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STEVE ADUBATO, host:

Hi, I'm Steve Adubato. We're going to be talking about health care, the pharmaceutical industry. And who better to talk to about these complex issues than Frank Pallone, Congressman Frank Pallone, who represents the 6th District and is also the chairman of the House Subcommittee on Health.

Good to see you, Congressman.

Representative FRANK PALLONE Jr. (Democrat, 6th District, New Jersey): Thank you, Steve.

ADUBATO: We should let people know that in 1985 we served in the state legislature together. You were--I was in the lower house and you were in the house of lords.

Rep. PALLONE: I was in the state Senate, if that's what you want to call it.

ADUBATO: That was an interesting time.

Rep. PALLONE: It was.

ADUBATO: Has it got--let me ask you, big picture, are we more partisan, not just in New Jersey, but go to Washington, are we more partisan, more divided, more vicious than ever before?

Rep. PALLONE: And no question about that. And it keeps getting worse.

ADUBATO: Worse!

Rep. PALLONE: Yeah.

ADUBATO: Because?

Rep. PALLONE: I guess because there's a real desire, you know, to--and no-holds-barred to take the majority and be in charge. People want to be in the majority, they want to have the power.

ADUBATO: To do--to what end? Is it to actually get stuff done?

Rep. PALLONE: Hopefully, that's the--that's the idea, but I also think it's ideological, Steve. In other words, the ideologues--of course, I blame the Republicans...

ADUBATO: Yeah, you would.

Rep. PALLONE: ...really of taking over in the Republican Party.

ADUBATO: Are you guys any different?

Rep. PALLONE: I think so because we're a broader spectrum. If you see the Democrats, you know they--they're liberals, progressives, then you have the blue dogs who are much more conservative. We're much more of a rainbow coalition, I think.

ADUBATO: But you don't all want health care...

Rep. PALLONE: Yes.

ADUBATO: ...to be provided to--it's 40 some odd million Americans.

Rep. PALLONE: Mm-hmm.

ADUBATO: It's 1.4 million New Jerseyans, countless children. One out of every 10 children--is that right--in the state of New Jersey without health insurance. Isn't that something you can all agree on?

Rep. PALLONE: We can, and I would say...

ADUBATO: But you don't.

Rep. PALLONE: Well, no, I wanted to stress this, that if you look at the debate right now, you know, on the stimulus or on the budget, it's very divisive. If you look at the debate on health care reform, pretty much everybody in Congress is saying we need it and we need it now.

ADUBATO: What's the it?

Rep. PALLONE: Well, I think when you get to actually how you're going to pay for it, you know, what kind of taxes, where you're going to cut certain things, then--or whether a plan is going to be more government-run or not, that's where it becomes divisive. But I am amazed right now how much bipartisan support there is that we've got to do something.

ADUBATO: You know, as I listen to some folks on the right, some of my colleagues and friends on the right in the media, whether it's on the Fox News channel or other places, Rush Limbaugh, who I don't call a friend but I've heard him say when he refers to universal health care, well, just in the next sentence call it socialized medicine.

Rep. PALLONE: Which is ridiculous, yeah.

ADUBATO: Why is it ridiculous?

Rep. PALLONE: Because they--there's a consensus in Washington, again, with the president, with the Congress bipartisan that we're still going to use the existing system. You know, capitalist, you know, market-force driven system. There's no suggestion that, you know, it's going to be like Britain where the government runs the system, owns the hospitals, you know, pays the salaries...

ADUBATO: There's no suggestion?

Rep. PALLONE: No! I mean...

ADUBATO: But you own three-quarters of the banks and no one thought that would happen.

Rep. PALLONE: No, but what I'm saying is that no one wants to move--I mean no one is not accurate. Very few people want to move to a single-payer system

or anything like, you know, the British or Canadian system.

ADUBATO: Back up. When you say single-payer system, you mean the government.

Rep. PALLONE: Well, in other words you could have, you know, like a Medicare for everyone.

ADUBATO: Right.

Rep. PALLONE: In other words, the government basically runs the health insurance. That's not as bad as the British system where they actually own the hospitals and the doctors are salaried. But we're not suggesting any of those things. I mean, we're just basically building on private insurance and making it better.

