Chapter Nineteen: Policy-Making for Health Care and the Environment

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Learning Objectives

After studying this chapter, students should be able to:

- Ascertain the effect that the technological revolution has had on standards of health care, on the costs and access to medical care.

- Contrast the costs and the results of health care policies in the United States with those of other industrialized nations.

- Compare the role of government in medical care in the United States with that of other comparable countries.
• Identify government insurance programs in the United States and determine who benefits from these programs.

• Describe the main components of President Clinton’s Health Security Act proposal and discuss why it died in Congress.

• Determine how issues of pollution affect political choices through their impact on business, economic growth, and jobs.

• Summarize legislative enactments in the United States that establish federal environmental policy.

• Ascertain the impact of technological issues on the scope of government.

CHAPTER OVERVIEW

INTRODUCTION

The increasing speed of technological advance creates special problems for government and for policymakers. Medical technologies have changed the basic approach to medical care; their cost has transformed the American medical system. The rapid growth of the American economy during the twentieth century has brought energy and pollution problems to the forefront of politics.

Not only does technological change affect how Americans live their lives, but it also changes the expectations they have for the scope of government. This chapter examines public policy in two technologically complex areas: health and the environment.

HEALTH CARE POLICY

The United States is one of the wealthiest countries in the world, and it spends a higher proportion of its wealth on health care than any other country. Health care already takes up one-seventh of America's GNP, and its costs will almost certainly continue to rise with increased technology. Nevertheless, health care statistics show that Americans lag behind other countries in some key health care categories, including life expectancy and the infant mortality rate.

Inequalities in health and health care are major problems in America: the world's highest-quality care is available to some citizens, but many poor and working Americans are relegated to an inferior health care system because access to health
insurance is not universal in the United States. About 43 million Americans (about 16 percent of the population) lack health insurance altogether, including a disproportionate number of Hispanics and African Americans. Even among those who have insurance, coverage is often incomplete; especially for those with low-paying jobs, health insurance may not cover all of their health needs. About 85 percent of workers receiving health insurance are enrolled in health maintenance organizations (HMOs), a form of managed care.

As in many other areas of the economy, the role of government in health care is smaller in the United States than in other comparable countries. The United States lacks national health insurance or a national health service to provide health care directly to those who need it. Even so, 46 percent of the country's total health bill is paid for by government sources; the average for industrialized countries is about 75 percent.

Although national health insurance has never been adopted in the United States, Congress did recognize the special problems of elderly Americans by adopting Medicare in 1965. In contrast to Medicare, Medicaid is a means-tested program designed to provide health care for the poor; like other public assistance programs, it is funded by both the states and the national government.

The cost of medical care in a high-tech age raises difficult and complex issues. Many lifesaving procedures are extremely expensive, so allocating them involves complicated questions of public policy. One reason for uneven government and private health care policies is related to the representation of interests. Powerful lobbying organizations representing hospitals, doctors, and the elderly want Medicare to pay for the latest techniques. On the other hand, many groups are unrepresented in government; their health care needs may not be met simply because no well-organized groups represent them.

President Clinton's Health Security Act proposal required employers to provide health insurance for their employees or pay a premium into a public fund (which would also cover Medicaid and Medicare recipients). Most companies would have to buy coverage through "health alliances" that would collect premiums, bargain with health plans, and handle payments. Opponents labeled the plan as a government takeover of the health care system; they launched an aggressive advertising campaign against it. After a long and torturous battle, the plan died in Congress. More recently, states have reacted to criticisms of managed care by enacting some restrictions on HMOs. President Clinton has proposed, but not been able to get Congress to pass, legislation billed as "a patient's bill of rights," including among other things the right of a patient to see the doctor of one’s choice, obtain access to reasonable emergency care without prior authorization and the right to sue a plan for malpractice.

THE ENVIRONMENT
Concern for the environment has increased greatly in the United States since the 1950s, when few environmental groups existed. Steadily increasing percentages of Americans are willing to see the government spend money to clean up the environment.

