thorough, covered all the issues. It was not about coverage, which Kennedy would have talked about; it was about how to make Americans healthier. So it was a technocratic kind of document. He talked about prevention; he talked about cost; he talked about coverage, but also the limits of care. It would have been a great introductory session at a school of public health.

Then he gets to the White House, and he’s carrying this commitment with him, but he doesn’t really care to work on it. He wants to work on welfare. So they consciously put welfare first. And the other thing he’s dealing with is this enormous rate of inflation. So some of his advisors, especially his economic advisors, who were very influential, tell him that he can’t do coverage without hospital cost-containment first. And I think that fit Carter’s personality anyway—you eat your spinach before the dessert.

Kennedy was making the argument—a very sophisticated, risky argument; one that’s borne out by the European experience but wasn’t clear that it would work here—that you can’t control costs until you have universal coverage and you have control over the flow of funds. But no economist was going to buy that. And Carter’s economic advisors were unanimous that it was total folly to do this. As a matter of fact, if you look back through all the memos in the White House, it’s really hard to find anyone, aside from Peter Bourne, who advocated for health insurance within the Carter White House. Even [Joseph] Califano was comfortable, I think, putting welfare first. I think Califano would have done health insurance if he had the time and

the opportunity, but I don't think it was first on his list either. He didn't see it as politically possible.

Young: What was the thinking? It's not possible? Was it cost?

Blumenthal: Because of the cost; and because Long was, at best, going to favor catastrophic; and there was no advocate. And [Albert] Ullman, on the House side, was also saying, "I'm not interested in this. I can't do this now. You're giving us too much to do. If you want us to do welfare, we'll do welfare, but don't give us health at the same time." So the only advocates were Labor and Kennedy.

There are just these constant meetings where the Carter people are saying, "Well, what can we tell them so that they won't break with us? What can we do?" And they go through gyrations of, "Well, we'll commit to principles, but we won't commit to a plan," and then, "Okay, we'll commit to principles and a first phase," and Kennedy wasn't having any of that. He said he wants the whole thing. Carter then said, "Well, we'll do triggers. If it's not working, we'll do the second phase. Or if we need the second phase, we'll do the second phase, and if the first phase isn't too expensive. So we'll see if we can control costs and also cover more people." And Kennedy was saying, "No triggers. It'll stop." Eventually, I think Kennedy came to the opinion, correctly, that Carter was just not going to do it.

Toward the end of the Carter administration, I think, once Kennedy broke with him, and I forget the exact dates, but I think it's '78 that Kennedy broke. Then Carter turns around, looking to the next election, realizes that he has to have something to tell the electorate about healthcare, and he starts working with Long and [Herman] Talmadge in the Senate to see if they could come up with a catastrophic package. I don't think Carter ever wanted to do it, intended to do it. I think he just wanted to, in a formal way, honor his campaign commitment. By the way, there were a lot of memos going to him saying, "You made this commitment. You've got to do something about it," as though—for Roosevelt, no one would have made that argument, but for Carter—

Young: Well, he's been beaten up on considerably, and the press said, "Look at the big show horse. He promises the world and then does nothing." So this led to get-out-the-promises book and I want to see something. And then Carter gets committed to too much, so they say, at the time.

Blumenthal: But even within the first three months of the administration, Peter Bourne is writing him, saying, "You made this commitment," as though it would matter. [Stuart] Eizenstat says the same thing in his memos. They knew that that was something that Carter was paying attention to.

Young: But the comprehensive, all-at-once approach, Carter was using it on energy. That was everything. That was as complicated, almost, as Clinton's healthcare, but he was not going to do that on healthcare.

Blumenthal: That's why I talk about passion, or an inherent interest, as a critical part of—

Young: Well, was Kennedy the realist or the idealist?

Blumenthal: He was the idealist on this. Well, in general? In general—

Young: He was right that if you drag it out, you're not going to do it.

Blumenthal: That's true.

Young: That's political realism.

Blumenthal: Absolutely. That part was realism. No, that he was right about. What he wasn't right about was the idea that Carter could have gotten it passed. I think the only way Carter could have gotten it passed—and even then I think it's unclear—is if it had been the first issue he did and committed everything he committed to that that he gave to welfare or energy. There was one other thing he really went all out for right in the beginning.

