

The Effects of Obamacare

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I'm really grateful to be invited back, considering that forty-some years ago they threw me off this campus. You see, I was not your stellar student. I came here in 1968 to play football and get in trouble, and that's basically what I did. The last place I belonged was on a college campus. In those days, they had the draft. I had the wonderful number of sixty-nine. I managed to keep my GPA just above 2.0 for football and to avoid getting kicked out. Then I had a little problem and my grades dipped down to 1.9. Juniata College quickly and efficiently turned my name in to the Selective Service.

Getting drafted was probably the best thing that ever happened to me. I went in the army and it straightened me up. I realized what a pimple on the butt of the world I was. I did serve overseas, but thankfully not in Vietnam. After that, I was ready for college, but it never happened. I was married to my wonderful wife Anne, who *is* a graduate of Juniata. I got into the insurance business and was a broker for thirty years. My business did quite well. I was mainly a life, pension, and annuity guy. I sold the largest policy in the history of the United States in 1980 at the age of twenty-nine. I made a lot of money and enjoyed it. But I got to the point where I was basically going to the office, checking my mail, and worrying about my tee time. I got kind of bored.

Let me give you a little background on how I got into this politics business. I was never involved in politics before, never went to a fundraiser, and never went to a committee meeting. I had no interest in politics whatsoever. None. So what happened? Two things.

First, a parent's worst nightmare happened to my wife and me. My son Ben was a lot like me. He was a procrastinator. He did great all through elementary school and junior high. Then in his sophomore year of high school, he came home with what I call a full house: three Fs over 2 Ds. I pulled him out of school and sent him down to Kiski Prep, which is about nineteen miles south of our home in Indiana, Pennsylvania. It's a private school: no girls, coat and tie to class every day, 6:30 mandatory breakfast, four or five kids in a class so you can't fall asleep, etc.

It's a great school—one of the best in the country. They made him repeat his sophomore year there, but he proudly walked across the stage on May 27, 1998. The next day he was killed in a car crash. I don't think any of you are old enough to be parents yet, but that was one of the most devastating things anybody could ever go through. I didn't handle it very well.

Second, my daughter always wanted to go to medical school. Well, I knew how tough it was to get into medical school. I said, “Honey, you keep working and if you get into medical school, I’ll pay for it. Then you can come back to Indiana and take care of your old man.” And she looked me right in the face and said, “Dad, why would I come back to Indiana?” I said, “What do you mean?” She said, “None of my friends are sticking around; they’re leaving for greener pastures. There are no opportunities around here.” And you know, she was right. That was my second life-changing experience. And I started thinking that we haven’t been doing anything to promote this country lifestyle we have. Yes, we have great education, great schools. But we need to do some work.

So, that’s how I got into this business. I ran a hard campaign; I didn’t walk into my office for a year. Instead, I went door-to-door to talk to people about issues and decided that this is my calling—something that I needed to do at this stage of my life. Now I’ve been down in Harrisburg for twelve years. Because of my insurance background, I have been chairman of the Senate Committee on Banking and Insurance for the last six years. And a lot of the things that are going on in the state right now are thrown in my lap—and number one is Obamacare.

We Republicans sat around in Harrisburg last year thinking, “Okay, this little baby’s going to be done come November. When the Republican candidate gets elected president, we’ll repeal Obamacare.” And that sentiment permeated throughout the General Assembly. We woke up the day after the election and realized, “No! Not only is our guy not taking over the White House, but Obamacare is here to stay.” My mother taught me a long time ago that if you don’t have something nice to say, don’t say anything at all...

I have a lot of problems with Obamacare, starting with its origination. It was developed by a bunch of bureaucrats—liberal bureaucrats. My biggest objection from the very get-go was that there was no input from hospitals, doctors, anyone. It was a small, select circle who developed this plan. The full legislation runs 2,600 pages, yet you won’t find one congressman in Washington, D.C., who can explain this any better than I can. The congressmen in D.C. had no input in it either.