Issues of pollution affect political choices through their impact on business, economic growth, and jobs. Business and government battle over the impact of pollution control on economic development. One of the tradeoffs policymakers often face is the question of whether tougher pollution legislation will drive away commerce and industry. In 1977 Congress wrote some amendments to the Clean Air Act that require no degradation of air quality, regardless of how pristine or dirty the air of a community. These amendments discourage industry from relocating to areas with clean air.

The National Environmental Policy Act (NEPA), passed in 1969, requires government agencies to complete an environmental impact statement (EIS) every time an agency proposes to undertake a policy that is potentially disruptive to the natural environment. The Clean Air Act of 1970 charges the Department of Transportation (DOT) with the responsibility of reducing automobile emissions. The smaller size of American cars, the use of unleaded gasoline, and the lower gas consumption of new cars are all due in large part to DOT regulations. The Water Pollution Control Act of 1972 was enacted in reaction to the tremendous pollution of northeastern rivers and the Great Lakes; since its passage, water quality has improved dramatically.

Endangered species are increasingly threatened by expanding human populations and growing economic demands. The Endangered Species Act of 1973 requires the government to actively protect each of the hundreds of species listed as endangered, regardless of the economic effect on the surrounding towns or region. The act was later amended to allow exceptions in cases of overriding national or regional interest.

Modern American society depends on the availability of abundant energy. Today, 88 percent of the nation’s energy comes from coal, oil, and natural gas. The most controversial energy source is nuclear power. The trade-offs between nuclear and other forms of energy emphasize many of the problems of politics in a high-tech age. Recently, policymakers have shown more interest in conservation, renewable energy supplies, and alternative fuels.

Before the environmental movement focused public attention on pollution of the environment, polluters created problems that are going to cost taxpayers billions to solve. In 1980 Congress reacted to increased pressure to deal with toxic waste by establishing a Superfund, created by taxes on chemical products. Workers find that the damage is often so serious that some sites may never be cleaned satisfactorily. Another serious environmental challenge is the disposal of nuclear wastes.
Cleaning up the environment is a political question because environmental concerns often conflict with equally legitimate concerns about foreign trade, economic growth, and jobs. One of the biggest changes in environmental policy-making in recent years is the increasing presence of new sectors of society joining interest groups to complain about pollution and to press for government action. There is currently a backlash against vigorous environmental protection; opponents argue that the effects of environmental regulations on employment, economic growth, and international competitiveness must be part of the policy-making equation.

Recently even more technologically- and politically-complex issues relating to energy, the environment and global warming have emerged. The U.S. relies heavily on fossil fuels, which are the biggest contributors to global warming, and has come under pressure from other nations to reduce its reliance on fossil fuels. Also, the U.S. faces increasing technological and political pressure to deal with the disposal of toxic and nuclear wastes. Widening opposition to potentially hazardous industrial facilities (such as toxic or nuclear waste dumps) has further complicated environmental policymaking in recent years. Local groups have often successfully organized resistance to planned development, rallying behind the cry "Not in My Back Yard."

UNDERSTANDING HEALTH CARE AND ENVIRONMENTAL POLICY

Technologically complex issues such as health, energy, and the environment pose many special problems in a democracy. This section discusses how democracies handle technological issues and considers the impact of these issues on the size of government.

High-technology issues make it especially difficult to include the public in a reasoned political debate. In the face of complex, high-tech issues such as nuclear power, many Americans rely on interest groups to provide technological expertise and to serve as advocates for the public interest. A tension exists between demands for government services and protections and a concern about the government providing those services and protections.

Given Americans’ increasing concern about the environment, and the centrality of health care issues to the public as a whole, it is likely that these issues will remain salient in politics for some time. Government is, and will continue to be, at the center of public debate.

Americans do not hesitate to call for government to play a greater role in high-technology issues, and the scope of the federal government has grown in response to these demands. In the past three decades, concerns for environmental protection have placed additional demands on the federal government. At the same time, important forces rein in the federal government. Thus, there is tension between
demands for government services and protections and concerns about how government will provide those services and protections.

