

C. Clements, vice chairman, board of regents, University of Texas System; DeLoss Dodds, men's athletic director, University of

Texas at Austin; and Felicia Young, mother of quarterback Vince Young.

Statement on the Anniversary of the Death of Former Prime Minister
Rafiq Hariri of Lebanon
February 14, 2006

One year ago today, former Lebanese Prime Minister Rafiq Hariri was assassinated. Mr. Hariri was a great Lebanese patriot who worked to rebuild a free, independent, and prosperous Lebanon after years of brutal civil war. Our thoughts are with the people of Lebanon as they mark this anniversary.

Lebanon has continued to make progress in the year since Mr. Hariri's murder,

thanks to the foundation of freedom he laid and the determination of the Lebanese people. Lebanon has conducted a free and fair parliamentary election and begun economic reforms. Great challenges remain, and the United States will continue to stand with the people of Lebanon as they strive to build a free and democratic future.

Message to the Congress Transmitting a Report by the National Science
Board
February 14, 2006

To the Congress of the United States:

Consistent with 42 U.S.C. 1863(j)(1), I transmit herewith a report prepared for the Congress and the Administration by the National Science Board entitled, "Science and Engineering Indicators—2006." This report represents the seventeenth in the

series examining key aspects of the status of science and engineering in the United States.

GEORGE W. BUSH

The White House,
February 14, 2006.

Remarks on Health Care in Dublin, Ohio
February 15, 2006

Thank you all. Thanks for coming. Please be seated. Jack, thanks for the introduction; thanks for letting us convert your lobby into a—[laughter]—place to come and visit.

So I get on Air Force One this morning, I said, "Take me to Dublin"—the guy heads east. [Laughter] I said, "Nuh-uh,

Dublin, Ohio." [Laughter] Proud to be here. Thanks for letting me come and visit with you. It's neat to be in "the house that Dave built." He was a great American.

George Voinovich and I were sharing Dave Thomas stories, particularly when he came and helped educate and lead the

Governors—that's when we were Governors—about adoption. And one of his great legacies is inspiring people to show the ultimate act of love, which is to adopt a child. The other great legacy is, leave behind a great company that is providing thousands with good jobs; another great legacy is to leave behind consumer choice. You can either get your three-quarter pound triple cheeseburger—[laughter]—or your salad. [Laughter]

I appreciate the fact that Wendy's understands that choice for the consumers is important. I also appreciate the fact that Wendy's understands that giving employees the opportunity to make rational choices in health care is an important part of having a workforce that is vigorous, active, and enthused about their jobs. And so today I'm here to talk about innovation in the health place, how we can make sure the health care system in the United States of America remains the best in the world.

And so, Jack, thanks for letting me come. Thanks for being an innovator. I love the entrepreneurial spirit of America. And the entrepreneurial spirit doesn't end if you happen to be a big company. As a matter of fact, it's important to remain entrepreneurial, no matter what your size is. And to have a company like Wendy's introduce HSAs, which I'm about to talk about, reminds me that the entrepreneurial spirit is alive and well here.

I appreciate the team, the management team, and all the employees for giving me a chance to come and visit. I will keep my remarks relatively short so you can get back to work. [Laughter]

Governor, thank you for coming. I appreciate Governor Bob Taft joining us. Yesterday I had the privilege of meeting with his wife, Hope. We were talking about how to rally the great armies of compassion around the United States to help provide love and help and concern for those amongst us who need love and help and concern.

I want to thank my friend Senator George Voinovich. I've known him for a long time. He's steady; he is capable; he is a great public servant. Thank you for being here, George.

I want to thank the Members of the United States Congress who managed to get a free flight on Air Force One—[laughter]—to come and join us. I'm better for the fact that you accompanied me; thank you. And that would be Pat Tiberi, the United States Congressman from this district. Congressman David Hobson is with us as well—as well as Congresswoman Deborah Pryce. Thank you all for coming today.

The speaker of the house is with us; Mr. Speaker, thanks for joining us. The president of the Ohio Senate is with us. Glad you guys are here; thanks for coming. I also want to mention Senator Steve Stivers, United States Senator, Lieutenant Colonel in the Ohio National Guard. He served a 12-month tour of duty in the Middle East and Africa. Appreciate your service. God bless you and your family, and God bless all our troops in harm's way.

I skipped the majority leader—I didn't mean to—Mr. Majority Leader, in fact, it's an oversight, you know? Thank you for being here, Larry Flowers. I want to thank the mayor of the city of Dublin for joining us. Appreciate you coming, Mayor. I'm honored you're here. Thanks for taking time out of your schedule.

I just met with some folks that work here at Wendy's—I'll talk about them later. But I also met with the owner of a restaurant here, Frank Ciotola. I met with Shawn Kessinger; he's the vice president of finance for the Ohio Credit League Union. I met with a farmer, Debbie Carr. We talked about health care from the perspective of small-business owners, entrepreneurs. I listened to their concerns; I listened to their solutions. And as I begin to give this address on the health care system, I want you to know that many of their thoughts are incorporated in what the

vision is for good health care. Thanks for taking time to be here today.

Let me start by giving you kind of a state of the economy: It's strong. I recognize there's parts of Ohio that aren't necessarily as strong as other parts of the country. But from an overall perspective, when you look at the Nation's economy, it's strong, and it's getting stronger. And the reason I say that is because we're now in our fifth year of uninterrupted economic growth.