ADUBATO: OK. So let's talk about some areas in particular. The pharmaceutical side of this is important, OK?

Rep. PALLONE: Sure.

ADUBATO: And one of the reasons I wanted to bring you on as chairman of the health subcommittee is you deal with a lot of pharmaceutical issues. Now, in New Jersey...

Rep. PALLONE: Absolutely.

ADUBATO: ...talk to folks who are watching us in the tri-state region as to why New Jersey is so important to the pharmaceutical industry overall.

Rep. PALLONE: Well, we have some of the largest pharmaceutical companies based here. We also have a lot of research at our major institutions, like Rutgers, Princeton, UMDNJ, and they work together. You know, they get grants from NIH and they do things together with...

ADUBATO: National Institutes of Health.

Rep. PALLONE: Exactly.

ADUBATO: Lots of jobs.

Rep. PALLONE: Exactly.

ADUBATO: Lots of revenue.

Rep. PALLONE: It's very important for the state and it really is sort of the engine for the pharmaceutical industry in the country and even internationally.

ADUBATO: OK. Well, let's talk about the pipeline. The FDA, the role the FDA plays in the pipeline of bringing drugs to the market, OK? Wow, why isn't it moving faster than it is?

Rep. PALLONE: Well, we've made a lot of progress, but not enough. I mean, we--you know, a few years ago we established this system where there's a user fee and the pharmaceuticals pay, if you will, to the FDA so the drug approval process moves faster, there are more clinical trials. And just a year or two ago we actually changed that again and so there's more money available. But you know, the amount of drugs have, you know, really blossomed and so there's just a lot more that the FDA has to do. So it's a constant process of trying

to get things moving faster. The period has gotten shorter for approvals, but it's still too long.

ADUBATO: Talk to us about the shrinkage, if you will, in the pharmaceutical industry. As we do this program, several massive pharmaceutical companies are coming together, some mergers going on.

Rep. PALLONE: Right.

ADUBATO: Does that concern you? Is it just the market forces shaking out? What?

Rep. PALLONE: Well, it only--it concerns me if it means a loss of jobs in New Jersey, in particular. But I think that it--the reason for it is varied. I mean, part of it is just the recession in general. Part of it is because a lot of new innovative drugs have not come to market. You know, there are--a lot of people cite different reasons for that. One is, I think, that now we're dealing with more complex diseases. I mean, we're trying to cure cancer and Alzheimer's so it's much more complicated. But I think the main thing is the government has to continue to encourage the innovation, whether it's more money for research, easier, you know, streamlining the approval process. I mean, we've got to be cognizant that this innovation, particularly in our state, is important as an economic factor and to cure diseases and better quality of life.

ADUBATO: Go back to the larger health care issue. Four million--is this right? Help me out on this, Congressman.

Rep. PALLONE: Sure.

ADUBATO: There are four million children right now who are not covered.

Rep. PALLONE: And that's--nationally it's even more.

ADUBATO: It is.

Rep. PALLONE: Yeah. I would say we're probably talking about maybe--well, there--we just passed an expansion of the Children's Health Initiative.

ADUBATO: Yeah, be clear on that.

Rep. PALLONE: And that will cover another four million children.

ADUBATO: Yeah, that's not--I got to watch these statistics.

Rep. PALLONE: Right. That'll cover and other four million children.

ADUBATO: What is it that was passed and how does it cover these children who heretofore have not been covered?

Rep. PALLONE: OK, and I'll try to be quick. About 12 years ago, we passed SCHIP, which was the Children's Health Initiative. Gives money to the states which they match to cover kids below a certain income.

ADUBATO: This is what President Bush on the way out tried to cut.

Rep. PALLONE: Well, I--he didn't say he was doing that, but that would have been the impact.

ADUBATO: OK, go ahead.

Rep. PALLONE: Yeah. So over the last 12 years, that program covered seven million kids that were not covered. But there were another seven that were still eligible but were not--were not covered. In other words, you know, seven were, another seven are still out there, mainly because a lack of funds. So what we did is we did a bill--I actually was the principal sponsor--was signed by President Obama--Bush had previously vetoed it twice--and that will cover another four million kids and it's paid for with a tobacco tax, an increased tobacco tax that goes into effect very soon. So I'm already hearing about it.

