

Testimony on the Influence of Private Foundations on Public Policy

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The following statement on the Private Influence Reform Law, House Bill 975, was presented to the House State Government Committee, Hon. Paul Clymer, Chairman, in the House of Representatives, Commonwealth of Pennsylvania, Nov 28, 1997.

I am Jane Orient, M.D., a specialist in internal medicine and executive director of the Association of American Physicians and Surgeons (AAPS), which represents physicians dedicated to preserving the patient-physician relationship and the moral standard expressed in the Oath of Hippocrates.

Our Association began to take special notice of the role of the Robert Wood Johnson Foundation (RWJF) and other private foundations during the course of the lawsuit *Association of American Physicians and Surgeons, et al., vs. Hillary Rodham Clinton, et al.* As discovery proceeded, it soon became apparent that tax-exempt foundations such as RWJF and the Henry Kaiser Family Foundation were playing a key role in setting the agenda of the Task Force on Health Care Reform and supplying key personnel. The reason that the Task Force felt a need for secrecy was also apparent as details unfolded.

It's not that the major initiatives proposed by RWJF are a secret. They are in fact heavily promoted. But the method of enactment and the long-term implications could not bear intense and critical scrutiny.

RWJF produces a large volume of repetitious publications outlining initiatives that at first glance are completely noncontroversial and, in fact, boring. It was only the secrecy of the Task Force that sparked enough interest to take a closer look at what was hidden in plain sight behind a smokescreen of utter banality.

As our lawsuit became more widely known, we received occasional phone calls from doctors around the country. They were dismayed at certain "health care reform" programs in their area, all of which had the tendency to undermine independent private entities and to increase the influence of government and managed care. RWJF might be found lurking somewhere in the shadows, say in an office deep in the hospital's administration wing. It was difficult to object to it or even to get anyone very interested in it; it was probably doing something very boring like generating statistics or writing yet another proposal that looked very much like something we had all seen many times before.

RWJF and its associated organizations are very respectable. They have the approval of a host of professional organizations and hospitals, possibly granted at a boring committee meeting that hardly anyone attended, possibly thanks to the endorsement of a person of influence who might have or hope to receive a grant.

Consider two basic questions that are seldom asked:

Who Are the Private Foundations, Such as RWJF?

The foundations are usually not well known to the public. They don't make a product or play football or do other things that tend to

attract notice. They have a few outstanding traits: They are extremely wealthy and uniquely privileged. One reason they have so much money is that they are exempt from taxation. And because they are philanthropic organizations, they do not have to file the reports required of lobbying organizations. Grantmaking is not lobbying—however, it is potentially a way of buying influence that neatly circumvents laws that apply to a labor union or a Political Action Committee.

What Do Private Foundations Such as RWJF Actually Do?

First, let us consider what they *don't* do. They don't help individuals who are sick or injured. When Mother Teresa died, thousands flocked to the funeral, saying, "I love her; she was there for me when I needed her." RWJF is not at all like Mother Teresa. Nor is it like the Shriner's Hospital, which takes in burned children and gets them well. Nor is it like the March of Dimes, back when that organization was focused on finding a polio vaccine.

RWJF is concerned with health, not with sickness; with organizing the forms of care that we already have, not with making advances in the war against disease. In fact, it criticizes the medical profession for its "disease orientation."

Let's look at two specific RWJF campaigns:

Immunizations

Of course, everybody is in favor of children getting their shots. Vaccinations (at least some of them) are one of the few forms of preventive medicine that are clearly cost-effective from a purely economic standpoint. But we don't really have a big problem with children not being immunized—most mothers take their children to the doctor or to the county health department. Some fail to do so; however, this is not a major public health problem because "herd immunity" prevents outbreaks of childhood diseases even if the vaccination rate is not 100%. A few of the unimmunized children might themselves get sick, but even if they do they will probably have an excellent recovery followed by lifelong natural immunity.

If we did have a problem with inadequate immunizations, RWJF would not directly be of help in solving it. RWJF neither purchases nor administers vaccines for needy children.