Last year, this economy, in spite of high energy prices and in spite of natural disasters, grew at 3.5 percent. We've—after-tax income of our people—and that matters a lot, you know, whether or not people have got money in their pocket after paying their taxes—is up 8 percent since 2001. Productivity is high. It's important to have high productivity growth in an economy because that's how economies improve their standard of living for their people. The more productive you are as a citizen or the more productive you are as the—as a company, the more likely it is you will generate higher revenues and higher quality of life.

And so productivity is increasing, which is a measurement of not only this country's competitiveness, but is a measure of whether or not life is improving for our citizens. Small businesses are thriving. That's really good news. Most new jobs in America are created by small businesses. And when the small-business sector is thriving, it means people are working. We've added 4.7 million new jobs over the last 2½ years. The national unemployment rate is 4.7 percent. That's low.

Things are improving here in Ohio. The unemployment rate is still 5.9 percent, but nevertheless, the trends are in good shape. You've gone from 6.4 percent to 5.9 percent. Obviously, there's still work to do. George and members of the delegation are concerned about trade that is fair and free. He wants the manufacturers here in Ohio to be treated fairly in places like China. I assured him I understand it's part of my

job. I'm going to India at the end of this month, and I'm going to make it clear to the Indians, "We will look forward to trading with you, but just treat us the way we treat you; that's all we ask." The reason I say that is because we can compete with anybody, anytime, anywhere, so long as the rules are fair.

The fundamental question is, how do we remain a leader in the world economy? You know, there's uncertainty in this economy of ours. People are changing work a lot—that kind of creates a sense of uncertainty. People see China and India out there looming as competitors, and the reaction with some is, "Let's don't compete; let's just kind of shut her down; let's get protectionist," or, "Why don't we isolate?" I have a different point of view. My attitude is, we shouldn't fear the future; we ought to shape the future. My attitude is, the United States of America must continue to be the leader in the world economy, for the good of our people.

And so here are some ways as to how to make sure this economy remains strong today and remains strong for years to come. And first, in order for us to be a leader in the world, we've got to remain a leader when it comes to technological developments. So I'm proposing to the Congress an American Competitiveness Initiative, which will double the basic research in basic sciences over the next 10 years.

And secondly, I recognize most research is done in the private sector, and yet the incentive for companies to invest in research, which yields technologies, which increases standard of living and makes sure our economy is on the leading edge, is through the research and development tax credit. It expires on an annual basis. It is very difficult for private sector to plan when a Tax Code is uncertain. And so Congress, in order to make sure that we invest in the future, should make the research and development tax credit a permanent part of our Tax Code.

Finally, in order to remain competitive, we've got to have kids who understand math and science. And so I laid out an initiative—[*applause*—I spent some time talking about it last week. I'm going to continue talking about it. I'm looking forward to working with—this is an issue, by the way, where we can put aside needless politics, which tends to dominate Washington, DC, and focus on the good for the future of this country. I'm confident we can get something done on this very important education as well as research and technology issue.

In order to make sure we're competitive, we've got to be wise about your money. The tax relief we passed is working. In order to make sure America is the most competitive Nation in the world, we've got to keep your taxes low and be wise about how we spend your money, which means we've got to learn to set priorities in Washington, DC. We can't try to be all things to all people when it comes to spending your money. We're on the way to cutting this deficit in half by 2009, and I intend to keep us on track to cut the deficit in half by 2009.

But to be wise—to be competitive in the future, we've got to get off being hooked on Middle Eastern oil. In order for us to grow—[*applause*—I said something in the State of the Union that probably surprised some of you. I said, we have a serious problem; we're addicted to oil. But I meant what I said. I fully understand that an economy that requires oil from parts of the world that—where some countries may not like us, puts our economic security at risk and puts our national security at risk. And I'm serious about working with members of both parties to advance technological research that will enable us to drive cars by using switchgrass as a base stock of ethanol—or wood chips, as well as the corn and soybeans we use today. I mean, I can't wait for the day, and I know future Presidents can't wait for the day, when some-

body walks in with the farm report, and says, "Mr. President, the crops are up, and we're less dependent on Middle Eastern oil." And it's coming; it's coming.

To keep this country competitive, we need a health care system that provides Americans with high-quality care at good prices. And that's what I want to talk about today. The health care costs are rising sharply in America. If they continue rising the way are—they are, that will make us less competitive. Many Americans are worried that they're not going to get the treatments they need. Small businesses, in particular, are struggling to pay for health care for their employees. If two-thirds of the new jobs in America are created by small businesses and your small-business owner is struggling to keep their employee base because of health care, then we've got to do something about it. Workers have lost good coverage because they're changing jobs. I've told you, there's uncertainty in the marketplace because people are changing work. And if you fear about losing health care when you change work, it creates even more uncertainty.

More than 45 million Americans have no health insurance at all, and this is unacceptable for our country. We've got the best health care system in the world, make no mistake about it. The question is, how do we keep it that way? And I've got some ideas for you.

First of all, we've got to choose between two competing philosophies when it comes to health care. Behind all the rhetoric in Washington and all the proposals, there's really a philosophical debate. On the one hand, there's some folks who—good-hearted folks, good, decent folks who believe that Government ought to be making the decisions for the health care industry. And there are some of us who believe that the health care industry ought to be centered on the consumer.