ADUBATO: From the pro-smoking community?

Rep. PALLONE: Well, you know--well, the--obviously those who sell tobacco. You know, you get in...

ADUBATO: They're not happy with the tax.

Rep. PALLONE: They're not happy with the tax increase. But that pays for covering about another four million kids. So there's probably still another, you know, three or four million out there that we still haven't been able to reach and we'd like to. But you know, that's where we stand right now.

ADUBATO: For people who talk about--it's interesting, we're going to be also talking to State Senator Joe Vitale...

Rep. PALLONE: Right.

ADUBATO: ...who is the chair of the Senate Health Committee in New Jersey. And you are--it's interesting that you are the chair of one of the major committees dealing with health in Washington. So both of you see this very directly...

Rep. PALLONE: Yes.

ADUBATO: ...and both of you are very savvy and experienced.

Rep. PALLONE: Well, we work together a lot.

ADUBATO: Well, it's important.

Rep. PALLONE: And he's in my congressional district.

ADUBATO: Explain the--explain the federal--forget about New Jersey. It could be New York, Connecticut, all the other places we're seeing--explain the federal--and assume that we don't know that much, because we don't.

Rep. PALLONE: Right.

ADUBATO: The federal role and the state role as it relates to health care.

Rep. PALLONE: Well I think right now the main thing is the state needs more money, and in the SCHIP bill we gave them more money. In the stimulus package we gave them a lot more money for Medicaid and COBRA, you know, if somebody loses their job, 65 percent of the cost of their health insurance and so they can continue under COBRA is now paid for under the stimulus bill by the federal government. Some people think that states could have universal coverage on their own and some states have tried to do that. Massachusetts,

Vermont. And Joe has tried...

ADUBATO: Senator Vitale.

Rep. PALLONE: Yeah, I'm sorry.

ADUBATO: That's all right.

Rep. PALLONE: Senator Vitale, with Governor Corzine, are working together to try to expand and achieve universal coverage. But I don't think--I think--I think Senator Vitale would disagree. He would think it could be done on the state level alone. But I think it--he would certainly say it would be a lot easier with the federal government involved, and I don't think it could be done without the federal government's involvement.

ADUBATO: OK. For those Americans who say, "why can't," quote, "why can't you guys get this done?"

Rep. PALLONE: Mm-hmm.

ADUBATO: Is there a this?

Rep. PALLONE: Yeah, and I think we will get it done this year. I mean, President Obama said this is going to be done this year and we're trying to.

ADUBATO: But what's the if? Frank, here's the challenging thing.

Rep. PALLONE: Oh, what is it, sure.

ADUBATO: Because it's--when we talk about health care reform we just throw that term out.

Rep. PALLONE: Oh, I tell you...

ADUBATO: Oh, everyone knows what that means.

Rep. PALLONE: Sure. I'll tell you.

ADUBATO: What's the it?

Rep. PALLONE: The if is divided into three parts quickly. One is--well, we want to cover everyone.

ADUBATO: Want to cover everyone.

Rep. PALLONE: Cover everyone, right. One is you take the existing government programs like Medicare, SCHIP, and you try to expand them and make them better, OK? We did that with SCHIP, covering another four million kids.

ADUBATO: What about Medicare?

Rep. PALLONE: Medicare, you know, we don't want to change that, it would still cover people over 65 but you got to look whether there's enough money in it and to make sure it's shored up so it doesn't run out of money.

ADUBATO: Do you think there's enough money there?

Rep. PALLONE: No. No. One of the reasons why your hospitals in New Jersey are closing is because they only get 80 percent of the--of the what it

actually costs them for the Medicare patients.

ADUBATO: The reimbursements. Let's be--lets be clear.

Rep. PALLONE: Exactly.

ADUBATO: There are two interesting things with the hospitals here. One, when it comes to Medicare, you treat that person because the law says you have to. A dollar's worth of health care, you get how much back?

Rep. PALLONE: Eighty percent.

ADUBATO: On the other hand, state law in New Jersey says you go into an emergency room, regardless of your ability to pay...