The RWJF effort is concerned with the compulsory collection of computerized data on all children and, incidentally, their immunizations. The rationale is that occasionally the record gets lost and a mother forgets about the shot, and as a result a child misses a shot or gets an extra one. Hardly a public health disaster.

Why, then, do we have a nationwide, multimillion dollar campaign to set up mandatory computer registries for vaccines? It really is like a war, with pins stuck in maps. The summer, 1996, issue of the *All Kids Count* newsletter has a map showing where registries have become law, and on the back is a picture, not of a smiling baby getting a shot but of the governor of Georgia signing a bill into law. There is also a Pennsylvania newsletter *Immunization News*, published by the Pennsylvania Forum for Primary Care.

(Many nonprofits are on this bandwagon, whether or not they are related somehow to the RWJF.)

Do all these well-paid warriors really care about whether every single child received all his measles shots on time? They could buy a lot of vaccine for the price of the newsletters. Do they really think that a national “mosaic” of computer registries will have fewer errors than records that mothers keep about their own children? Do your constituents really prefer to spend money on this data bank in preference to helping individual children who have a bad disease such as leukemia? Think about it. Consider the possibility that the campaign is not really about vaccines but about establishing a computer infrastructure for a relatively noncontroversial purpose that can be used for other purposes later.

“Chronic Care in America”

This campaign is described in a very expensive, glossy, colorful, boring book published by RWJF in August, 1996, available on line at <http://www.rwjf.org>. Its most striking feature is the cover; the photographs are slightly out of focus, and deliberately so. It states:

The focus on acute medical care has obscured the simpler, but nevertheless urgent needs of the millions of people with disabling chronic conditions....[K]ey elements of our current “system” of care—its priorities, allocation of resources, training of professionals, and the incentives inherent in its financing—appear out of kilter and sometimes simply dysfunctional.¹

Indeed, the goal is to change the focus of medicine, and in effect to turn it upside down. As with the immunization initiative, the focus is extremely broad. According to the book, the number of Americans with chronic disease will soon be 150,000,000, and already is 100,000,000. That probably includes almost everybody who has lived long enough. Everybody probably develops arthritis eventually, if nothing else. If young children are included in the immunization program, older adults in the chronic care program, and adolescents in the “teenage pregnancy” programs, most of the population is covered. And if one is looking at people by the hundreds of millions, the individual faces have to be out of focus.

RWJF’s book acknowledges that “individuals suffer,” but clearly its accent is on the fact that “*society at large pays a toll in lost productivity and avoidable health care expenditures*” [emphasis added].¹ Obviously, RWJF is not looking for ways to cure multiple sclerosis or arthritis or diabetes, but rather for the cheapest way to provide bathtub railings.

The “challenges for the 21st century” are: “creating correct financial and other incentives to rebalance resources; creating the “right mix” of medical services; providing the “right mix of personal assistance and custodial care services”; “creating processes to coordinate, manage, and allocate resources so that the right services get to the right people.”

What Does This Agenda Mean?

Does this, on the whole, sound like a benign and boring agenda? Let’s translate it into more direct language: It is a call for governmentally controlled central planning with rationing. It would replace our current “non-system” (called freedom) with compulsory institutions. Decisions would be made by an administrative elite (called bureaucrats). These decisions would include how many specialists we may have, whom they may treat, and what methods they may use (“the right mix of services to the

right people”). This new system will substitute for and often override the judgment of parents, family physicians, and others with direct knowledge of and responsibility for real individual living and breathing unique human beings (many of whom may well be “the wrong people”). The new system will enforce its edicts through control of all the money and possibly also through the civil, criminal, and administrative legal system (which delivers law but not necessarily justice).

This will be a top-down system, one that exerts its authority over people, not one that derives its authority from the people. Legislative oversight and accountability are deliberately disconnected.

Are these inferences, based on two examples, unjustified?

Let’s look at what RWJF has to say for itself.