I think as we kind of make our minds up about what philosophy works, it's important to look at the world health care systems. Other nations have adopted for Government control of health care for centralized decisionmaking when it comes to health care, which has created long waiting lines and quality of care not as good as the American system and a significant lag in technological development.

We've done a different path up to now in our Nation's history. We believe in private medicine that encourages innovation and change. That's been the cornerstone of American public health up until now. And we have a choice to make. I've made my choice; I'm going to lead the Congress to make sure that our health care system preserves America's system of private medicine, that we strengthen the relationship between doctors and patients, and that we make the benefits of private medicine more affordable and accessible for our citizens. That's our strategy.

Obviously, Government has a role to play. We have made a commitment to the poor and the elderly in the United States, and it's a commitment we're going to keep. When I got to Washington, I took a look at the Medicare system. It's a very important part of our Nation's health care system, and that is Medicare, except it was old and tired and hadn't been changed. It was a centrally-controlled system. I'll give you an example of what I meant by old and tired. This is a system that paid \$28,000 for ulcer surgery—when you've got an ulcer, you check in the hospital—Medicare would write you a \$28,000 check. It wouldn't pay the \$500 necessary to prevent the ulcer from happening in the first place. In other words, medicine had begun to—began to change, and Medicare didn't change with it. One reason why is because it's centrally controlled; all decisions had to be made by people out of Washington, DC.

And so I worked with Members of the United States Congress to modernize the

system. I said, "If we've got a commitment to our elderly, let's make the commitment a good one." We're not going to make the commitment and have it be a mediocre commitment; it ought to be a good, sound commitment. And we did. And we added the prescription drug benefit to Medicare that modernizes the system.

And at the same time, we gave seniors more options from which to choose. See, part of making sure a health care system works, seems like to me, the consumers ought to have more choice. In a centralized system, the Government makes the choice. In a private system that focuses on kind of the markets, people ought to have a choice. People ought to be able to be given different options from which to choose.

And so we did modernize the system. It's tough sledding up there in Washington to get things changed. [Laughter] People like the status quo at times. Twenty-four million Americans have now signed up to the new Medicare plan since January 1st. That's a lot of folks, 24 million. Hundreds of thousands are enrolling each week. Now, needless to say, when you have a change that size, there's going to be some things that need to be adjusted in the system. And you probably read about, kind of, the dual-eligible problem. I don't know if you've had that problem here in Ohio, Governor. We're dealing with it. Our job is to solve problems when they arise. When you have that big a shift, you can imagine there's going to be glitches. But by far, the vast majority of people are signing up to a program that's making a big difference in their lives.

Competition—in other words, when you have choices, it creates a sense of competition in the marketplace—is lowering costs for American seniors. The average premium that seniors now pay for the prescription drug benefit is a third less than what was expected. In other words, when we started rolling out the plan, it was expected that the prescription drug benefit would cost the seniors \$37 a month. The actual cost

is \$25 a month. It's an interesting lesson about what can happen when you give people different options from which to choose.

The other thing that's important for you all to know is that the typical senior will end up spending about half of what he or she used to spend on prescription drugs. I mean, if you want the system to function well, it seemed like to me and others here that we ought to modernize the system to make it good for our seniors. It's working.

If you happen to have a mother or father or a neighbor who's a senior, I strongly urge you to get your loved one or your friend to call 1-800-MEDICARE or to go on the web at medicare.gov and help that person realize the great new options available to him or her.

Medicaid, as well, is a program that we take very seriously. It's a program aimed at helping the poor. It's administered in conjunction with States. It is health care for low-income families with children, poor seniors, and disabled Americans. It's a very important program. It needed to be restructured, however, in order to make the program actually work in a cost-effective way. And so we decided to work with the States to give Governors and folks at the local level more flexibility in how to structure the program to meet the needs at the local level.

See, in the past, if you had a good idea, if old Taft had a good idea, he had to come to Washington and beg permission for a waiver: "I, the Governor, was elected to do something good for the people. I'm worried about those who are qualified for Medicaid. Please give me permission to do what I think is right." The new bill I signed is one which will make the States—give States a lot more flexibility when it comes time to signing up people—to designing eligibility standards to providing what the programs ought to look like. In other words, it's flexibility, all aiming to make sure the Medicaid system works well.

We take the program seriously, but we fully understand what happens when the

bureaucracy becomes so encrusted that it's impossible to design programs that will actually meet States budgetary needs as well as the needs of the people. And we're remedying that fact.

The—I mentioned to you we have the goal of making sure that our budgets are responsible. One of—the budget I just signed or the bill I just signed and the budget I proposed is finally beginning to do something about the growth in Medicare and Medicaid. I want to describe to you a little bit about what we're doing.

Let me give you this story, kind of an analogy—there is a difference between slowing your car down to the speed limit or putting your car into reverse. I want you to think about that as I explain to you that, in working with the Congress, we have slowed Medicare growth down from 8.1 percent a year to 7.7 percent a year. In other words, we found ways to reform the system so that we can slow the growth rate down to make it—Medicare more affordable for future generations. We're not putting the car in reverse; we're just finding the speed limit.