Rep. PALLONE: Mm-hmm.

ADUBATO: ...it's called charity care. You are treated in that emergency room and even less on the reimbursement.

Rep. PALLONE: Right. Right.

ADUBATO: I think it's in the 60 cent range.

Rep. PALLONE: Absolutely. Medicare is about 60 percent, too.

ADUBATO: Come on.

Rep. PALLONE: So they can't go on like this.

ADUBATO: OK, so...

Rep. PALLONE: So that's number one.

ADUBATO: I'm sorry to interrupt you, Congressman, there--that's one. Cover everybody.

Rep. PALLONE: Well, number one, to achieve the coverage of everyone is to look at those government programs like Medicare, Medicaid, to see if you can improve them or expand them.

ADUBATO: Got you. Second?

Rep. PALLONE: Number two is the employer-sponsored. Most people still get their insurance through their employer. But the numbers keep going down.

ADUBATO: Because more and more employers are saying, 'I can't do this.'

Rep. PALLONE: Can't afford it, right. So you've got to find a way, either through the tax code or cost efficiencies, so you can at least keep the people that are on employer-covered insurance and possibly expand that. And then...

ADUBATO: What about those who just lost their jobs?

Rep. PALLONE: Well, then you get into maybe the third area.

ADUBATO: COBRA issue.

Rep. PALLONE: Well, COBRA for now--but COBRA, you know, only lasts about 18

months.

ADUBATO: But you can't afford COBRA. Most people can't...

Rep. PALLONE: Well, we're giving you 65 percent now under the stimulus to pay for it. So you'd pay...

ADUBATO: Regardless of what your income was?

Rep. PALLONE: Regardless of income unless I think you're--I think you're--if you're like over a million or something. It's a very high threshold.

ADUBATO: OK, OK, so that leaves everyone out in public television. So try this, Frank. Did I cut you off to the last piece?

Rep. PALLONE: Well, the last piece is the--is what's totally new, and that is what we call a health marketplace where the government would work with private insurance and perhaps have its own government option and it would be these large group plans. So rather than go on the individual market where you can't afford it, you'd now buy into a group plan, either a government plan or a private plan, and the government negotiates to bring the price down.

ADUBATO: 2009, you confident this gets done, these pieces to the health care reform equation, Congressman?

Rep. PALLONE: I don't think--I think there's was a real opportunity and a good chance it gets done because of people coming together on a bipartisan basis.

ADUBATO: Am I taking that as a yes?

Rep. PALLONE: It's a qualified yes.

ADUBATO: You are confident that the level of bipartisanship will increase dramatically--I sound like John McLaughlin right now--it will increase dramatically and the next several months we will come together, yes or no, Congressman?

Rep. PALLONE: Yes.

ADUBATO: Yes.

Rep. PALLONE: Yes, absolutely, I think.

ADUBATO: I'm about to ask Pat Buchanan what he thinks. Listen, Congressman, it's a good--it's always good to have you. We appreciate you coming up from Washington.

Rep. PALLONE: Thank you.

ADUBATO: And you have an open invitation here on public television to share your perspectives on the most important, other than the economy and it's directly connected to that, issue, which is health care. Thank you, Congressman.

Rep. PALLONE: Thank you, Steve.

ADUBATO: Good job.

Rep. PALLONE: Thanks.

ADUBATO: OK, that was good.

Announcer: If you would like more information on this program, or if you'd like to express an opinion, e-mail us at info@caucusnj.org. And visit us online at caucusnj.org.

ADUBATO: I'm Steve Aduato. We continue our discussion, talking about health care from a variety of perspectives. You can talk about it from a political perspective, from a providers perspective. The gentleman you're about to see on camera looks at it from those perspectives and others. He's a good friend. Dr. Stephen Crystal who is with Rutgers University. He's a health care policy expert. He knows more about health care than just about anyone I know.

Good to see you, Steve.

Dr. STEPHEN CRYSTAL, PhD. (Health Policy Expert, Rutgers University): Nice to see you.

ADUBATO: We'll talk about Medicare in just a second, but the first thing I want to say is before we got on the air we talked about the fact that lots of coverage about health care, lots of discussion, debate, but we're more confused than ever before because?

