

Obama forgetting his vow to break with old politics



FROMA HARROP says the president promised change during the campaign, but he looked like a traditional Democrat in caving in to unions and trial lawyers.

THIS has been a tough week for the hopeful ones who believed President Obama's vow to break with the old politics. Every day, it seems, the president caved in to another Democratic interest group working against the public weal.

Let's start with the mayors' conference just ended in Providence, R.I. One hundred Obama administration officials canceled their plans to attend, rather than cross a firefighters' picket line set up to embarrass the host, Providence Mayor David Cicilline. The mayor was trying to curb the workers' gold-plated benefits in a city reeling under an 11.3 percent unemployment rate. The no-shows included Vice President Biden, Attorney General Eric Holder and Housing and Urban Development Secretary Shaun Donovan.

The mayors were none too happy. Their cities are in economic crisis. They had a lot to discuss with administration officials. And dealing with their own public-employee dramas, they could imagine themselves in Cicilline's shoes.

As Miami Mayor Manny Diaz, president of the U.S. Conference of Mayors, put it: "None of us in this room are insulated from the economic challenges faced by the city of Providence. This will not be the last time this administration will be asked to make a similar choice."

A little more background: Providence's firefighters are among the best paid in the country. The union is willing to raise the minimum years of service for getting a pension from 20 to 25, which means someone could still join the force at 19 and retire at 44. It won't negotiate a minimum retirement age or do anything to reduce the exorbitant cost-of-living increases that for some former firefighters double pension payments every 11 years, however.

One firefighter, a former chief, is collecting a disability pension that pays him \$13,000 a month, tax-free. The city supports its firefighters with very high property taxes, but only 55 of the 459 live there.

It was over such "grievances" that the Obama administration virtually boycotted a national mayors' conference. And it appeared

to make no difference that Cicilline is a liberal Democrat.

Suppose schoolteachers decide to picket September's G-20 Summit in Pittsburgh. Would Obama and his secretary of state stay home? Or are only America's mayors expendable?

The week had hardly begun, and the president gave in to another interest group that many Democrats think needs reining in. This time, it was the trial lawyers.

On Monday, Obama addressed the American Medical Association. He told the doctors that he wanted "to explore a range of ideas" for reducing one of their biggest headaches, medical malpractice suits. Then he cutely tells them, "Don't get too excited yet": He would not support caps on medical-malpractice awards, the simple and proven way to reduce frivolous suits. California and Texas already

limit payouts for pain and suffering, and it has worked.

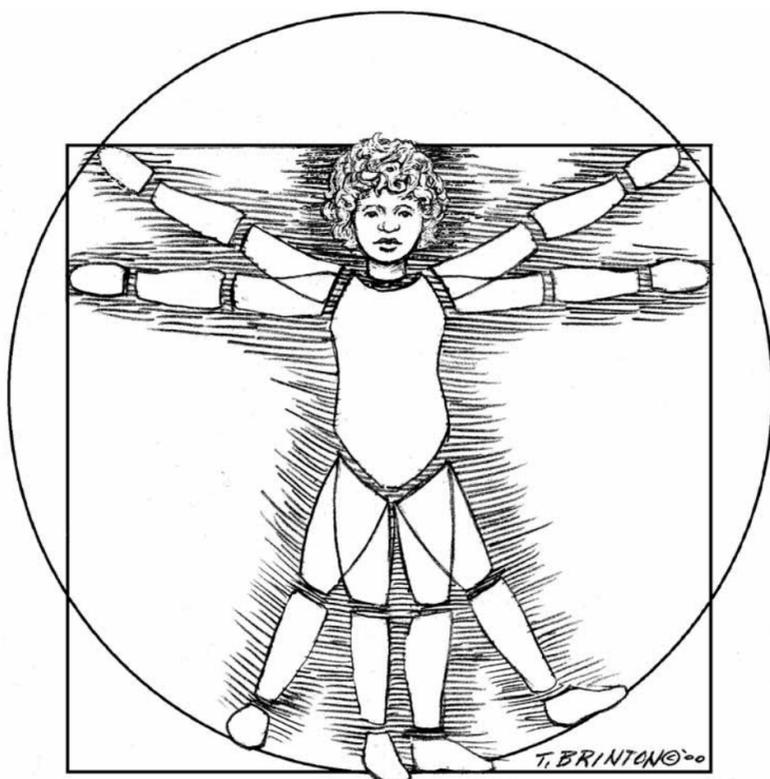
Rather than displease the trial lawyers, Obama hurt his campaign to reform health care in two ways. One, changing the medical-malpractice law is low-hanging

fruit in the monumental task of controlling runaway costs. Doctors order unnecessary treatments as a defense against litigation and spend untold billions of health-care dollars on malpractice insurance. Two, fixing the law could have won more doctors over to his program.