Same thing with Medicaid. It grows—slow it down from 6.9 percent a year to 6.6 percent a year, which means just by slowing the growth rate down on those two important programs and, at the same time, making them more efficient and delivering better services, we're saving the taxpayers \$104 billion over 5 years. I want to thank the Congress for working on this. You hear rhetoric, of course, that we're "starving the poor." The car is going the speed limit; it's not going backwards.

Now, the long-term solution for Medicare requires—and Social Security—requires an understanding that we've got a lot of baby boomers getting ready to retire. The true strain on our budget is really going to be the unfunded deficits caused by a baby boom generation retiring, with fewer workers to pay for guys like me. See? I mean, a lot of us are retiring. As a matter of fact, my retirement date is—I turn 62

on 2008, which is—[laughter]—pretty convenient time to retire. [Laughter] There's a lot of us, a whole lot of us. And there are fewer people paying in the system per person retiring.

And what's interesting—and you've got to know this—is that my generation has been promised greater benefits than a previous generation. So you can imagine when you start to think about the strain, a lot of us have been promised greater benefits with fewer people paying for us. And it's not going to work; it's simply not going to work.

I was very serious in the State of the Union—I explained this to George and the Congressmen—that I understand a solution to Social Security and Medicare in terms of dealing with a bulge of retirees is going to require a bipartisan solution. And I mean it to Members of Congress—I expect there to be a bipartisan effort to come up with a solution. Nothing will pass the House or the Senate unless there's agreement. And now is the time to put aside the politics that have stopped rational people from coming up with a rational answer to a very serious problem, to set it aside, sit down at the table, and solve this problem once and for all—so we can travel the country looking at young workers and saying, “You're not going to pay payroll taxes into a bust system anymore. You're going to pay payroll taxes into the system which will be around not only for baby boomers like me but for a young generation of Americans coming up.” Now is the time for us to get something done.

I want to talk about another program that's working. One of the things that we've got to do is spend time in Washington actually measuring results of programs. You know, every title on a bill sounds just fantastic, you know. [Laughter] The problem is, is that every bill doesn't deliver the results it's supposed to. I will tell you about a program that does. It fits into a vision of a health care system where the Govern-

ment does have responsibility, and that's community health centers.

One of the real strains on local hospitals and local health providers is the fact that the poor and the indigent use emergency rooms for primary care—it's an incredibly inefficient use of assets. It's an important use of assets if somebody can't find care and they need help—I'm not denigrating the people going to the emergency rooms, but I am saying there's a better way to be wise about how we spend your money and to solve a very important problem, and that is, have the emergency rooms be there for emergencies, and have primary care facilities like community health centers being there for primary care for the indigent and the poor.

Since I took office, we've opened or expanded about 800 health centers. There are now 3,700 of these centers around the United States serving 13 million Americans. It is a cost-effective way to provide primary care for those who need help. And I'm going to call upon Congress and work with Congress to put 400 more of those health centers in.

So what I'm telling you is, is that the Federal Government obviously has a role, to make sure the Medicare system is cost-effective and works well, make sure Medicaid is—works well and gives flexibility to States, and to expand community health centers.

I now want to talk to you about how the rest of us need to have a health care system, if you don't fall into those categories. What should the role of the Government be? And I believe the role of the Government ought to be to empower consumers to make choices. And so let me talk to you about five ideas I have to make sure that health care is more available and more affordable.

And the first one is to expand health savings accounts. We—I call them HSAs. When you hear me say HSA, that's kind of government-speak for health savings account. They—HSAs are helping to begin

a movement away from what's called a third-party payer system to one where the consumer is very much involved in making wise purchases of health care. That's a very important philosophical point.

The traditional insurance today will cover your health care costs—most of your health care costs—in exchange for a high premium payment up front. The costs are generally shared by you and your employer. You may also pay a small deductible and copayment at the time of treatment. What's interesting about this system is that those payments cover only a fraction of the actual costs of health care, the rest of which are picked up by a third party, basically your insurance company.

It means most Americans have no idea what their actual cost of treatment is. You show up; you got a traditional plan; you got your downpayment; pay a little copay, but you have no idea what the cost is. Somebody else pays it for you. And so there's no reason at all to kind of worry about price. If somebody else is paying the bill, you just kind of—hey, it seems like a pretty good deal.

There's no pressure for an industry to lower price. And so what you're seeing is price going up. If you don't care what you're paying and the provider doesn't have any incentive to lower, the natural inclination is for the cost to go up. And the insurance companies, sure enough, pass on the costs—the increase in cost to you and your employer. That's what's happening.

The fundamental problem with traditional coverage is that there's no incentive to control how their health care dollars are spent. You don't have any incentive, whatsoever. And that's one of the cost drivers in our system. If we want to solve health care problems, if we want to make health care affordable and available, we've got to analyze and address the cost-drivers of health care. And there's one right there. If patients controlled how their health care dollars are spent, the result is better treatment at lower cost.

I'll give you an interesting example of a procedure called LASIK—laser eye surgeries. It's a good example of how the market can work when there's not a third-party payer involved. You might remember when LASIK first appeared, was approved about a decade ago for its use. It went through the process of getting a Government approval, and when approved, it was an opportunity for people to have their eyesight—feeling a little nervous about LASIK surgery when it first came out, and it was awfully expensive. Consumers began to, however, inquire as to why something costs the way it costs, how safe it was. Doctors felt more comfortable starting to offer more and more of the surgery. More providers came in the market; there was transparency of pricing. You might—I can remember billboards springing up with people advertising LASIK surgery. Today, the price of LASIK surgery has dropped dramatically. More people are getting the surgery; they're giving up their glasses and contact lenses.