CHAPTER OUTLINE

I. INTRODUCTION
   A. The increasing speed of technological advance creates special problems for government and for policymakers.
      1. Medical technologies have changed the basic approach to medical care: their cost has transformed the American medical system.
      2. The rapid growth of the American economy during the twentieth century has brought environmental and health care problems to the forefront of politics.
      3. As Americans have become more concerned with environmental quality, government has been called upon again and again to impose new restrictions on activities in the private sector.
   B. Not only does technological change affect how Americans live their lives, but it also changes the expectations they have for the scope of government.

II. HEALTH CARE POLICY
   A. The health of Americans.
      1. Americans are not the healthiest persons in the world. Statistics show that the United States lags behind some other countries regarding the health of its citizens in key categories such as life expectancy and infant mortality rates.
      2. The health care system in the United States may help explain why the health of Americans does not measure up to that of citizens of some other countries.
   B. The cost of health care.
      1. Health care already takes up one-seventh of America's GNP.
      2. The United States is one of the wealthiest countries in the world, and it spends a higher proportion of its wealth on health care than any other country.
      3. There are many reasons for rapid increases in health care costs (currently around $1 trillion a year).
         a. New technologies, drugs, and procedures often add to the cost of health care by addressing previously untreatable conditions or by providing better (but more expensive) health care.
         b. Much of the money that Americans pay for health care goes to services like organ transplants, kidney dialysis, and other treatments that are not widely available outside of the United States.
         c. American health providers have overbuilt medical facilities; one-third of all hospital beds are vacant on any given day.
d. Doctors and hospitals have few incentives to be more efficient; in fact, with the rise in medical malpractice suits doctors may be ordering extra tests to ensure than they cannot be sued (an approach that is sometimes called *defensive medicine*).

C. Access to health care.
1. Access inequalities.
   a. *Inequalities in health and health care* are major problems in America: the world's highest-quality care is available to some citizens, but many poor and working Americans are relegated to an inferior health care system because access to health insurance is not universal in the United States.
   b. About 43 million *Americans lack health insurance* altogether.
      (1) These people receive less health care, do not see health care professionals regularly, and when they do, they typically receive poorer quality care than those with insurance.
      (2) Hispanics and African-Americans are less likely to have health insurance than whites.
      (3) The majority of uninsured are full-time workers.
   2. One of the most recent innovations in seeking to increase access is the development of managed care, which now represents 85 percent of workers receiving health insurance.
      a. Health maintenance organizations provide medical care, negotiate with physician groups and try to monitor most aspects of care to control unnecessary use.
      b. Managed care tends to focus on prevention rather than treatment and by designating a single doctor as a patient’s primary care provider.

D. The role of government in health care.
1. American health care is provided for by both government and private sources.
   a. As in many other areas of the economy, the role of government in health care is smaller in the United States than in other comparable countries.
   b. The United States lacks national health insurance or a national health service to provide health care directly to those who need it.
   c. America has the most private medical care system in the developed world.
      (1) Even so, 46 percent of the country's total health bill is paid for by government sources; the average for industrialized countries is about 75 percent.
      (2) The government also subsidizes employer-provided health insurance with tax breaks, the benefits of which go disproportionately to affluent, highly paid workers.
   d. A great deal of medical research is financed through the *National Institutes of Health (NIH)*.
e. The federal government pays for much of the nation's medical bill through the Medicare program for the elderly, the Medicaid program for the poor, and health care for veterans.

f. Who pays for Americans' health care?
   1. Americans often think that insurance companies pay most health care costs, but the government is actually more heavily involved than the private insurance industry.
   2. Private insurance companies cover about one-third of the cost, and Americans pay one-fifth of their health care costs out of their own pockets.

g. Government insurance programs.
   1. Harry S. Truman was the first president to call for **national health insurance**—a compulsory insurance program to finance all Americans' medical care; the idea was strongly opposed by the American Medical Association, which called this program **socialized medicine**.
   2. Although national health insurance has never been adopted in the United States, Congress did recognize the special problems of elderly Americans by adopting Medicare in 1965.
      a. Part A of Medicare provides hospitalization insurance.
      b. Part B (which is voluntary) permits older Americans to purchase inexpensive coverage for doctor fees and other expenses.
   3. Medicaid is a **means-tested** program designed to provide health care for the poor; like other public assistance programs, it is funded by both the states and the national government.