Bear in mind that a reasonable medical-malpractice law does not stop a wronged patient from suing. It lets the injured party collect the full medical costs of dealing with the error. It only limits the awards for the non-economic damages off which lawyers reap their jackpots.

I don't know who drained the intestines of the Obama administration. Candidate Obama said not long ago, "Change happens because the American people ... rise up and insist on new ideas and a new leadership, a new politics for a new time." Would that he remember this.

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Insuring all children now will save money in future

■ Provide care to improve health status, productivity

By VIVIAN HO

THIS summer, the Obama administration and Congress are planning to undertake the most significant health care reform that our country has seen since Medicare and Medicaid were introduced in the 1960s. Providing health insurance coverage for the uninsured and controlling rising health care costs are foremost on policy-makers' minds. In particular, many agree that we must find affordable health insurance and health care for America's 8 million uninsured children.

Many people feel that providing health insurance for children is a moral issue. Children born into families with limited financial resources deserve to have access to the same health care that other children do. At the Baker Institute for Public Policy at Rice University, we reviewed research from the economics and medical literature to see whether there are also economic consequences to the failure to provide health insurance for all children in the U.S.

Not surprisingly, past research found that health care expenditures for uninsured children are 47 percent lower than for insured children. Uninsured children are more likely to have gone without needed medical, dental or other health care. Studies indicate that lack of health insurance coverage for children leads to poorer health in childhood, greater rates of avoidable hospitalizations and higher childhood mortality. While no studies have examined the association between childhood health insurance status and adult outcomes, better health in childhood has been linked to higher incomes and wealth in adulthood. Given that the earnings differential in adulthood between healthy versus unhealthy childhood siblings can be as much as 24 percent, the long-term labor-force impact of being uninsured as a child may be significant.

The present value at birth of lifetime "health capital" lost due to lack of children's health insurance has been estimated at \$15,572 for each male and \$11,646 for each fe-

male. Health capital was valued based on both the higher quality of life and longer lifespan for insured versus uninsured children. A separate study suggests that the cost of providing health insurance to each uninsured child through age 18 is \$7,451 in current dollars. Thus, the costs of covering children with health insurance could be offset by the value of future health capital gained.

What would be the total additional costs of covering all uninsured children? A study published in 2008 estimated the cost of expanding health insurance coverage to all children to be \$9.6 billion in 2009. This amount is relatively small, compared with the estimated additional \$112.9 billion that would be required to cover uninsured adults. The \$9.6 billion figure is also relatively small compared with total national health expenditures, which were estimated to reach \$2.4 trillion in 2008.

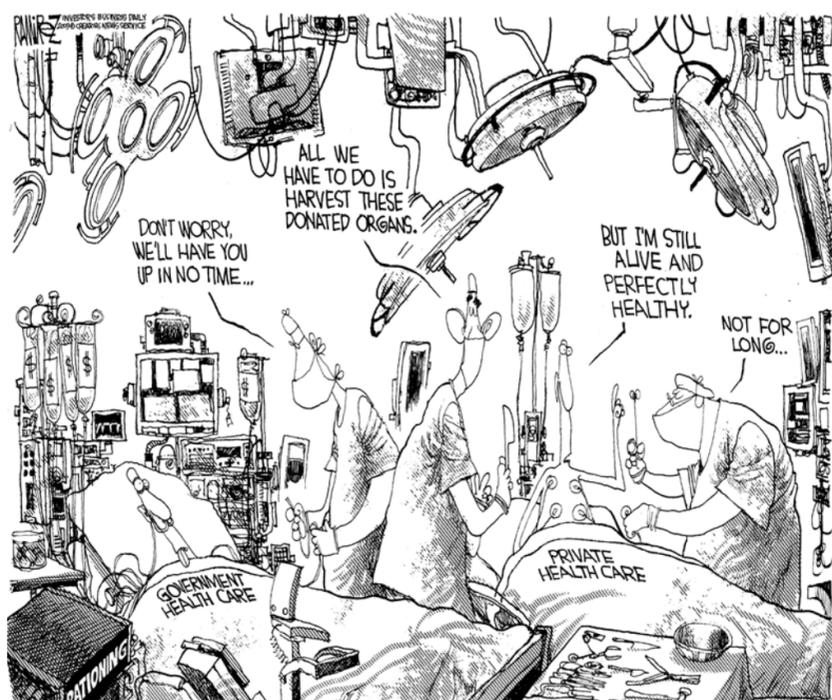
Past research indicates that Medicaid expansions in the late 1980s and early 1990s

that increased health insurance coverage for low-income children and pregnant women increased spending on other consumer goods by the equivalent of approximately \$800 per family per year in 2009 dollars. Boosting consumer expenditures for these families by such a sizable amount in the midst of the current contraction in consumer spending would contribute significantly to a broad-based economic recovery.