Young: The Panama Treaty is early.

Blumenthal: Right.

Young: He was committed to it, and Jim Schlesinger was working in secret to create this.

Blumenthal: And there was something else. There was another domestic—

Young: The big domestic issue was on the tax rebate, and Carter pulled the rug out from that because the numbers changed. You needed a stimulus package.

Blumenthal: Yes.

Young: He promised that in the campaign. Tip [Thomas P.] O'Neill, everybody said, "You've got to get a stimulus package." Then the numbers came in and he said, "This is the worst thing we could do at this point."

Blumenthal: Yes, because of inflation. So I think that's the dynamic that occurred. Kennedy was single minded. Carter was all over the map and didn't care about healthcare, really, in a fundamental way. I don't think we've had a President since Johnson who cared deeply about healthcare. If there is one lesson that our book will have—there will be a bunch of them, but one of them is going to be if you want universal coverage, elect a President who cares deeply about healthcare, because this is too painful and risky and complex an issue for anyone to go after unless they're willing to commit everything.

Heininger: If you fast forward, then, to the Clinton years.

Blumenthal: Well, Clinton, I suppose—

Heininger: Would you argue that he didn't or did?

Blumenthal: I think Clinton did up to a point, but he didn't—it's hard to sort out incompetence from passion in this. In some ways, delegating it to his wife and to Ira Magaziner reduced its salience in the Presidential agenda.

Heininger: Rather.

Blumenthal: But on the other hand, I think, even if Clinton had cared that deeply about it, he had bungled it. I think Clinton was doomed to failure by the time he was inaugurated. This gets at another lesson that I'm quite convinced of, which is that the only way to do healthcare is to do it on January 21st.

Young: But weren't there some other things in competition?

Blumenthal: Oh, sure there are, and there always are. There are always big things in competition.

Young: So if the only way a President can do it is to get everything but this, it's not going to get done, is it?

Blumenthal: It's only going to get done when everything is going to go to hell in a handbasket if you don't do it.

Young: Until it gets to, really, a crisis situation.

Blumenthal: The Chinese are a good—I hate to switch to China, but the Chinese are now getting interested in healthcare in a very serious way. Why, you might ask? Because they've suddenly realized that their economic policies are failing because their healthcare system is so messed up. People are unwilling to spend or unwilling to make consumption decisions because they're hoarding money to cover their potential healthcare expenses, so they can't get out of poverty because of their healthcare expenses. Especially in the rural areas, they live in perpetual uncertainty because of healthcare expenses. I think there will come a time when the consequences of healthcare are so protean for the economy that it will be viewed as more important than the next tax cut, or stimulus package, or NAFTA [North American Free Trade Agreement], or whatever preoccupation a President has when they get to office. But it hasn't been that yet.

Young: But it has to be felt.

Blumenthal: It has to be felt.

Young: It has got to be more than the numbers. Maybe it's that sense that the public is fed up.

Blumenthal: Yes. Well, it's going to be a combination of things. See, the other thing I think about—

Young: In the middle class, because when the poor do it, it's not going to make any difference, right?

Blumenthal: Yes. So I think we're saying the same thing but in different ways. It's almost, why would a President ever put this first? Well, he might put it first because he's a little crazy, like Harry Truman was, who just decided that this was something he was going to fall on his sword over. Or he or she might do it because it's critical to their political survival, and it's something

they were elected to take care of, and because they can't meet their other political and policy needs without doing it. We've now proven that the crisis that Kennedy saw in '72 wasn't anywhere near as bad a crisis as it seemed to be then. I think it's very hard to find a number that's going to tip everything, but within a decade, we're going to have 20 percent of our population uninsured, and we're going to be spending 20 percent of our GDP [Gross Domestic Product] on healthcare.

Heininger: We're at 16 percent now.

Blumenthal: Yes. So I think it's easy to project a decade ahead what those two figures will—but I don't think that that will be, just in itself, enough to tip us over. Fifty years from now, people will look back and say, "Well, couldn't they have known that when it got to this point, it was going to be too much to tolerate?" And the answer is no one has a predictive model that tells you when the public will tip into being willing to tolerate changes that are needed.