E. Policy-making for health care.
   1. The cost of medical care in a high-tech age raises difficult and complex issues.
      a. Many lifesaving procedures are extremely expensive, so allocating them involves complicated questions of public policy.
      b. Oregon has taken the lead on the issue of **rationing health care**, setting priorities for medical treatments under the Medicaid program.
   2. One reason for uneven government and private health care policies is related to the **representation of interests**.
      a. Powerful lobbying organizations representing hospitals, doctors, and the elderly want Medicare to pay for the latest techniques.
      b. On the other hand, many groups are unrepresented in government; their health care needs may not be met simply because no well-organized groups represent them.
   3. President Clinton’s **Health Security Act proposal** was an effort to deal with the two greatest problems of health care policy: costs and access.
a. Paying for the plan required employers to provide health insurance for their employees or pay a premium into a public fund (which would also cover Medicaid and Medicare recipients).
b. Most companies would have to buy coverage through "health alliances" that would collect premiums, bargain with health plans, and handle payments.
c. Opponents labeled the plan as a government takeover of the health care system; they launched an aggressive advertising campaign against it.
d. After a long and tortuous battle, the plan died in Congress.

4. Managed care has received more criticism as it has come to dominate the provision of health care in the U.S.
   a. Critics claim that managed care imposes stifling rules on network physicians, blocks sick patients from seeing specialists and delays or denies coverage for recommended treatments or medications—all to save money.
   b. Some states have responded by passing legislative restrictions on managed care, while President Clinton has proposed a "patient’s bill of rights," which includes the right to see a doctor of one’s choice; obtain access to reasonable emergency care without prior authorization from a plan, secure the right to appeal a plan’s refusal to provide medical treatments, attain easier access to out of network doctors and the right to sue a plan for malpractice.

5. There are likely to be increasing calls for more government regulation over the costs of health care and some attempt to help those who fall through the cracks of the American health care system.

II. THE ENVIRONMENT
   A. Economic growth and the environment.
      1. Issues of pollution affect political choices through their impact on business, economic growth, and jobs.
      2. Environmental controls figure prominently in the debate about local and state economic development.
         a. The federal system puts the states in competition with each other for economic advantage.
         b. Millions of dollars are spent by states and cities pushing for large investments.
      3. Business and government battle over the impact of pollution control on economic development.
         a. One of the trade-offs policymakers often face is the question of whether tougher pollution legislation will drive away commerce and industry.
         b. One possible offset to the cost of enforcing pollution legislation is that states can save money by reducing health risks to residents.
         c. In 1977 Congress wrote some amendments to the Clean Air Act that require no degradation of air quality, regardless of how
pristine or dirty the air of a community. These amendments discourage industry from relocating to areas with clean air.

B. Public concern about the environment.
1. Concern for the environment has increased greatly in the United States since the 1950s, when few environmental groups existed.
2. Steadily increasing percentages of Americans are willing to see the government spend money to clean up the environment.

C. Environmental policies in America.
1. The National Environmental Policy Act (NEPA), passed in 1969, requires government agencies to complete an environmental impact statement (EIS) every time an agency proposes to undertake a policy that is potentially disruptive to the natural environment.
2. In practice, the filing of impact statements alerts environmentalists to proposed projects.
   a. Environmentalists can then take agencies to court for violating the act's procedural requirements if the agencies file incomplete or inaccurate impact statements.
   b. NEPA has been a very effective tool in preventing much environmental damage: the law does not give the environmental groups the right to stop any environmentally unsound activities, but it does give them the opportunity to delay construction so much that agencies simply give up.
   c. Agencies have often abandoned proposed projects to avoid prolonged court battles with environmental groups.
3. Environmental policies to protect air and water.
   a. The Clean Air Act of 1970 charges the Department of Transportation (DOT) with the responsibility of reducing automobile emissions. The smaller size of American cars, the use of unleaded gasoline, and the lower gas consumption of new cars are all due in large part to DOT regulations.
   b. The Water Pollution Control Act of 1972 was enacted in reaction to the tremendous pollution of northeastern rivers and the Great Lakes; since its passage, water quality has improved dramatically.
      (1) The agency charged with administering these laws is the Environmental Protection Agency (EPA).
      (2) Created in 1970, the EPA is now the nation's largest federal regulatory agency.
      (3) In addition to the NEPA, the Clean Air Act, and the Water Pollution Control Act, the EPA is also charged with administering policies dealing with toxic wastes such as dangerous chemicals.
4. Endangered species are increasingly threatened by expanding human populations and growing economic demands.
   a. The Endangered Species Act of 1973 requires the government to actively protect each of the hundreds of species listed as
endangered, regardless of the economic effect on the surrounding towns or region.