Sure, we need healthcare reform in this country. We have to have a true, universal, wholesale change in how we handle healthcare and health insurance. There is no doubt about it. Let me give you a little synopsis of what’s right with Obamacare. The best thing that came out of it was that preexisting conditions are gone. No longer can insurance companies exclude anybody who has a preexisting condition. That’s huge, and that should have been part of the foundation of any plan. So I’m proud of that part of it. And if you’re under age twenty-six, you can remain on your parents’ insurance plan; that’s a good thing, too—but only if your parents have insurance. Free preventative care required by all insurance

companies: that's good. The insurance companies will complain about it, but I don't care. Senior citizen drug discounts have been extended and expanded. That's good, too. But that's about it.

Part of the problem with health insurance and healthcare in this country today is the cost. Yet those who drew up Obamacare never even attempted to address cost at all. They just kept the old status quo. If anything, they made it more expensive. I'm not a big fan of trial lawyers. I'm sorry if I insult anybody here, but these personal injury lawyers have changed this country for the worse. Now everybody is eligible for the lawsuit lottery. We no longer have personal responsibility. All you have to do if something bad happens is blame somebody else. This is not the way I was raised. Now it seems like 30% of all cable TV advertising is for these personal injury lawyers—"I'll get money for you!"

So, trial lawyers are a very powerful lobby in D.C., especially with the Democratic Party. They made sure nothing was done in Obamacare to control costs. What costs? For example, if you go into a hospital now... Well, maybe not you—you're too young, you're indestructible, and nothing's ever going to happen to you; I know that. So, when your uncles and aunts and mothers and dads and grandparents go to a hospital, they get a taste of everything they can under the sun. Everyone gets everything. Why? Because they can't diagnose your problem? No. They give you everything under the sun to cover their own butts. That's exactly why they do it; they don't want to be sued. And that's what is happening. Overall, 20% of your lifetime insurance premium cost is because we don't have strong tort reform in this country.

As a result, when I go around and talk to hospital administrators and doctors about it, they tell me that Obamacare is intentionally going to bankrupt them. And I spend much more time having these conversations than I want to. We are in a position right now that is tenuous. I have great respect for these CEOs and the boards of these hospitals and they're all telling me that we cannot compete at this level. What's wrong is that most of the people in this district that I represent don't have a lot of money. They can't afford insurance for the most part, unless their employer provides it, or at least provides the majority of it. The average family income in the 41st District is about \$31,000. They can't afford the premiums, so they run to the emergency room. So what you have is a lot of people whose doctor is actually the emergency room, but they don't pay the bill. The amount of uncompensated care is rising each and every year, and Obamacare is going to do nothing to stop it.

How is Obamacare going to impact physicians and the way practice they practice? I have talked to a lot of different doctor groups, and they usually support me because they know I'm out there working hard for tort reform. Doctors at all levels appreciate what I try to do for them. Under Obamacare, the reimbursements are going to go down. Doctors are not going to have their own practice; they're not going

to put up their own shingle. Instead, they're going to be working for a hospital network or a medical group.

The days of being a single practitioner are becoming extinct, especially for the family physician. It's often difficult for them to have a staff and make a living. They are, I think, probably the most important physicians to have, but it's not an area where they're potentially going to make a whole lot of money. I approached the Pennsylvania Medical Society about this particular issue. We have to find some way to incentivize people to stay in family practice. I don't know if that means tuition forgiveness or footing the bill or tax credits or whatever—but we need to do something. Going forward, the family practitioner will be—without a doubt—the most overburdened and the least compensated. We've got to find ways to address this. I know in my daughter's graduating class, there were maybe one or two graduates out of seventy-five who were going into family practice.

I'm a Republican, and I'm sure some people in here are disagreeing with me on one part of Obamacare that I particularly despise: the fact we can use tax dollars for elective abortions. Now, I'm sorry, I will not tolerate that, and I'm going to do everything I can to eliminate that for elective abortions. I understand that there are times and places and needs when abortion is necessary, but you currently can't use tax dollars for elective abortion in Pennsylvania; I don't think that should change. People on each side of the abortion issue—it's almost a fifty-fifty split in Pennsylvania—don't like that provision. Seventy percent of Pennsylvanians don't want tax dollars used for elective abortions, even among those who are pro-choice.