The existing research indicates that covering all children in the U.S. with health insurance will be cost-saving to society. The value of improved health status and increased life expectancy due to insurance coverage outweighs the estimated incremental costs of covering 8 million children who lack health insurance. Further gains would be achieved due to the improved labor-force productivity these children would achieve in adulthood due to better health.

The question that policy-makers should be asking isn't whether or not we should cover all children with health insurance. Instead we should be asking, Why didn't we take steps to cover all children before?

Ho is the chair in health economics at Rice University's Baker Institute for Public Policy and associate professor of medicine at Baylor College of Medicine.



A&M committed to sharing services to control costs

■ Aim is to end overlap between system, flagship

By MORRIS FOSTER

IN the summer of 1963, my father, who had nothing more than a first-grade education, ordered me to drive to College Station and enroll in Texas A&M College. Our family was the definition of dirt poor. The idea of a kid like me going to college seemed unfathomable. Nonetheless, Texas A&M let me in, and my life changed dramatically because of it.

I am worried that a lot of young men and women won't be afforded the same privilege of attending what is today a world-class institution. I'm not necessarily talking about the poorest of the poor, for whom financial aid is available, but an entire class of families that make too much to qualify for grants and loans, but not enough to afford the escalating cost of attending Texas A&M University.

As the new chairman of the Texas A&M University System Board of Regents, I am determined to trim costs in order to keep our flagship university affordable. Since 2000, tuition and fees at Texas A&M have risen from a little more than \$1,500 per semester

for 15 hours to more than \$3,900 for the same course load. Even if you factor in inflation, the cost has more than doubled for our families.

There is a price for excellence, but there must also be a greater sensitivity to the tough economic times families are enduring today. Texas A&M has added more than 300 faculty members since 2004 under the faculty reinvestment program — increasing faculty by about 30 percent compared to single-digit enrollment growth — and yet the professor-to-student ratio hardly has changed. Operational costs have gone up \$238 million in just three years. Instructional costs have increased \$132 million over the same period. We cannot sustain this trend if we want to continue to attract the best to Texas A&M.

The board has therefore empowered the chancellor to come up with a plan for a shared services initiative to eliminate redundancies in services provided by both the A&M system and the flagship campus a mere 10 minutes away. What can be performed by one entity on behalf of both the university and system will

be shared and coordinated, saving millions of dollars and controlling the cost of education for our families. There is not a large corporation or leading institution in the world today that doesn't integrate services and implement best practices. We must do the same.

When it comes to the direction of Texas A&M, I want to emphasize my commitment to the concept of shared governance. Students, faculty and administration have a great stake in the success of this world-class institution, and their opinions will be listened to by the board of regents. This applies, of course, to the selection of a new president over the course of the next several months.

I do think it is important to clear up a common misconception about the last search process. It has been alleged as fact that the search committee made a recommendation for three viable candidates to the board in 2007. This is simply not true. Though I am not at liberty to discuss those candidates for obvious confidentiality reasons, it should be pointed out that one candidate had withdrawn from

the selection process and a second didn't even meet the search criteria. In essence, the board was given the choice of one candidate, which is not a choice. If the board is confined to choosing one candidate based on stakeholder input, it is the equivalent of conceding its governing authority. That we will not do.

The search process for the next president of Texas A&M will be carried out with a continuing commitment to shared governance. We will actively engage key members of the faculty, student body and former students, among others, in the process. Regents will consider that input and make a choice based on what we independently believe is best for the future of Texas A&M. Ultimately, that's what this discussion needs to be about: Pursuing excellence in the classroom through research and through service.

Whatever wounds have been created by recent acrimony over the resignation of the previous president, Dr. Elsa Murano, can only be healed if we unite together in charting the best future for the school we all dearly love — a school that gave a chance to a poor kid from Salado like me, and must continue to be open to Texans from all walks of life.

Foster is chairman of the Texas A&M University System Board of Regents.