SPEECH OF HONORABLE JOHN E. FOGARTY, M.C. 2ND DISTRICT RHODE ISLAND AT THE INTERNATIONAL ACCIDENT AND HEALTH ASSOCIATION LUNEHCON MEETING AT JOHNSONS HUMMOCKS, ALLENS AVENUE, PROVIDENCE, R.I., MONDAY SEPTEMBER 23, 1957 AT 12 NOON

I am glad to have this opportunity to talk with you who are directly concerned with health and accident insurance and the protection such insurance affords for the American people. I speak to you as a Congressman. There are many problems in health legislation that are parallel or inter-related with those of the health insurance field. So, in a sense, the accomplishments of one benefit the other; and the activities of one most certainly affect the activities of the other.

My service for many years as a member and currently as Chairman of the House Subcommittee on Appropriations for the Department of Labor and for the Department of Health, Education, and Welfare has made me keenly aware of the health problems our people face and the ever-changing setting of these problems in our homes and communities.

Every health problem that exists today is also an insurance problem when we consider the ultimate objective of all insurance: to spread the degree of risk among a group of individuals rather than throw the burden of loss--whether in the form of medical payments, loss of income, or both--on the individual.

May I congratulate you, your association, and the companies you represent on the progress you have made in keeping pace with the needs of the people.

The situation today in this country--with over 100 million people participating in some form of pre-paid health plan--is in striking contrast to that of 1890, when the first group health and accident insurance

was written covering a handful of fire-fighters. But insurance as an approach to the relief of the individual from catastrophic loss can be traced into ancient history.

The first record of an insurance contract was found in the Code of Hammurabi, 2250 B.C., and here is how it was written: "If a man has a debt upon him and a thunderstorm ravaged his field or carried away his produce, or the corn has not grown through lack of water, in that year he shall not return corn to his creditor; he shall alter his tablet and not give interest for that year."

Ancient Chinese merchants, using the Yangtze River, for the transportation of their goods, distributed parts of a cargo to all of their ships, rather than risk it in a single vessel, thus perhaps inspiring the adage, "Don't put all your eggs in one basket." Chaldean merchants employed a similar method but, in addition, each merchant and his family guaranteed safe delivery of the merchandise, which, if lost, was repaid by the entire family working for the shipper.

The U.S. Public Health Service itself has its origins in the need of people for planned protection against the impact of disease. It was in 1798, under President John Adams, that the Service was established to provide medical care for merchant seamen.

Many other early forms of insurance dealt with the hazards of sea voyage. Perhaps that fact brings to mind something of an analogy that might apply both to public health and health insurance activities. If you take the various parts of a modern ship and drop them into the harbor,

we know that individually they would sink to the bottom. Together, however, with each component working in its proper place, they ride the tide as a unit--relatively safe from the winds and storms that nature inflicts upon the earth.

Old as insurance may be, it is inescapable and perhaps in part to the credit of you who are here today that the field of health and accident insurance has tailored its coverage so that today seven times more people enjoy the benefits of pre-paid health plans than did just fifteen years ago.

Similarly, in the same period, our people through volunteer agencies, State and local health departments, teaching and research institutions, and the Federal Government have brought about a revolution in the causes and cures, the prevention and treatment of disease.

I am certain that it is unnecessary for me to remind you gentlemen of the ever-changing picture reflected in your actuarial charts. I would like to recall for you some of the accomplishments of medical research that have contributed and are now contributing to a better health record for the American people.

...The discovery and development of synthetic hormones and related agents for rheumatic diseases.

...Widespread availability of penicillin and development of other antibiotics.

...Development of chemical agents for control of high blood pressure.

...Discovery of chemical agents in the study and treatment of mental illnesses.

...Improved protection against rheumatic fever and resulting heart damage.

...New tests for detection of cancer.

...Surgery of the heart.

...Discovery of polio vaccine.

...Use of radioactive isotopes for studies of body chemistry.

...Improved methods for prevention and treatment of motion sickness.

...Development of drugs and chemical agents for treatment of tuberculosis.

The tremendous advances that have been made in the prevention and treatment of infectious diseases has not created a health panacea. Instead, it has brought home in the most forceful way the fact that our population is surviving the rigors and hazards of infectious diseases only to face the rising incidence of chronic diseases. This, then, is the challenge to medical research today and tomorrow.

Here are some of the questions that medical science must answer:

Can the number of people disabled each year from chronic disease and disability be reduced?

Can we cut back the 1 3/4 billion man days lost each year because of chronic disease?

Can we reduce the $1.5 billion dollar hospital bill paid by the the public for medical and hospital services for chronic diseas..

As I have participated in and observed the increasing private and public support of medical research, with its resulting accomplishments, I have become more firmly convinced that medical research can and will find the answers to these and other equally important health problems of today.

It is not enough, of course, simply to make ever-larger sums of money available for medical research. Of equal importance are the trained scientists and suitable facilities, and it is necessary that every precaution be taken to assure that these three essential elements exist in proper balance if we are to receive maximum benefit from the Nation's medical research resources.