Should the Pennsylvania legislature decide to indulge in the federal Medicare expansion program? It could be a temporary fix, but long-term it's going to hurt us. Well, I'm one Republican who is for Medicaid expansion, primarily because I got a reality check. I picked up the phone and called each one of the CEOs at the hospitals in my district. They are all small, critical care hospitals. I asked one question: "Do you need, for survival, to have Medicaid expansion for your hospital?" I told them I didn't want a fifteen-minute response; I wanted a yes or no. They all said, "Yes."

Now, as a Republican, I'm not supposed to support that side of the issue, but it's what my constituents need. I also need to consider my district, and I'm going to vote my district on this issue in particular. I don't like it. Go back to when our dear friend Mr. Sam Hayes was in the House, the Fed's promised to take care of special education and they never did. Talk about burdens on our local school districts! Special education is a big, big part of it, and the Fed's promised they'd take care of that. Now, they're promising 100% of the first two years of Medicaid expansion, with a small reduction after that. We'll see, and I'll look like a fool. But I don't know what else to do. I've got to support my hospitals. I

have to support the demographics that I have back in Western Pennsylvania. If they say they feel they need it, I trust their opinion.

One of the biggest victims of sticker shock will be all of you sitting right here: healthy people between eighteen and twenty-six whose parents don't have insurance. Before Obamacare, you could buy insurance for probably about \$75 per month. But with Obamacare, rates will skyrocket. For example, a healthy twenty-two-year-old male who paid \$100 per month before Obamacare may very well see his bill go to \$500 per month. Now, maybe you don't care and don't want insurance. Fine. But then you'll become one of those people I was talking about who—if and when something does happen—you're going to run to the emergency room.

What's the federal government going to do? The Feds are going to fine you. The fine will be less than what'd you be paying for insurance—less than \$500 per month. I don't know about you, but \$500 is a car payment. Maybe it's your first mortgage or your rent: \$500. You know darn well that unless you have a serious injury or illness, that \$500 investment is gone and you have nothing to show for it. You don't have any credit for it down the road; it's just gone. It's use it or lose it and you just lost it. I don't think that Obamacare has taken us in the right direction. When this law was written, the Congress was totally controlled by the Democrats. I was hoping against hope that once we won back Congress, maybe there'd be some reform issues possible. But that didn't happen. The Feds should be incentivizing you to want health insurance and spread the risk and for you to stay healthy by giving you tax credits for being healthy. But that didn't happen either.

Take a look at where the money for Obamacare is coming from. They are taking \$693 billion out of the current Medicaid/Medicare reimbursements. I mean, there are going to be a lot of people who lose in this situation because of this.

This is supposed to be implemented on January 1, 2014, but the Feds aren't prepared. I've called the Department of Health with question after question after question. We've written letters. We can't get answers. If I can't get answers at my level, what do you think the odds are of you getting an answer to your questions? It's an issue that we have this backwards healthcare reform. I don't have the answers, so I'm not going to pretend that I do. But there are some basic principles that need to be implemented. The first is that everybody, no matter their physical condition, should be able to buy health insurance.

There's a young man over at Altoona Hospital by the name of Dr. Zane Gates who has the answer. The problem is that he's too small—we just can't get his message out. But he has the answer! Dr. Gates has done an excellent job of starting a clinic-type of approach where a subscriber goes to that doctor or clinic for everything and pays just one monthly fee. The basis of his entire business is us taking care of ourselves before we have to go to the emergency room where we utilize all those expensive

procedures and everything else. He has been able to convince insurance carriers to cover these individuals for a low fee. He's charging like \$100 a family and he guarantees they'll get all the healthcare they need. It's called the Empower³ Center for Health. If the hospitals Dr. Gates is working with receive the grants and become part of Medicaid expansion, there is a possibility that 200,000 to 300,000 people could be covered over the next ten years.

The other big issue is the battle between Highmark Insurance and University of Pittsburgh Medical Center (UPMC). I've been up to my neck in it for about two years. Basically, you already have two huge non-profits, they don't pay taxes, and they're forgetting that they're non-profits. They're forgetting about the patients, and they're worried about their own parochial interests. It's a scary situation. In the Pittsburgh market out near where I live, everybody has Highmark Insurance and everybody goes to UPMC. So you have one major insurer and one major provider. There's no competition. They charge the rates and premiums that they want, and we have to sit back and take it.

