

The Leadership**Impact** Newsletter

Monthly Tips & Insights for Effective Leadership
www.leadershipimpact.com

January 2009

Volume 9, Issue 1

TOM DASCHLE ON THE HEALTH-CARE CRISIS

In Daschle's Own Words

"Anyone who has been seriously ill knows how bewildering our labyrinthine health care system can be.... Trying to navigate the system can be like taking a multiple-choice exam in a subject you've never studied."

"Professional expertise and trustworthiness - these are qualities that Congress lacks when it comes to health care... In other areas where Congress has these deficiencies we've delegated power to quasi-independent entities comprised of credible experts who are immune from political pressure."

"We'll be able to wrest power from Congress and the White House only when political leaders realize that they are incapable of making the technical decisions on benefits that are so critical in any health care system"

"Today, there is so much cost shifting in our system, it is virtually impossible for people to grasp what they are paying for, or to find out which providers and treatments get the best results for the least amount of money."

"Special interests are especially numerous and influential in the health-care arena. ... Since cutting costs is tantamount to cutting profits for many of the special interests, it is reasonable to expect them to engage in an all out war to defeat reform."

"To finally succeed we will also have to overcome powerful and persistent myths about our current health care system. First and foremost is a mistaken belief that we have the best health care in the world."

"I am a veteran of the battle in the early 1990's and a student of failed efforts in earlier decades" -- Senator Tom Daschle

Tom Daschle has been named by President-Elect Obama to be the next HHS Secretary and Director of the White House Office on Health Reform. Why should healthcare executives and other leaders care? With the economy in free fall, and the government's role in the turn-around still being constructed, healthcare spending can either be a building block of a new economy or one of the barriers. As Daschle has commented: "We are recognized as world leaders in technological innovation and ground breaking research.... But considering what we spend on health care in this country, we should be able to provide care that is far and away the best on the planet.... We have to face a simple truth: We're paying top dollar for mediocre results."

Earlier this year, Daschle wrote a book outlining his views on the healthcare crisis and his recommendations for a resolution, **Critical: What We Can Do about the Health-Care Crisis**. This is both a good history of previous reform efforts as well as a blue print for what we can anticipate from the Obama administration. Although there have been calls to defer action on healthcare until the economic crisis is resolved, both Obama and Daschle have signaled that they want to take advantage of momentum rather than put healthcare on the backburner. In fact, Daschle argues that one of the causes for the failure of the Clinton plan was the delay created by the budget debates early in the Clinton administration.

Although most executives are up to their necks in urgent, critical issues, Daschle's book is worth reading. In 200 pages of well-written text, he covers the nature of the crisis, the history of reform efforts, a diagnosis of what went wrong, a model for reform, and his view of prospects for success. He balances the use of anecdotes, statistics, examples, and insights to explain clearly and concisely how we got here and how he thinks we can realistically move forward. You don't have to be a policy wonk to find this interesting and relevant. Quotes in the sidebar show Daschle's directness.

There are two important concepts that form the basis for Daschle's plan. First, he believes that pragmatism demands a centrist approach that is neither a free market system nor a single-payer system: "The consensus in the middle of the political spectrum, among both Democrats and Republicans, is that we should create a public-private hybrid that preserves our private system within a strengthened public framework.... Most of the world's high-ranking healthcare systems employ some kind of a single-payer strategy... but a pure single-payer system is politically problematic in the United States.... So instead of creating a pure model system, I believe we should build on the one we have."

Second, Daschle recommends creation of a Federal Health Board similar in structure and analogous in function to the Federal Reserve. He believes that this approach will diminish uninformed congressional debate over details while it allows Congress and the President to fashion the overall policy approach and principles of application: "In similarly thorny areas, such as military base closures and monetary policy, we've gotten results by creating a decision-making process that is one step removed from Congress and the White House."

For more, see sidebar and next page.

LESSONS FOR EXECUTIVES

"The distant past was a week ago, and the unforeseeable future is two weeks from now"
-Harrison Fox, Expert on Congressional Staffs

Years ago I worked in the US Senate, and Harrison Fox was my mentor. He gave me this advice to help me understand the immediate focus of most of the work on Capitol Hill. I had the opportunity to ask Max Baucus, the current Chair of the Senate Finance Committee, how that perspective compares to the present. "Oh, it's much worse now," he replied.

Despite how busy most executives are, I have witnessed first hand that Senators are even busier with more multiple demands on their attention. Therefore, executives can demonstrate a longer time horizon, but just as with politicians, their attention is drawn to the urgent crises and operational concerns of the present.

In the inset, I show some of my "laws of management" taken from my website. Numbers 9 & 11 are relevant to both the daily work of Congress and the daily work of executives. Part of the problem with the lack of success with healthcare reform is the lack of strategy and sustained focus in Congress over time. The same problems bedevil many other organizations as well, with the same outcome. Work gets done, but substantial forward progress, innovation, and resolution of fundamental problems are rare. Leaders are responsible for changing that, and Daschle provides a model.

I quoted Daschle on the front page describing himself as a "student of the failed efforts" of the past. Like some of the best leaders in Congress, he has staked out a few areas of expertise, where he maintains a continuous interest and thinks deeply over time, rather than always being consumed by what is urgent. He has also spent a lot of time reflecting on his experiences in Congress,

both on the healthcare reform debates and otherwise. He is a follower of law #5, learning from the lessons of his own experience.

It is no accident that Daschle's book appeared in February of a Presidential Election year. He was positioning himself to have a voice in the debate he was sure would come. By preparing himself well in advance and being strategic, he has been able to not only influence other leaders, he has been able to secure a vital role for himself going forward.

McGinn's Laws of Management

<http://www.leadershipimpact.com/petermcginn/petreslawsofmanagement.html>

5. Learn from the lessons of your own experience.
7. There is no right way. Your job is to choose the option whose negative consequences you are best able to live with at the time.
9. Thinking is a competitive advantage because so few people do it.
11. Spend time on what is important, not just what is urgent.
15. Beware of what you incent/reward; you may get it.
20. A bad decision made by a group is a bad decision, even if everyone likes it. And a good decision is not a good decision, if no one accepts it.

One of the knotty problems that will need to be resolved in reforming healthcare is a consequence of rule #15. As those of us in healthcare know, and as Daschle describes clearly in his book, the incentives in healthcare are not aligned with the goals of high quality, broad access, and low costs. For example, our system rewards providers for technology and procedures, not coordination of care. It rewards insurance

companies for restricting access not enabling it. Those most rewarded by the status quo will fight the hardest to prevent change. It is the same in organizations.

Daschle is a pragmatist. As he sketches out his plan for reform, he adheres to laws # 7 & 20. On the penultimate page of his book, he remarks, "I have strong views on what an 'ideal' system would look like. But I am not willing to sacrifice worthy improvements on the altar of perfection." Executives should pay heed to his example.

One of the common shortcomings of groups is following the self-defeating cycle of behavior that Churchill describes below. One of my roles as a leadership and organizational consultant is to help leaders and organizations break out of such cycles and exert the type of strategic, forward looking leadership of which Daschle is a role model in the healthcare reform debate.

"There is one epicycle of action which is important to avoid, that is: recognition of an evil; resolve to deal with it; appointment of a committee to examine it and discover the remedy; formulation of the remedy; decision to adopt the remedy; consultation with various persons who raise objections; decision to defer to their objections; decision to delay application of the remedy; decision to forget all about the remedy and put up with the evil." - Winston Churchill

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