Dr. CRYSTAL: Because we've got an enormously complicated system, and in fact the system has become so complicated and so disconnected that that is part of our problem because...

ADUBATO: Disconnected.

Dr. CRYSTAL: Disconnected because money is moving from place to place and a lot of the money is getting lost in the administrative costs, in the process of--the game is sort of for each entity to pass on costs to somebody else. And in that process we spend an awful lot of our money on administrative costs, billing, cost shifting and those kinds of things and it's one of the problems is that 30 percent administrative costs that's build into our system.

ADUBATO: Explain the Medicare equation to us. What's the deal?

Dr. CRYSTAL: What's the deal?

ADUBATO: Yeah. First of all, what is it? Let everyone understand what it is and what the problem is.

Dr. CRYSTAL: Right. Medicare's two programs. The big program is the traditional fee for service program.

ADUBATO: Right.

Dr. CRYSTAL: You have the managed care plans. The hope was for years that the managed care plans would learn to...

ADUBATO: For retired people.

Dr. CRYSTAL: For retired people.

ADUBATO: Right.

Dr. CRYSTAL: Retired people and disabled people. The disabled piece is very important. And Medicare covers all seniors, but has some big gaps and people who have traditional Medicare, almost half of their health care costs actually end up getting paid out-of-pocket or by some other means. That counts cost like nursing home care. So Medicare doesn't cover everything.

ADUBATO: So how do people afford it?

Dr. CRYSTAL: Medicare, it's a problem.

ADUBATO: What about the drug piece of it? I mean, drug prices connected to Medicare. I mean, what's happening there?

Dr. CRYSTAL: The Medicare Part D program started in 2006.

ADUBATO: Part D means?

Dr. CRYSTAL: Part D is the drug coverage.

ADUBATO: Got it. Prescription drugs.

Dr. CRYSTAL: Prescription drug coverage, and it's an improvement, but we have something called the doughnut hole which means just at the point that you need it the most, your coverage--your coverage goes away until you spend a lot of money. So that is an incomplete benefit.

ADUBATO: Explain that to people. It's an--what was the--what was it--what was the improvement and why is there now a hole in the doughnut?

Dr. CRYSTAL: There is a hole in the doughnut to keep the cost of the program manageable when they--when they enacted it. So many seniors know this very well by personal experience that you...

ADUBATO: So what happens to the average senior?

Dr. CRYSTAL: You pay \$275 in your deductible, then you have coverage. Then after you've spent a couple thousand dollars, if you need more you're uncovered until you've paid about \$5,000. So that's where the doughnut hole is.

ADUBATO: Out of your own pocket?

Dr. CRYSTAL: Out of your own pocket.

ADUBATO: But wait a minute. So you're on a fixed income, right? You're 80 years old, 75 years of age.

Dr. CRYSTAL: Right. Right.

ADUBATO: After 250 the government kicks in.

Dr. CRYSTAL: Right.

ADUBATO: OK. Up to 5 grand, right?

Dr. CRYSTAL: Twenty-five hundred--I forget the number. But in that range.

ADUBATO: I'm sorry, 2500. OK, but then--yeah, but you're on a fixed income, but...

Dr. CRYSTAL: Right.

ADUBATO: ...the medications that you are taking are keeping you...

Dr. CRYSTAL: Your insurance goes away at that point until you have a really high catastrophic figure. And we know from the research what happens at that point, which is some people stop taking their meds. Diabetics stop taking their meds and you have clinical crises in some cases with people. So it's the roller coaster. You might have insurance from February to June and then July your insurance runs out and then maybe if you spend a fortune out-of-pocket and get your daughter to help you, then maybe in December it kicks back in again.

ADUBATO: But if you're not taking your medications, Steve, isn't it fair to say that you're going to get sicker and therefore the costs to the health care system becomes greater?

Dr. CRYSTAL: Very possibly.

ADUBATO: But where's the logic in that?

Dr. CRYSTAL: It's not logic, it's cost-containment. It's not based on an insurance principle, it's based on the political imperative of when they passed the program they wanted to provide something for a lot of people so it would be popular, but they didn't have enough dollars available to have a full benefit.