Heininger: Malcolm Gladwell would argue that nobody knows where that tipping point is, but when it comes, everybody knows it.

Blumenthal: I guess so.

Young: The same question about that was raised within the days of the double-digit inflation. At what point does this become uppermost in people's minds? And if it's not uppermost, it's such a terrible thing that the President doesn't control economic policy. He only controls part of it, so what do you do? Right now, by the time Clinton comes on, it seems to me there are so many stakeholders out there, and some of them, particularly the insurance industry, so well funded. Isn't it then going to take more than it would have taken in Nixon's time or Carter's time to do it?

Blumenthal: I think you're right. Of course we'll never know. We'll never have a quantitative lobbying index. As you look back at the AMA and its role in Roosevelt's time and in Truman's time and Eisenhower's time, I thought that it seemed as formidable as HIAA [Health Insurance Association of America] and AHA [American Hospital Association] do now, maybe even moreso. Certainly Roosevelt was cowed by them.

Young: Yes. Socialized medicine.

Blumenthal: It took a lot to cow Roosevelt. He took on a lot of vested interests, with zest, but the AMA was one that he wouldn't take on. I think there's a story there too. Truman took them on and got beaten, made their reputation. So I think that, yes, they're formidable. I think they're formidable, and money is so important in politics.

Young: Particularly with Congress.

Blumenthal: Yes. But I also would point out that 85 percent of Americans are still insured, and there isn't a constituency for universal coverage. There is no constituency for whom this is a bread-and-butter issue that's organized to countermand and counteract. There isn't a constituency like the elderly to give counterweight to the lobbyists that are opposed—as a matter of fact, it's extraordinarily easy to scare people who have insurance into thinking that somehow

they're going to be worse off. And until they are worse off enough in the status quo that almost any change looks better, that constituency for change won't exist. We started out by talking about the middle class, and I do think the middle class holds the key to this.

Young: What about the corporations? You have got all these pension funds and care funds. Are they going to someday see this is not—

Blumenthal: See, they have a solution. They just get out of the business of health care when push comes to shove.

Young: So maybe that's another dreadful thing.

Blumenthal: Well, it has to happen. I could be wrong. There could be some other form of tipping point, but I've been arguing this for 15 years that until—it's not just me, it's Victor Fuchs and others who have been saying that the only thing that will bring us this tipping point will be a world war or a depression. I think 30 to 40 years of continuous erosion of employer-sponsored insurance might also do that. So I guess one of the great sadnesses for Teddy is that he was born too soon. He has been fighting this very lonely fight, this uphill fight, seeing that the system could be better but trying to make a political constituency when no natural constituency existed.

Young: But he's not giving up.

Blumenthal: He's not giving up, and he'll be remembered. It will be his legacy that he didn't give up.

Young: Medicare for all is back on the table, his table.

Blumenthal: Yes. Just as Truman has become the—I have this picture here—I don't know if you saw it—of Johnson signing Medicare.

Heininger: With Truman sitting next to him.

Blumenthal: And Truman sitting next to him. That didn't happen by chance. So Truman lost, but he earned himself a place in the history of social policy.

Heininger: Was it interests that killed it under Clinton?

Blumenthal: I take a different view. I know that there are people who think that it was either the HIAA, Harry and Louise, or Clinton's incompetence, all of which were important. But as I look at—and I'm not a political scientist—but as I look back at the forces you need to change something as massive and as complicated and as politically fraught as healthcare, I think you need a constituency that favors it. I mean, you can't get something through our legislative process unless someone's lobbying for it, and who was lobbying for it?

Heininger: No one.

Blumenthal: And I think if you look at the history of Medicare, why did Medicare happen? Medicare happened because it was an issue in a series of elections, and there was a very strong lobby for it.

Young: Labor.