The market is working. I think if you go back and look at the history of the pricing of LASIK surgery, the availability of LASIK surgery, you'll find that when consumers start showing up saying, "I want to know more information; I'm interested in this idea. How about—how does your cost compare to old Joe's over here"—the market began to adjust. LASIK surgery is now more widespread, at much more reasonable cost for consumers.

And so, how to affect those kinds of cost changes in the health care industry, that's what we're really here to discuss. And one way to do so is to—to make health care more responsive is through health savings accounts. Many people in our country don't know what a health savings account is. I will start to try to explain it here.

First, it is a part of our drive to make health care more consumer-driven. There's two components to a health savings account; one is low-cost catastrophic insurance coverage and a tax-free health savings

account. Those are the two components of what I'm talking about. Catastrophic coverage protects you and the family in the event of devastating medical illness—if you're really sick, a catastrophic plan kicks in.

The health savings account portion of this product allows you and your employer to contribute tax-free to pay for routine medical costs. In other words, your company or yourself or a combination of the two makes a tax-free contribution into a health savings plan, a savings plan that you own. It's yours to call your own. And the savings within that plan are tax-free. In other words, you're not just going to put it under your pillow; you put it into a bank until you use it. The interest will be tax-free. Your money is growing.

It means that if you don't spend money in your savings account on health care, you can roll it over to the next year, tax-free. You have money growing for health care to pay incidental expenses; it's growing at a reasonable interest rate; it's yours you call your own. And if you don't spend it in a year, you can put it into the next year and the next year and the next year.

For many routine medical needs, HSAs mean you can shop around until you get the best treatment for the best price. In other words, it's your money; you're responsible for routine medical expenses; the insurance pays for the catastrophic care. You're responsible for paying for the portion of your health care costs up to your deductible. And so you—you talk to your doctor; you say, "Well, can't we find this drug at a little cheaper cost?" Or you go to a specialist, "Maybe we can do this a little better—old Joe does it for X; I'm going—why don't you try it for Y?" It allows you to choose treatment or tests that meet your needs in a way that you're comfortable with when it comes to paying the bills.

In other words, decisions about routine medical treatments are made by you and the doc, not by third-party people that you

never know. And all of a sudden, when you inject this type of thinking in the system, price starts to matter. You're aware of price. You begin to say, "Well, maybe there's a better way to do this and more cost-effective way."

The combined cost of catastrophic insurance coverage and HSA contributions are usually less expensive than traditional coverage. That's important to know. In other words, HSAs are making health care more affordable. By the way, these HSAs became expanded—George tried to do it in the mid-1990s, 1996 I think—yes—medical savings accounts, he called them. He couldn't get them going. People who had the business didn't want any competition, which sometimes happens in the marketplace. [Laughter] But he thought of the idea; it made sense. This really—these HSAs have kicked off big time because of the Medicare bill I signed. And they haven't been around a long time. They're just kind of a fresh product that the marketplace is becoming used to.

Forty percent of those who own HSAs have family incomes below \$50,000 a year. In other words, if people are having trouble affording traditional insurance, all of a sudden, the HSA becomes a more affordable product. HSAs make a difference—are making health care more accessible to those without insurance. In the first year HSAs were available, more than a third of those who bought HSAs had been uninsured. In other words, as health care becomes more affordable, it makes it easier, obviously, for somebody who is uninsured to be able to pick up health insurance.

You know, a lot of young folks are uninsured. You might remember the days when you kind of felt like you were never going to get sick. [Laughter] So why should you buy insurance? Why do you need coverage? A lot of young folks are saying, "Wait a minute; this is a pretty good deal. If I'm going to stay healthy and can save a portion of that money, tax-free, and I'm not going to spend money on health care for a while,

all of a sudden, a nest egg really begins to build.” By the way, it’s a nest egg they call their own; it’s not something the Government—if there’s excess money in your account, the Government can’t take it away, or insurance can’t take it away; it’s yours. You own the thing. It’s a vital part of kind of—a responsible society is when there’s a sense of ownership in important parts of our economy.

Over the last 10 months, the number of HSAs has tripled. In other words, people are becoming aware. One of the reasons I’m here talking about HSAs at Wendy’s is because you’ve decided to implement this product. I want people to be aware of it. The number of people who bought HSAs has gone from a million to 3 million. And I’m going to talk today about ways to make sure that HSAs are—even expand even further.

You know, I can remember the debate in Washington—I’m sure you can as well—I remember one person who said, “Health savings accounts are not a solution for the uninsured; they’re regressive; they favor the wealthy.” It’s just not the facts. They’ve helped the uninsured, and a lot of folks with incomes under \$50,000 are buying these plans. It’s kind of basically saying, “If you’re not making a lot of money, you can’t make decisions for yourself.” That’s kind of a Washington attitude, isn’t it: “We’ll decide for you; you can’t figure it out yourself.” I think a lot of folks here at Wendy’s would argue that that point of view is just simply backwards and not true.