b. The act was later amended to allow exceptions in cases of overriding national or regional interest.

c. A cabinet-level committee was established to decide such cases; so far, it has granted few exemptions to the act.

D. Energy, the Environment and Global Warming.

1. Today, 88 percent of the nation’s energy comes from coal, oil, and natural gas.
   a. The most controversial energy source is nuclear power.
   b. The trade-offs between nuclear and other forms of energy emphasize many of the problems of politics in a high-tech age.
   c. Recently, policymakers have shown more interest in conservation, renewable energy supplies, and alternative fuels.

2. Many scientists believe that the atmosphere is being changed due to our heavy reliance on fossil fuels, which contribute to a "greenhouse effect" when energy from the sun is trapped under the (polluted) atmosphere and warms the earth.
   a. There is no technology to control carbon emissions, so the only way to reduce greenhouse gases is to burn less fuel or find alternative sources of energy.
   b. At the end of 1997, 150 nations met in Kyoto, Japan, and signed a treaty that would require nations to reduce their emissions of greenhouse gases below 1990 levels by about 2010. Opponents fear that cutting greenhouse gases will cost a staggering sum. Due to the strong opposition to the treaty, President Clinton never submitted it to Congress.

E. Dealing with toxic wastes.

1. Before the environmental movement focused public attention on pollution of the environment, polluters created problems that are going to cost taxpayers billions to solve.

2. In 1980 Congress reacted to increased pressure to deal with toxic waste by establishing a Superfund, created by taxes on chemical products.

3. The Superfund law requires that those who polluted the land are responsible for paying to clean it up. The law has virtually eliminated haphazard dumping of toxic wastes.

4. Workers find that the damage from past dumping is often so serious that some sites may never be cleaned satisfactorily.

5. Cleaning up wastes left by private businesses (and by some government operations, such as the production of nuclear weapons) is going to take decades and cost billions of dollars.
   a. The federal government spends more than $11 billion annually to restore lands spoiled by chemical and radioactive waste.
   b. This is the fastest growing segment of the nation's environmental budget.
c. Another serious challenge is the disposal of nuclear wastes, some of which must be isolated for 10,000 years.

F. Making environmental policy.
1. Cleaning up the environment is a political question only because environmental concerns often conflict with equally legitimate concerns about foreign trade, economic growth, and jobs.
2. Oil has been at the center of many national and international crises, from the Persian Gulf to the Exxon Valdez.
3. One of the biggest changes in environmental policy-making in recent years is the increasing presence of new sectors of society joining interest groups to complain about pollution and to press for government action.
   a. The 1960s and 1970s saw an explosion in the size and number of environmental interest groups.
   b. The nature of environmental policy-making changed; issues that were once considered only from the point of view of jobs and economic growth are now much more controversial.
4. There is currently a backlash against vigorous environmental protection; opponents argue that the effects of environmental regulations on employment, economic growth, and international competitiveness must be part of the policymaking equation.
5. Widening opposition to potentially hazardous industrial facilities has further complicated environmental policy-making in recent years; local groups have often successfully organized resistance to planned development under the banner "Not In My Back Yard" (NIMBY).