Blumenthal: And the elderly. The National Council for Senior Citizens. Politicians knew. There's this interesting discussion of how Kennedy and Johnson reacted to the reaction to their stump speech in '60. They got the loudest cheers when they talked about Medicare, and they were both surprised by it. I think Johnson knew it was a great issue to run on, and I think Kennedy knew it was a great issue to run on, and I think a lot of Congressmen knew it was a great issue to run on. And a lot of Congressmen, just like with Part D of Medicare, they didn't want to go back to their constituency and tell a lot of old people that they hadn't done it. Now you can go back to your constituency in virtually anyplace in the country, except maybe Harlem and a couple places in Los Angeles, and say you didn't act on healthcare, and you'll never suffer for it.

Heininger: How do you explain the failure of catastrophic healthcare in '89?

Blumenthal: By the way, I thought it was a great policy. I don't know. I think that one of the problems is that it raised the cost to a very powerful subgroup of the elderly, which is the wealthy, and I don't think that the—

Heininger: That it was means testing?

Blumenthal: Yes, it was raising the contributions. So there were some people who were going to have to pay a lot more.

Heininger: Right.

Blumenthal: People at the top 20 percent in the income bracket. And I think that the population wasn't ready for it, but I don't know the full story.

Young: So Labor is no longer in the coalition now?

Blumenthal: You certainly don't hear about Labor. Do you know the name Karen Ignagni?

Young: Yes.

Blumenthal: Karen Ignagni is the president and CEO of America's Health Insurance Plans. And I met Karen Ignagni when she was a very junior staff person on the Committee for National Health Insurance, like in 1972 or '71. At that time her job was to lobby for the Kennedy-[James] Corman bill. Now she runs the principal lobby that opposes it. I mean, doesn't oppose it explicitly. They have their own plan, and Karen would tell you she's in favor of it, but she used to work for Labor; now she works for insurance companies. Part of me wonders whether Labor really ever cared about this issue that much. It never seemed rational for them to care about it that much.

Young: Well, the UAW, maybe it was an ideological thing with Walter Reuther. I don't know.

Blumenthal: I think it was.

Young: The AFL-CIO [American Federation of Labor and Congress of Industrial Organizations] had their own pension funds.

Blumenthal: Yes, they had their own pension funds.

Young: They were for it, but—

Heininger: Why do you say that you don't know whether they really cared about it?

Blumenthal: Well, because they made a lot of money off it, collecting all those premiums from their workers. All that money would then end up going through the Government.

Young: Wilbur Mills asked, I've been told, asked George Meany about that. And they said, "Don't worry, we'll take care of it. We have good uses for the money."

Blumenthal: We'll raise it some other way. Anyway, I think that there was a difference between the AFL and the UAW in terms of their level of commitments to the issue in general. Are you dealing with the full gamut of the health issues that Kennedy got involved in?

Heininger: We will be.

Blumenthal: You will be. It's a tour de force.

Heininger: Kind of.

Young: Not in the interviews with him, we can't.

Blumenthal: He doesn't know the stuff at that level. He knows some of it. He'll know the cancer program.

Young: Well, I'm encouraging him to discuss the things he remembers most and the things that he feels so strongly about, talk about those things.

Blumenthal: You can fill in the reference.

Young: Otherwise, that's more time than he has available.

Blumenthal: So I should tell you one little story that's a little bit of color for your—

Young: We love those.

Blumenthal: I was a junior staff person, the lowest on the totem pole in that committee, when I arrived in '77. I got very interested in, because of my economics training at the Kennedy School, in healthcare technology and the evaluation of healthcare technology. Jim, for your edification, the single most important factor in rising costs in healthcare is the addition of new technologies

or the greater use of existing technologies. There's an enormous ignorance about what works and what doesn't. So I participated in the entrepreneurial spirit of Kennedy's staff. Still, in those days, people tended to be their own little centers of activity. That was the culture.

Young: Centers of energy, I call them.

Blumenthal: Centers of energy, that's right. I think we all created enormous problems for him, basically because we were all running off in different directions. But I think part of him really loved it. I mean, he liked making trouble. So I said, "We need a federal center to evaluate healthcare technology and to tell the Medicare program which ones it should cover, which it shouldn't, like the FDA [Food and Drug Administration] does for drugs." So I got him to hold hearings on it, with Larry Horowitz's help. And then we wrote a bill, and we passed the bill out of the committee. We got to the Senate floor, and it created a national center for healthcare technology. I mean, what could be a more boring title than that? It had had no opposition in the committee, and no one was talking about it. And then [Robert] Dole ambushed us.