When AAPS criticized the role of the RWJF in the Task Force, its President Stephen Schroeder telephoned me. He denied that RWJF advocated any particular kind of system (such as managed care). He stated that it funds a variety of different experimental projects. The latter is true, although in my assessment the non-managed-care projects are mere tokens, designed in such a way that they will probably fail. Most importantly, Mr. Schroeder sent me a copy of the summer 1992 issue of *Health Affairs*, as he apparently believed that it portrays the foundation’s program accurately. The most interesting articles were not, as it turned out, the ones he had drawn to my attention.

Here are quotations from sections of interest [emphasis added in all instances]:

The Need to Force “Cooperation”

In GrantWatch, Kane et al. write:

[C]ooperation was successful in only a few circumstances. A foundation grant that represented only a small portion of an institution’s budget could not overcome strong market forces or institutional self-interest to reshape a major health care institution. Cooperation occurred naturally only under specific market conditions—for example, when hospital occupancy levels were low or declining and managed care programs had a large market share, or when an institution’s survival was at stake. Otherwise, *strong incentives—financial or political—were needed to ‘force’ cooperation on what were otherwise competing and successful institutions....*^{2,p183}

The consortium model [for obtaining cooperation] was a disappointment [in achieving the Foundation’s goals]:

[C]onsortia maintained a balance of power among participants but *did not achieve fundamental change*. In addition, participants’ motivations were generally short-term or nonvital, and no *participant was willing to give up autonomy to the consortium, particularly the right to withdraw if it did not like the consortium’s suggestions.*^{2,p187}

Among the conclusions from the experience with consortia was the need for certain favorable circumstances, including government intervention.^{2,p190}

The Intended “Change”

The desired changes were fundamental: “[T]his program attempted to influence the basic missions, strategies, and internal organization of participating institutions and thus had the potential of affecting the viability and future of the institution.”^{2,p190}

Actually, radical change in *society* is sought: “Fundamental change might be most constructively viewed as *first requiring a change in societal values that then requires institutions to adapt to those changed values.*”^{2,p.191}

One of the most difficult obstacles faced by RWJF in Steven Schroeder’s view is Americans’ distrust of government:

“Getting the kind of broad-based political support needed to achieve universal access is going to be difficult,” Schroeder commented. America is very different from many other countries, he added; its citizens don’t trust their government. *‘How to reconcile the need for universal coverage with a reluctance to have government in control of it is a real challenge for us as citizens.’*^{3,p.200}

Schroeder recognized that to “just put the data out there and assume that people will make the right choice” would not necessarily be effective. Therefore, in addition to various communications efforts, other means were required^{3,p.200}—coercive means.

Lessons from the “Laboratories of Democracy”

In the “UpDate” section [of the same issue], some of the “Lessons from Implementation of Washington’s Basic Health Plan” were reviewed: “The key to success in public/private partnerships is to induce the private sector to ‘play’ on terms that are acceptable to the public sector.”⁴

The struggle to enact legislation was found to be the easy part. Next came implementation, which involved uncertainties. “*The most important element of management in program demonstrations involves not so much making rules as establishing processes for rule making.*”^{4,p.217}

Summary of RWJF Agenda

To summarize the RWJF account of its objectives and strategy:

- The goal is a government-controlled “public/private partnership,” which is another name for “corporatism” or “corporate socialism,” and could also be called fascism.

- Enactment and implementation of such programs is expected to meet resistance. Thus, it is desirable to remove the process as far as possible from the political arena.
- Grantmaking is part of the strategy for overcoming resistance, passing legislation, and making sure that the means for implementing it are solidly in place before opposition can build.
- The desired outcome requires a radical change in societal values and institutional arrangements. Change is facilitated when institutions are financially weak, with heavy managed-care penetration. Government intervention is often needed.

Conclusions

AAPS is strongly in favor of H.B. 975. This bill helps to preserve the proper role of the elected legislature in overseeing programs that otherwise could subvert their originally stated, apparently benign purpose, imposing on the people of the Commonwealth a system that is repugnant to them and deprives them of the right to make their own decisions about matters intimately affecting their very lives.

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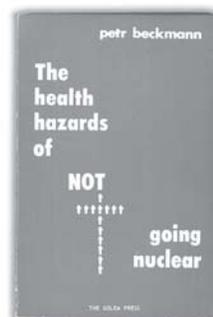
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