People have said that expanding HSAs would fail to reduce health care costs. It’s just not the case. I’ve just talked to Joe Cava—he knows what it’s done to your costs. Wendy’s decided to take on this product. They—you were facing double-digit increases in the cost of providing health care. That’s a strain if you’re a CEO. In order to have a workforce, you’ve got to have a workforce that’s comfortable with the health care plan, and all of a sudden, it’s beginning to take big bites out of the

balance sheet. It’s hard to expand your business, it’s hard to grow when more and more of your costs are being consumed by health care. And it provides a real tension for small-business owners or large business managers—how do you take care of your people? No corporation, no entity can run unless the people are taken care of and, at the same time, expand your business.

The company wanted to reduce projected health care increases. You didn’t want to pass—keep passing on the high costs of—increasing costs to your employees. So they adopted HSAs. Nine—about 9,000 of Wendy’s full-time employees and their families have got HSAs. In other words, Wendy’s said, “Why don’t we give people a chance to make health care decisions themselves?” They don’t have some of the attitude in Washington. If you believe like Washington believes, you would never try an HSA because, “People can’t decide for themselves,” see. That’s not what the folks here at Wendy’s thought.

At the end of the first year with HSAs, more than 90 percent of Wendy’s employees had positive balances in their savings accounts. In other words, there’s a sharing ratio. The company paid—helped pay the premium for the catastrophic care. They shared the money that goes in to help pay for incidental or routine expenses. And—but 90 percent of the folks didn’t use all the money for the routine expenses. It’s kind of interesting that maybe it helps preventative medicine, I guess—when you’re watching your own money, and you realize that if you take care of your body and you exercise and you don’t do stupid things, you end up saving money. [Laughter] And when you save money, it’s your money, not the company’s money.

Medical claims through this company have decreased by 17 percent since they’ve implemented HSAs. It’s an interesting statistic, I think. After more than 5 years of health care costs going at double-digit rates, Wendy’s overall health care costs rose only by 1 percent last year. HSAs have had a

positive effect. This has a positive effect on the individual employee; it's had a positive effect on the income statement of the company. They work.

They're doing—and, Jeff, you made a good—get the boy a raise. [*Laughter*] It's a—here's what he said—you know, never mind. He said, “We entered into this plan to use our money more wisely and to allow our employees to use their money wisely.” Kind of an interesting corporate concept, to allow our employees to use their own—more money wisely. “It's making health care more transparent,” Jeff says, “and making improved health more sustainable for our employees and for all the consumers of health care.” I think he gets it. He gets the philosophy of having a consumer-driven system.

The savings have allowed Wendy's to raise the company's contribution to its employees' HSA accounts. By saving money on health insurance, it enables them to put more money into your account, which has got to be a heck of a good benefit, working for this company. It's your money now; it grows tax-free. It goes in tax-free; it grows tax-free; and you take it out tax-free.

The—I met with Marla Hipsher. Thanks for coming, Marla. She works here. She is a senior paralegal for 4 years. She was part of the briefing party that was there when I arrived. She is a single mom with a 24-year-old daughter and two teenage sons. As an aside, she has the toughest job in America, being a single mother. She obviously cares about her health care for herself and, more importantly, for her children. Marla's sons are on her HSA plan with her, which is a family plan. She enjoys the choice. She's comfortable with the control she has over her HSA. Marla's premiums with her HSA are 18 percent lower than the traditional plan she used to have at Wendy's. She's saving money. It makes it easier to do the hardest job in America, which is being a single mother. She likes her HSA so much, she's helping her 24-year-old daughter look into setting one up

herself. I—listen to your mother; it makes a lot of sense. [*Laughter*]

I want folks who don't understand HSAs to listen to what Marla has to say: “It has made me more informed, because you discuss it with your doctor now.” She's talking about health care. “You want to know up front what it's going to cost and what you need to know. You become a better informed consumer.” HSAs are working; they're working. And I'm looking forward to working with Congress to expand them to more Americans.

I'm going to talk about three ways to make them more attractive, so more people can have the benefits of an HSA, like Marla or the small-business owners we had. The greatest obstacle—one of the greatest obstacles to expansion of HSAs is the Tax Code. One problem is that under current law, employers and employees pay no income or payroll tax on any health insurance provided through the workplace. The health care plan here at Wendy's, you don't pay for it. It's a benefit that's not taxable. Those who buy their insurance on their own don't get the same tax break. That means that the self-employed, the unemployed, and workers at companies that do not provide insurance are at a disadvantage. The playing field isn't level. And so I believe that one thing Congress needs to do is to give Americans who purchase their own HSA policies the same tax breaks as those who get their health insurance from their employers.

Another problem is that under current law, the amount you can put into your HSA tax-free is limited to the amount of your deductible. But sometimes your out-of-pocket expenses are greater than your deductible. That's because at—on some catastrophic plans, there is an additional copay, and therefore, when you—you're paying after-tax dollars under the current law if you exceed the amount of money you spend beyond your deductible. We can change that. We can raise the cap on the amount of money you put into your HSA

so it remains tax-free, so that all out-of-pocket expenses can be covered. That's the important—[*applause*].

And finally, HSAs—we want to make sure they meet the practical needs of today's workers. I told you, people are changing jobs. And one of the problems is a lot of folks fear that when they change jobs, they're going to lose their health care. And that means—people feel like they've got to get locked into a job because of health care, and that's not right. We need more flex—they need to be more thoughtful to our workers and recognize that this is a changing world in which we live. And so we ought to make sure people can take their own health savings account with them job to job.