Today, the main sources of trained manpower for medical research -- the medical schools of America -- face serious financial difficulties. Most medical schools, both private and public, are hard pressed simply to meet their regular operating expenses. Thus funds which could have been used for needed expansion and improvement of facilities have had to be used to meet current operating expenses.

The hour is late for doing something about the financial problems confronting the medical schools of this country. Because the situation is so important to the national welfare and because adequate funds cannot be obtained from other sources, the Congress approved a 3-year program of grants to be matched by universities and other nonprofit institutions for the construction of medical research facilities.

While the Federal funds involved in this proposal are not large, the long-term benefits will no doubt far exceed the sums invested. With the funds which the institutions themselves would contribute on a 50-50 matching basis, this relatively small but crucial Federal contribution will bring research facilities into a closer relationship with our potential support through funds and personnel.

You should know, too, that the Federal government is carrying its share in the support of medical research and in providing assistance to promising individuals in training for research careers. This year, nearly half of all medical research in the entire United States receives its support from Federal sources.

As this and other similar programs develop for making more and better medical knowledge available to more people, I am completely confident that the accomplishments of medical research will continue to improve our chances for longer and more fruitful lives.

But no matter how successful we are as a nation in our medical research effort, we must always face the economic realities of disease and disability. The best knowledge, the best personnel, and the best facilities in the world will mean little if the people cannot afford to pay for medical care. In view of the phenomenal progress of voluntary health insurance, it is quite apparent that we have in this approach an excellent means for helping people to meet the costs of medical care.

During this rapid expansion of the past fifteen years, you have endeavored to adapt your policies and techniques to changing conditions and changing needs. You have displayed initiative, enterprise, and a willingness to venture into new fields. But I know you will be the first to agree that this is no time to relax your efforts.

... Today there are about 55 million Americans without hospitalization of any kind.

... About 75 million people -- almost half the population -- have no surgical insurance protection.

... Two out of three people lack insurance against general medical expenses.

... Those who have no insurance against medical care costs include:

-- About half the people aged 65 or over,

-- three-fifths of the people employed on farms,

-- and about two-thirds of families with incomes under $2000 per year.

This, then, is the challenge facing the insurance underwriters of

1957. If I may be permitted a speculation on the next decade or two, I would say that with the continuing advances in medical research and public health methods, the increasing costs of medical care, and the increasing numbers of our population living beyond age 65 will make the problem even more acute. I would also venture to say that if the problem cannot be met through voluntary health plans, the inevitable next step will be the entrance of the Federal government into the picture.

Needless to say, I would not welcome a development of that kind, particularly in an area where the traditional, democratic, free-enterprise approach has brought so much progress.

For example, almost 25 percent of the private medical-care bill of the American people is covered by health insurance today as compared to less than 9 percent in 1948. This rise in coverage is all the more remarkable when we consider the fact that the costs of medical care increased almost 75 percent from 1948 to 1955.

Another note of progress may be sounded in the rapid evolution of major medical-expense coverage. Nonexistent ten years ago, this new form of coverage today provides more than 10 million Americans protection against the catastrophic costs of severe or long-term illness.

The fact that about half of our older people have some kind of health insurance is an encouraging development. Despite the fact that older people are more subject to illness and disability, some employers -- working with insurance companies -- are finding that they can successfully

provide protection to retired employees and their dependents. It is becoming increasingly recognized that it is a sound insurance practice to add a few cents to premiums during the more productive years to offset increased risks after retirement. More and more policies are now guaranteed renewable in the older ages.

The trend away from cancellation clauses in insurance policies and recent ventures by some companies in writing substandard risk insurance are other encouraging signs.

Encouraging as these newer developments are, we have only begun to scratch the surface. One of the main strengths of voluntary health insurance in America is its competitive nature. The American people benefit from the fact that they have a choice among the forms of coverage now available, and benefit from the competition existing among the various insurance companies and the organizations selling service benefit plans.

Finally, I would like to offer an observation or two in the hope that the competitive nature and forward-looking policies of your membership will continue to modify the patterns of your approach to meet the needs of the future.

First, we should not cling to established concepts of health insurance simply because they -- like the mountain -- are there. For example, many policies provide benefits only if the patient is hospitalized, thus causing an unwarranted over-use of hospitals and unnecessarily high premiums. I am sure that it would be much better to expand coverage of outpatient services,

including diagnostic services. This would not only reduce the numbers of costly hospital admissions, but would also promote early diagnosis and hence better medical care.

Finally, every effort must be bent to find the ways to expand insurance into the so-called "high-risk" area for our people over age 65. I have previously mentioned the possibility of slightly increased premiums during the productive years to partially offset the greater risks of advanced age, but I am certain that there are many more methods of approach to this great and growing problem. For if we lose sight of the increasing needs for protection of these people, we lose sight of what I understand to be the first cardinal principle of insurance: The strength of the group promotes the security of the individual.