III. UNDERSTANDING HEALTH CARE AND ENVIRONMENTAL POLICY

A. Democracy and health care and environmental policy.
1. High-technology issues make it especially difficult to include the public in a reasoned political debate.
2. In the face of complex, high-tech issues such as nuclear power, many Americans rely on interest groups to provide technological expertise and to serve as advocates for the public interest.
3. Individual citizens are unlikely to have the information or the resources to participate meaningfully because of the complexity of the debates.

B. Continued growth in the scope of government is expected in numerous areas of high-technology issues.
1. Americans do not hesitate to call for government to play a greater role in high-technology issues, and the scope of the federal government has grown in response to these demands.
2. At the same time, there are important forces reigning in the federal government.
3. A tension exists between demands for government services and protections and a concern about the government providing those services and protections.
**KEY TERMS AND CONCEPTS**

**Clean Air Act of 1970:** landmark legislation that charged the Department of Transportation with the responsibility of reducing automobile emissions.

**Endangered Species Act of 1973:** legislation that required the government to actively protect each of hundreds of species listed as endangered by the U.S. Fish and Wildlife Service, regardless of the economic effect on the surrounding towns or region.

**Environmental impact statement (EIS):** a description of the disruption to the environment that a business or government agency expects to result as a consequence of building projects; required by the National Environmental Policy Act of 1969.

**Environmental Protection Agency (EPA):** created in 1970, the government agency that is charged with administering various environmental laws.

**Health maintenance organizations (HMO’s):** a form of network health plans that limits the choice of doctors and treatments.

**Medicaid:** government program designed to provide health care for the poor.

**Medicare:** government program designed to provide health care for the elderly.

**National Environmental Policy Act:** the centerpiece of federal environmental policy, passed in 1969, required the use of environmental impact statements by businesses and government.

**National health insurance:** compulsory health insurance program financing all Americans’ medical care.

**Superfund:** established by Congress in 1980, a fund devoted to cleaning up toxic waste supported by taxes on toxic waste.

**Water Pollution Control Act of 1972:** passed by Congress to control pollution in the nation’s rivers and lakes.

**TEACHING IDEAS:  CLASS DISCUSSION AND STUDENT PROJECTS**
Inequalities in health and health care are major problems in America. The textbook points out that altogether about 40 million Americans lack health insurance. Have your students carefully read the section in the text that covers President Clinton’s Health Security Act proposal. Ask students to evaluate the proposal both from an economic standpoint and from a perspective of societal need. What changes have occurred in health policy and politics since the "failure" of Clinton’s proposal? Document these changes by collecting newspaper articles on significant legislative and private sector initiatives.

Ask your class to try to explain the contradiction between the high costs that Americans pay for health care (the highest costs in the world) and the fact that health care statistics show that Americans lag behind other countries in some key health care categories such as life expectancy and the infant mortality rate. Would your students make changes in the basic system, or are they satisfied with the process as it exists? Consider asking students to discuss these issues with members of their families or friends from different generations to see if individuals’ experiences and evaluations differ by age group.

Much of the acid rain caused by American industries actually falls in Canada; officials there estimate that more than 2000 lakes have "died" as a result of acid rain. Ask your class to consider the implications of internal policies that cross over international boundaries, as happens with pollution. Should Canadians have any recourse against American industry? What would your students' reactions be if the situation were reversed and Canadian industry polluted American waters?

Have students investigate the quality of the environment in their local community. How clean is the air, the drinking water, lakes and rivers? Require the students to interview local officials for this information, as well as to document what they can through government records and local environmental groups.

One of the most notable policy differences between Al Gore and George W. Bush in the 2000 presidential election campaign was their stance on the environment. Have students research the two candidates’ proposed policies, and what Bush has done since taking office. Who has opposed or supported Bush’s policy initiatives? Why?

**BACKGROUND READINGS**


**MEDIA SUGGESTIONS**

The Great Health Care Debate. Featuring Bill Moyers, this film examines the failure of President Clinton’s health care reform bill, highlighting the role of the media and special interest groups. Films for the Humanities and Sciences.

The Politics of Addiction. This program shows how the views of scientists, doctors, counselors and drug addicts are woven into public policies on drug addiction. Films for the Humanities and Sciences.