Today, the savings in your health account—health savings account are portable; portable means you can take it job to job. So you've got savings in your own account; you can take it with you. But the health insurance that comes with the account you can't take with you, because of outdated laws and practices that prevent insurers from offering portable policies. So I believe that health insurers should be allowed to sell portable HSA policies nationwide.

You see, it's like car insurance. If you change jobs, you can take your car insurance with you. You can't take your insurance in your HSA with you. In order to make sure this economy works better, in order to make sure the health care system functions better for our workers, we've got to make sure portability in HSAs is consistent and real. It's going to make a difference in people's lives when Congress gets that done.

The second policy—way to make—making sure health care is affordable and accessible is to increase transparency in our health care system. To be smart consumers, you need to be informed consumers. It's hard to make wise choices unless you have information available. In order to spend your HSA dollars wisely, you need to know in advance what your options are. You need

to know the quality of doctors and hospitals in your area; you need to know the full extent of procedures that someone recommends to you.

You know, like when you buy a new car, you have access to consumer research on safety, you have access to information on reliability, you can compare price. There's performance data. You can become an informed consumer before you purchase your automobile. And that same sense of transparency and information ought to be available in health care. A modern health care system recognizes that people ought to be encouraged to shop for quality and price. So the health care industry and the insurance industry needs to provide reliable information about prices and quality on most common medical procedures.

Tomorrow I'm going to have a little visit with people in the insurance industry and the health care industry and the business industry to encourage transparency. I know Members of Congress are working on a bill. It would—better this be done with people saying, "Oh, we understand it's important to be transparent." There's always a bill out there in case the voluntarism is not quite as strong as it should be. [*Laughter*]

Third policy that's important is to apply modern information technology to our medical system. Doctors practice 21st century medicine; they still have 19th century filing systems. And this is an important issue. One reason it's an important issue, because when a doc writes their files by hand, you generally can't read the writing. [*Laughter*] That leads to inefficiency and error. In hospitals, there is more risk of preventable medical error when records are handwritten, instead of being cross-checked on a computer. Oftentimes doctors duplicate expensive tests because they do not have access to previous results. In other words, the medical system has not taken advantage of information technology like I'm sure Wendy's has, or other industries around the country.

And so I set a goal in 2004 that most Americans would have an electronic health record within 10 years. You'd have your own health record on a chip. And we're making pretty good progress toward that goal. Mike Leavitt is the Secretary of Health and Human Services. He's got a whole division inside HHS aiming towards getting information technology spread throughout health care.

First thing is, they've got to have a language that kind of can talk between a hospital in Dublin and a hospital in Crawford, you know? We don't have a hospital in Crawford. [Laughter] How about a hospital close to Crawford? [Laughter] And that's important, because there's a lot of different—the language needs to be standardized. And Mike's making pretty good progress on that.

And we're developing solutions for a nationwide health information network. One of the things I've insisted upon is that it's got to be secure and private. There's nothing more private than your own health records. So any system that works is one that is—it's your record; you decide the disclosure of your health records.

And let me give you an example about how such a system can work and what I'm trying to explain to you about how to help control costs and reduce medical errors. After Katrina hit, there was hundreds of veterans that had to be relocated. What's interesting is, is that the Veterans Department has already started this information technology modernization. There are medical—electronic medical records for veterans. And so when these poor folks got scattered around the country, they—the doctors and providers had access to the electronic records of our veterans.

So if a person had a diabetes issue, up pops on the screen the information, the latest test, the medicine being taken. It was an incredibly efficient way to make sure that the health care needs of our veterans were met during this time of catastrophe. It helped people fill out the prescription

drugs of our seniors without fear of error. It helped a local doc say, "Well, gosh, look, you've been taking this medicine in the past; I'm going to prescribe it for you in the future, in order to make sure that your health care needs continue." If you have your own medical record, your own electronic medical record, and you get sick in a remote part of our country, people instantly see your blood type, the issues that you've faced in the past, really important information about you—about who you are and what you're going to need to help you.

And we're on our way to providing a nationwide information network. It's going to help save maybe 25 percent of the costs in medical care. I told you that one of the important things we've got to be worried about is how to deal with the cost-drivers, how to come up with ways to, practically, with a commonsense solution, deal with rising costs. One way is to modernize health care. Another way is to put consumers in charge of making decisions with transparency in pricing.

I want to talk a little bit about small businesses. The—obviously, I've told you once and I really mean it, I understand how important small businesses are for the economy. I also love the thought of America being a great place for entrepreneurship. There's nothing better than talking to somebody and saying, "I started my own business," or, "I own my own company." It's just—I love—it's refreshing to me. And it's just really an important part of the American experience. And obviously, as I mentioned, health care is a really important issue for small business. If you sat down with a roundtable of small businesses, the first issue that comes to their mind is, "I can't provide health care for my people. How do you expect me to stay in business when health care costs are driving us out?" Well, HSAs help a lot, and I really urge American small businesses to take a look at HSAs. They're good for Wendy's; they'll be good for you as well.

Here's another idea. One of the problems that small businesses have is that they enter into the market—they're trying to provide traditional insurance without any risk pool behind them. If you've got three people you're trying to insure, it's a heck of a lot more expensive than if you're trying to insure 3,000 people or 10,000 people. In other words, the more people that are in the risk pool, the lower the cost of traditional insurance is for a small business. And so I look forward to working with the Congress to expand what we call associated health plans. That's kind of Washington-speak for allowing small firms to band together to buy insurance at the same discounts that big companies get.