My goal since I've been in this is to create competition that's good for each and every one of us. Right now, if you want to go online and buy your car insurance, you can get fifteen bids in a matter of minutes online. But buying medical coverage is not that easy. Number one: you need help going through that maze. Nowhere online can you find five, six, or ten options for your medical insurance needs.

And, as I said, a lot of you here probably aren't very concerned with what I'm talking about; it doesn't seem to affect you. You might be one of those lucky ones whose parents have insurance and you can get on their policy until you're twenty-six and that's at least four years from now. Well, you're blessed if you're in that situation. But if you're not and you decide to start a family or just want to go out on your own, health care is no longer going to be just an incidental expense. We're talking about a major cost. I won't call it an investment because it's not an investment. It's a major cost. I'm very passionate about this issue. I've spoken to congressman after congressman. I've been very irritated with the fact that Obamacare is it. We have to live with it. No other opinions mean anything. It's just here; it's written in stone—see you later! I don't think that's the attitude our federal government is supposed to have. It's going to be a nightmare for people living in this commonwealth and elsewhere. Adapting to this is not easy and compliance is not going to be easy. The Feds are not going to be prepared to do anything come January 1, 2014. They're not prepared; it's going to be a zoo.

But I think it is important that you are aware of this issue. It's boring, man; I fall asleep every time I try to read another ten of its 2,600 pages. It was written by a bunch of lawyers, so half the time I can't understand it anyway. But it's going to affect your life one way or another. You heard it from me. You're not going to have the choices I had. When I started business and was right out of the army, I could offer a family of four insurance for \$50 per month with catastrophic coverage. I didn't worry about

uncompensated care back in those days. Insurance wasn't designed like it is today. It didn't include dental insurance or eye care. If you broke your arm in those days, you went to your family physician, and he put it in a cast. Then you paid him, maybe with a couple dozen eggs. Your health insurance didn't cover it. What insurance was originally designed to do was to be there for catastrophic coverage, but we've gotten so far away from that. Now nobody's happy unless they have coverage for every ailment known to man.

I think I've talked long enough. I'm very proud of my experience here, I'm very proud of what this college has done for my family. While the best I could do was a certificate of attendance, Juniata is part of me, and I loved every minute I was here—maybe too much. I never will forget my days here. It's been led by some great people.

Your president, Tom Kepple, is retiring. Some of you may not have gotten a chance to know him, but in my opinion—and I might be wrong or start an argument—Tom Kepple saved this college. He got it back on its feet, financially sound, and going forward—ensuring that there will be generation after generation of folks coming back to this school because of some of the work that he and his board have done. This building—the von Liebig Center for Science—was a dream of his when my daughter was here. What he's done is incredible, and you can all be proud of attending this great school—because it *is* a great school.

My daughter, as I mentioned, wanted to be a doctor... Shall I finish that story? She is a Juniata graduate. She went on to medical school, became a surgeon, and just recently got a fellowship to go to Harvard Medical School to become a thoracic surgeon. She's a little Juniata-produced success story. They weed out a lot of pre-med students around here, I understand. She was an overachiever all her life and I'm very, very proud of her. Thank God she got my wife's brains and work ethic. My wife, by the way, is another feather in the cap of Juniata College. And my family is truly appreciative.

But, if I may close just with this: you are the future and you need to be engaged. Juniata College is a small, intimate setting; you all know each other. You're not indestructible. My kid made one mistake—just one stupid mistake. He didn't have a seat belt on. He had his whole future ahead of him. One stupid mistake—that's all it took. Tomorrow he would have been thirty-four years old.

So, look out for the other guy. Make smart decisions. Be a leader, not a follower. And be passionate about what you do. You can't be passionate about everything, but find something that really interests you. You're all blessed; you're going to one of the best schools in country. I want you to remember that. "Pay it forward," as the movie says. You have the ability to do that; you have the ability to change lives, and I'd like to see you do it. God bless, and thank you very much.