ADUBATO: Yeah, but Steve the problem is it does cost more money over time.

Dr. CRYSTAL: It does.

ADUBATO: OK, but you're saying...

Dr. CRYSTAL: Yeah.

ADUBATO: ...we did it in order to save money, but it costs more money in the way it was done.

Dr. CRYSTAL: Well, this is always the problem in--I mean, if we--if we believed that prevention was always cost effective, I suppose we'd cover everybody instead of having 45 million people uninsured.

ADUBATO: You know, we talked to Congressman Frank Pallone...

Dr. CRYSTAL: Right.

ADUBATO: ...in another conversation. He chairs the House subcommittee on health, been in Congress for many, many years. We've talked to Senator Joe Vitale...

Dr. CRYSTAL: Right.

ADUBATO: ...who heads up the Senate Health Committee and others in the metropolitan area. This whole issue of universal health care gets thrown around a lot. What do you say to those who argue with the 45 million Americans that, yeah, it would be nice if we could provide health insurance for all those folks, but I don't want to get involved in socialized medicine. You say?

Dr. CRYSTAL: Well, you know, to me lately, the problems that we've had with the banks, the problems that we've had with the economic collapse, the problems that we have with the health care system, they're all connected. And what's connecting them is that we have a tremendous confusion in this country about the right role of government and to structure the market. And we had, clearly in hindsight, we had an underregulated financial system and we expected financial firms, we expected capitalists to do what capitalists are supposed to do, which is to compete within the rules of the road within a structure...

ADUBATO: Hm.

Dr. CRYSTAL: ...to be the most effective and make the most profit. But also too much--also setting the rules of the road. And that's not necessarily something that the unregulated market does well. And the same thing applies in health care, that you have to really figure out what in--to have a well-functioning capitalist system, what's the right role of government. And we're struggling with that in both of those sectors, so there's a very deep connection. We have--the problem that we have with health care in this country, we're spending now probably 18 percent--18, 19 percent of gross domestic product right now.

ADUBATO: What were we spending 10 years ago?

Dr. CRYSTAL: More like 11, 12. And with the recession, because the cost of health care hasn't gone down, the size of the economy has shrunk a little bit.

ADUBATO: Right.

Dr. CRYSTAL: So it's going up further. The last time it was officially measured it was 16. Now, that 18 is way out of line with all the countries that we compete with.

ADUBATO: What do you mean, way out of line?

Dr. CRYSTAL: Canada's like 11 percent.

ADUBATO: They spend 11 percent of their GNP...

Dr. CRYSTAL: And cover everybody. Right.

ADUBATO: How--explain to me how Canada can spend 11 percent of the gross national product on national health care; we are close to 18 if not higher. They cover everyone and we have 45 million Americans not covered. How does that work?

Dr. CRYSTAL: Basically, it's about three things. It is higher prices for health care services. It is administrative waste, that 20, 30 percent administrative cost that's built into our system with all these separate players...

ADUBATO: Right.

Dr. CRYSTAL: ...shifting costs to each other. And overuse of some services that are not providing people benefit and in some cases are harming them. One can come up with--come up with examples. People who have lower back pain...

ADUBATO: Hm.

Dr. CRYSTAL: ...and they go and they get an MRI. You see a bulging disk, which if you picked people randomly you would see 40 percent of them have a bulging disk. It doesn't necessarily mean that it should be surgically corrected. They end up getting surgery, they're worse off. Multiply that by many other circumstances. In many cases we really don't know what services are valuable to people and which aren't. So you take the combination of the crisis, the administrative waste.

ADUBATO: Defensive medicine.

Dr. CRYSTAL: Defensive medicine, absolutely.

ADUBATO: Just take the test.

Dr. CRYSTAL: Right, right.

ADUBATO: Get the camera. I remember getting an MRI years ago, I had a headache. And I remember saying to the doctor, 'I want an MRI' and he said, 'I don't think you need an MRI.' I said, 'I want an MRI because I'm concerned that, you know.' 'Listen, you don't need an MRI, why don't you wait a few days.' And I didn't and I forced the issue and I got an MRI. I think it cost 1100 bucks at the time. Magnify that.

