

A Good Man For This Medical Plan

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John Goodman never took a course in health care policy.

He became an expert on it almost by accident.

"I got involved in health care policy because there was a need and it wasn't being met by others," Goodman told IBD. "It wasn't getting the attention it deserved, and yet with each passing year it became more and more obvious this was the most pressing domestic problem that we had and every other country had."

That's his approach to success: Find a need in public policy that isn't being met and address it.

That stamp led to two key feats: establishing a think tank, the Dallas-based National Center for Policy Analysis, and seeing health savings accounts enacted into law.

Goodman, 62, was born in Champaign, Ill., and raised in Waco, Texas. He earned a Ph.D. in economics from Columbia University in 1976 and made college his stomping ground — becoming a research fellow at Stanford and teaching at Sarah Lawrence, Dartmouth and the University of Dallas before rising to chief executive of the NCPA.

The NCPA, like all think tanks, researches issues, then takes stands. Goodman's group comes at them from the standpoint of individual liberty and free markets.

When Goodman founded the NCPA with his wife, Jeanette, in 1983, he was competing with established conservative think tanks like the Heritage Foundation and the American Enterprise Institute. To stand out, Goodman and the NCPA emphasized issues that the other think tanks were missing.

"We began focusing on issues that were not being addressed by the larger, older think tanks, what I call the social insurance issues — the role of government in retirement,

health care, disability, unemployment, welfare and entitlement programs," said Goodman.

This attracted the attention of the media and, with it, the interests of the main funding sources of think tanks, individual donors and nonprofit foundations.

Despite this ultimately winning formula, getting the NCPA off the ground was not easy. During the first two years, Goodman had to forego his salary and pay expenses out of his own pocket.

Today the NCPA has more than \$8 million in revenue and 40 full-time employees. It takes advantage of 12 experts — including former Delaware Gov. Pete du Pont, former Social Security and Medicare trustee Thomas Saving and former Texas A&M Chancellor Bob McTeer — who spread the NCPA word through the media. Also getting the word out is NCPA.org, which boasts 1 million hits per month.

It all goes back to Goodman, says Greg Scandlen. "John is an independent thinker," said Scandlen, a former NCPA employee and now president of Maryland-based Consumers for Health Care Choices. "He's not an ideologue, he's a real economist. If he supports something, it's because he really believes it is the way to go, not because political winds are blowing that way."

That willingness to stand against the political winds led to what has been his greatest policy triumph, health savings accounts.

An HSA is a tax-advantaged medical savings account that comes with a high-deductible health insurance plan. Enrollees pay for medical care directly out of their HSA until they reach the deductible, at which point the insurance plan pays for care.

Such plans come with lower premiums. They also give patients more control over their health care funds. When HSAs became law in 2003 as part of the Medicare prescription drug bill, it capped years of work by Goodman and the NCPA.

Still, Goodman refuses to stand on a pedestal.

"I've never claimed that it was my original idea," he said about HSAs. "I first learned of the idea from Jesse Hixson, who was for many years the chief economist for the American Medical Association."

Despite that modesty, "John Goodman was immensely important to popularizing the HSA," said Regina Herzlinger, a Harvard Business School professor.

Getting HSAs into law was an uphill battle, with the private and political sectors initially cool toward the idea. Goodman kept marching.

"Someone needed to explain how, at a practical level, this would work," said Goodman.

That's what the NCPA did, through a series of articles and then the book "Patient Power."

Published in 1992 and co-authored with Gerald Musgrave, Goodman's "Patient Power" detailed why the U.S. health care system cost so much and offered ways to fix it. At the top of the remedy list: HSAs.

"Patient Power" became a minor hit, with 300,000 copies in print.

Companies began warming to HSAs well before politicians did. One of the NCPA's board members, the late Patrick Rooney, tried HSAs with his employees at Golden Rule Insurance Co. It worked so well in saving his firm and his employees money, he began selling HSAs through Golden Rule.

HSAs then slowly spread through the marketplace. Steve Forbes tried them out with his employees at Forbes magazine.

"Believe it or not, one of the early examples of HSAs was the United Mine Workers Union," Goodman said. "They accepted a \$1,000 deductible, and the employers agreed to put \$1,000 in an account for the employees."

Politicians were a tougher sell.

"We were not at the top of the list," Goodman said. "With respect to HSAs, they turned to our idea after they tried everything else. When I first took the idea to Congress in the early 1990s, only five congressmen wanted to be with me."

Goodman and the NCPA persevered, and interest groups and congressmen came around.

Now that HSAs are law, don't expect Goodman to rest. "He has a fount of good ideas about what to do in health care," Herzlinger said.

For young conservatives going into the policy world, Goodman suggests they follow a plan similar to that which sparks the NCPA.

"You have to find a niche, you have to focus on needs that are not being met by others," he said. "Pick an area where there is a problem that if it's not solved will become worse through time, so that the pressure for reform will naturally build even if everybody is ignoring you."