I'll give you an example. You've got yourself a family restaurant here in Dublin, Ohio. They've got 10 employees, and you try to go in the marketplace, and it's prohibitively expensive. It seems to make sense to me that the family restaurant in Dublin ought to team up with family restaurants all across the country, so that the employees provide one big risk pool to help lower the cost for small businesses. It is a practical way of helping small businesses that choose not to go into HSAs to be able to buy traditional insurance in a cost-effective way.

The bill passed the House of Representatives; it remains stuck in the United States Senate. I urge the Senate—I urge the Senate, for the sake of affordable health care for small businesses and their employees, to pass associated health plans.

I'll talk about one other issue. I hope you're hanging in there with me here. [Laughter] And that issue is one that I remember well when I was traveling your State, and that is the number of good docs that are getting driven out of practice because of frivolous lawsuits. If you're worried about affordability of health care and availability of health care, then you have got to be concerned about junk lawsuits. You just have to be, because a lot of docs and providers, thinking they're going to get

sued, practice what's called defensive medicine. They order tests; they write prescriptions that simply are not necessary so they can protect themselves from being sued in a court of law by a trial lawyer. That's just a fact of life.

I find interesting a quote from an emergency physician here. Here's what this person said, "In an effort to reduce our malpractice exposure"—that means, in an effort not to get sued—"we're being encouraged to overtreat, overtest, and overadmit patients." It has to be driving medical costs right out of the roof, and it is. It is.

In order to address the rising cost of health care, we've got to have a rational liability system. If you're harmed, you ought to have your day in court. You ought to—there ought to be justice for you, if you're injured. But we can write laws that make sure that you get your due claims without encouraging a plethora of junk lawsuits that is costing you a lot of money.

I'll tell you how it's costing you money. The cost of defensive medicine—in other words, practicing medicine that is otherwise not necessary—is estimated to cost our society \$60 to \$100 billion a year. It raises the cost of Medicare, Medicaid, Veterans Affairs, and other health programs by an estimated \$28 billion a year.

You're paying it. You're working hard. You're putting money into the—paying your taxes, and \$28 billion of those taxes goes to pay for the cost of frivolous and junk lawsuits. As equal—more importantly, in my judgment, actually, is that good docs are leaving the practice of medicine.

I said something in the State of the Union, and it's a startling statistic, if you really take time to think about it, and that is there are 1,500 counties in America without an ob-gyn. There are 15 counties in your State of Ohio without an ob-gyn. Now, that isn't right. I mean, these are good docs who are involved with the precious—the delivery of precious life. And they're getting sued—a lot. And they're leaving the practice, and it's putting a lot of women in

a bind. Women are having to travel miles. There's nothing worse than being—having uncertainty at this very important time of life.

And we need to do something about it, you know. I thought when I got to Washington it was a State issue, Governor—not when I see the effect on the Federal budget of \$28 billion a year, it's a national issue. It requires a national response. The House of Representatives passed a good piece of legislation. The trial lawyers have got it stuck in the United States Senate. For the sake of affordable health care and available health care, for the sake of good health care for our women across the United States of America, we need medical liability reform this year.

So that's what I wanted to talk about—[laughter]—ways to make health care more affordable and more available. I hope you can get a sense of my philosophy that when you trust the American people to make wise decisions about their health care, positive things happen. Free markets and competition transform our world. They have the power to transform our health care system. It's important to recognize—Wendy's recognized that when you introduced health savings accounts.

The agenda I just talked about, one I'm looking forward to working with both

Democrats and Republicans in Congress, builds on the strengths of the private sector, recognizes what's good, and let's continue to build on that. It focuses on practical, market-based solutions. It offers the potential to deliver real improvements, genuine improvements in the lives of our fellow citizens.

The heart of the reform is that you got to trust the people of the United States of America. And I do. And I do. I want to thank you for giving me a chance to come by and visit with you. God bless you. God bless our country.

NOTE: The President spoke at 12:13 p.m. at Wendy's International, Inc. In his remarks, he referred to John T. "Jack" Schuessler, chairman and chief executive officer, and Jeffrey Cava, executive vice president of human resources and administration, Wendy's International, Inc.; Gov. Bob Taft of Ohio; Jon A. Husted, speaker, and Larry L. Flowers, majority leader, Ohio State House of Representatives; Bill M. Harris, president, and Steve Stivers, senator, Ohio State Senate; and Mayor Marilee Chinnici-Zuercher of Dublin, OH. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Remarks in a Discussion on Health Care Initiatives February 16, 2006

The President. Thank you all. Thanks for the warm welcome. Thanks for coming. We're about to have a discussion about how this country can make sure our health care system is available and affordable. And I want to thank our panelists for joining us. It's an interesting way to describe and discuss policy. It's a lot better than me just getting up there and giving a speech—you don't have to nod. [Laughter]

Do you want to kick things off, Mark?
Mark B. McClellan. I'd be glad to. I'd like to welcome all of you to the Department of Health and Human Services. As you know, there are many people here who are working day and night to protect the public health, to help our health care system work better.

We have the privilege of working with the best health professionals in the world—