Dr. CRYSTAL: The MRI, at least you weren't getting...

ADUBATO: And luckily I was fine.

Dr. CRYSTAL: ...huge amounts of radiation. But if you go and ask or that CAT scan, you're getting a lot of radiation. That's a good example.

ADUBATO: Was I wrong to say 'I want the MRI?'

Dr. CRYSTAL: Hard to say without knowing the clinical circumstances, but I can tell you if you multiply that by millions of people, that's a lot of money.

ADUBATO: Right. Therefore, which begs the question, how much are we as health care consumers part of the problem that we rail against?

Dr. CRYSTAL: I don't think we should be blamed individually. I think we have to structure a better system that uses resources more efficiently and then we can afford to cover all those people. The history of all these coverage improvements has been that you have a coverage improvement. You know, Massachusetts could melt down now for the same reasons, and we've had efforts in New Jersey...

ADUBATO: What do you mean?

Dr. CRYSTAL: You expand coverage...

ADUBATO: Well, Massachusetts is going what a lot of other states say they want to do, which is to cover everyone.

Dr. CRYSTAL: And their state budget is melting down like all states' budgets.

ADUBATO: Well, what does that say then, Steve, to people who say universal health care--the millions of New Jerseyans who--we have eight million people

in the state. We got 1.5 million who are uninsured, right? Insure them, cover them. Look what's happening in Massachusetts.

Dr. CRYSTAL: What it means--what it means, which is very tough, is that you have to simultaneously--you have to walk and chew gum at the same time. You have to simultaneously improve the coverage and try to structure the system so the costs are controlled. That is a very hard thing to do.

ADUBATO: Yeah, but you're saying cost control. You seem to be continuing to talk about administrative waste.

Dr. CRYSTAL: Right.

ADUBATO: Give us an example of that.

Dr. CRYSTAL: You go to--you go to a hospital and you go--you go to their accounts payable department.

ADUBATO: Right.

Dr. CRYSTAL: And you find literally hundreds of people moving paper, trying to get paid. You go to your doctor's office and you may very well find more people working in the--in the billing office than are--than are on the clinical staff. You don't see this in other countries. We have a system that involves so much pushing of paper and so much attempts at shifting costs, all of that--all that has a cost to it.

ADUBATO: And we haven't figured that out yet?

Dr. CRYSTAL: No.

ADUBATO: Is it because people are making money in the process that there is not any incentive to do away with this, as you call, wasteful system?

Dr. CRYSTAL: That's part of it, but you need to--I mean, fixing it is very hard, and...

ADUBATO: Are we going to fix it, or are we just going to continue to nibble around the edges and make some improvements with the SCHIP program that increases the number of kids who are covered, and, you know, tinker with Medicare here and there? I don't get the fixing. I don't believe the fixing takes place.

Dr. CRYSTAL: The fixing is hard. The fixing is the hardest part. But on the other hand, you see where it's--where it's--it's a problem with the federal budget because the federal budget's not unlimited for Medicare and Medicaid.

ADUBATO: Is Obama on the right track here?

Dr. CRYSTAL: I think he's on the right track, but I think he'll end up making so many compromises that it'll push up the costs. They'll--the coverage is easier than the cost control.

ADUBATO: So what Obama says, what his health care policy advisers say is a small piece of the larger equation in Washington. Congress will dictate a lot of this.

Dr. CRYSTAL: Congress will. Right. And whichever party, they're subject

to enormous pressure.

ADUBATO: Thirty seconds left. We in the media, we helping, hurting, what?

Dr. CRYSTAL: You're absolutely critical because of that blooming, buzzing confusion out there in the public, and we really need to try to understand what the issues are because it's not just a question of throwing money at the problem.

ADUBATO: But we in public television are doing a great job.

Dr. CRYSTAL: You're an...

ADUBATO: That's a question.

Dr. CRYSTAL: ...an important part of the puzzle.

ADUBATO: You know, Dr. Stephen Crystal, every time we have you on we learn something new, which is that public television is great. Thanks, Steve.

Announcer: The preceding program has been a production of the Caucus Educational Corporation, celebrating over 20 years of broadcast excellence; NJN Public Television; and Thirteen in association with WNET.org.

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