Heininger: Somebody read the bill then.

Blumenthal: Someone read the bill, and Dole ambushed us on the Senate floor, and we got beaten. It was actually, also, the first bill to be voted on after Proposition 13. So it was also the way I got to know Sheila Burke.

Heininger: I was wondering whether this was Sheila's work.

Blumenthal: It was Sheila's work. We got beaten, and someone managed to put in a—I forget what the formal parliamentary term is, but—reserve the right to bring the bill back up again. Someone will know the term. So then I negotiated an agreement with Sheila, and we brought the bill back modified, and it eventually passed. But Kennedy was so furious at losing that he basically said to Larry and me, "If I can't get this measly little center for healthcare technology passed, how am I going to get health insurance passed?"

Heininger: Because it wasn't a little issue, though.

Blumenthal: It was a big issue, but it wasn't—

Heininger: It didn't appear to be a big issue.

Blumenthal: It didn't appear to be.

Heininger: Very deceptive on the surface.

Blumenthal: Yes, that's right. So the next day, the next morning, the first call I got in my office was Ted Kennedy apologizing for being angry. A totally unnecessary call, because he was right to be angry. His staff had really let him down. So I always thought that was a very interesting example of not losing sight of personal feelings in the middle of it. I'm sure there are a thousand staff stories like that, but that's the one I remember.

Young: Not every Senator or every Kennedy treats their staffs like that, though.

Blumenthal: No.

Young: We get a very different picture of Robert and of the staff.

Blumenthal: Yes, I'm sure that's true.

Young: Very different.

Heininger: What about HMOs [Health Maintenance Organization]?

Blumenthal: I was involved in the reauthorization of the HMO legislation in '78. Kennedy was absolutely right about that, though he was forced to compromise. He was right in insisting that the industry be non-profit, that HMOs be qualified and supervised to be eligible for federal loans. I don't know if he knew why he was right, but he was right. Because the managed-care debacle reflected the commercialization of the HMO industry and its capture for the purpose of cost control as opposed to its original purposes, which were to provide a higher value product, one that was organized in a way that would provide incentives to give people the best care that was available.

However, Kennedy was forced to compromise. And I think it was in the '78 bill that we allowed for-profits to receive loans. It was very hard, in the absence of an evidence base—and which we still lack to some degree—to argue that for-profit healthcare was inimical in itself and didn't deserve the opportunity to prove itself. So that was one of, I think, the major changes that occurred as part of that '78 reauthorization. I think it was later, but I'd have to go back and check my memory, that it was permitted that HMOs could have more than 50 percent of their population as publicly insured.

One of the things that had been required before that, in order to protect a population that was to some degree vulnerable to this cost-cutting ethic that would be part of any HMO, one of the protections was that you couldn't have a predominantly publicly insured organization, because the idea was that the elderly and the poor were more vulnerable, less able to protect themselves, and so they needed to be combined with the middle class in an HMO. And that—I think it was then, because it was in the Reagan administration that the scandals occurred in Florida and elsewhere, with Medicaid HMOs and elderly HMOs that were ripping off people and got captured by organized crime and all that.

So I think Kennedy always weighed to the left of center, but I think he turned out on that one to be right. I like to remember that, though Nixon gets credit for popularizing the HMO concept, the Kennedy-Corman bill pivoted on prepaid group practice and the Kaiser model. It really imagined something called comprehensive health organizations, CHOs, as being the central manner through which care was delivered. And it had in mind Kaisers for everybody, basically—Kaiser and group health.

Young: That is, get the full range of primary care and specialty care available within the same unit.

Blumenthal: Yes. I think if there's one thing that is a clear message of health services research, more and more so now, it's that group practice is a preferred model of delivering care. It's more

efficient even if you don't impose prepayment, but prepayment creates a preferred set of incentives.

I've enjoyed this.

Heininger: Thank you for your time.