



The Public Policy Forum
Managing in New York
State Government
Presented by
Dennis Whalen

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Richard P. Nathan:

Good morning, my name is Dick Nathan. I am proud to be the director of the Rockefeller Institute of Government, which is the public policy research arm of the State University of New York. We report to the Trustees and the Chancellor of the State University of New York. This is the twelfth Public Policy Forum this year in our series of forums. It's been a good series thanks to Michael Cooper and Michele Charbonneau, among other people at the Institute, who have worked hard on it. There is a page on the Rockefeller Institute website for our Public Policy Forums where we have transcripts on all of our forums.

It's my honor today to introduce a speaker who is one of my favorite people in state government. He is the kind of person who works hard and doesn't get credit, but gets a lot of blame, who is working to make government responsive to the public. He is a model public servant. Dennis Whalen has been the Executive Deputy Commissioner of the State Department of Health for a decade. The department is big — \$45 billion in state and federal funds, with extensive facilities and staff throughout the state. Dennis previously served in the department as director of Health Systems and as executive deputy director for the AIDS Institute. He has also worked also in the State Office of

Alcoholism and Substance Abuse. He is someone we know very well here at the Rockefeller Institute. He is one the steady and wise people in government; we are lucky to have him. The session today is for him to present his thoughts about lessons he's learned and challenges for the future.

Dennis has especially worked with the Rockefeller Institute on the Public Management Intern program and on studies we've done for the Department, like on the Certificate of Need process. He was one of the people involved when we had a two-year-long series of informal breakfast meetings with the executive deputies in major state agencies. That's how I got to know Dennis. He always seemed to have the best ideas and the soundest thoughts and a good perspective. He's worked with us especially, as has the staff of the State Health Department on the Medicaid program, what it does, and how we should understand it and where it's headed. It is my great honor to turn the podium over to Dennis.

Dennis Whalen:

Thank you very much, Dick, for that kind introduction. I'm proud to be here at the Rockefeller Institute this morning. It's one of the great resources for state government here in Albany and I always like to say that I think that there's an inverse relationship between proximity and the sense of value. Because it's close, I think people fail to appreciate fully the important role and the superb work done here at the Rockefeller Institute.

When I was invited to present a forum, it was suggested that I might want to discuss either health policy or management in state government. I've chosen to speak this morning about managing in New York State and I'll certainly touch upon some issues of health care in doing so. I want to particularly leave time for questions and answers, as I've found that format really creates the most interesting opportunities for the exchange of thoughts and ideas. So I hope, as Dick entreated you, you will be enthusiastic questioners and commentators.

In framing this discussion of managing in New York State, I thought it might be interesting to think about the necessary ingredients for overcoming the challenges of bureaucratic life in the Empire State. I've come up with a list of four surefire rules for successful management in government. One, remember your politics. Two, play the inside game. Three, play the outside game. And four, have a passion for public service.

Let's start with rule one: Remember your politics. In New York State, every issue a government manager must contend with has a political aspect. Here, I'm referring to politics with a small "p" and in some cases the large "P."

I regularly speak to individuals who are from other states or who are new to the world of state government. They often come before the department seeking a change in a rule or regulation, or they have an idea about a law or a health care policy. In many of those conversations, I find myself reaching a point where I say something like, "Well, we need to consider the political implications of your idea." The reaction is nearly universally the same, "Oh, that's not a problem. There's no political aspect whatsoever to this issue." Now Dante said that the gates to hell were emblazoned with "Abandon hope all ye who enter here." I suppose it's true that the gates to New York State government have a slightly different legend for some, "Abandon hope all ye who enter here that think no one has the opposite view, stake, or interest in your issue."

Everything in New York State is fraught with small "p" political peril. Success in managing a government program requires not only awareness of that fact but an ability to consider the interests, the positions, and the likely actions of stakeholders in the development of any policy or program that you hope will succeed. Stakeholders here in New York are not shy. They are not neophytes in the political process. They do know where the public forum is and how to command a prominent position from which to espouse their point of view.

In New York State, we have stakeholders like no other state has stakeholders. They're not confined to elected office or government, or to formal lobbying or associations. It can just as easily be the citizen on the street or a group of citizens with a

common interest in the public good, sometimes called, with great fear, “advocacy groups”. Successful management requires that you understand your chances of success and how they depend on the reactions and the actions of the stakeholders. Your obligation as a good manager is to think about your public policy goals and to determine how its formation and how its implementation will affect its stakeholders. How their interests should be reflected in your actions and your proposal. How their actions and reactions will help or hinder your chance of success. How their concerns should be addressed or if they should be addressed at all. How this mix of point, counterpoint, influence, and impact can be fashioned together into a successful policy program law or rule. It’s a wonderfully complex, multidimensional, and ever-changing landscape that the government manager inhabits each and every day. So learning how to safely navigate the potential dangerous territories is critical to success.

One ongoing example of this, which Dick and I talked for a few minutes about outside, is the recent passage of legislation creating the Commission on the Future of Health Care in the 21st Century. Originally proposed by Governor Pataki over a year and half ago, it was included as a provision in the State Budget that was recently enacted. You now see this process unfolding where various stakeholders are jockeying for appointment to that body or one of its many arms. It’s sort of a real-life, immediate example of how all those forces are brought to bear that we discussed for rule one.

Rule two is: play the inside game. More properly it is, I think, understand how the inside game is played and then play it superbly. What is the inside game? I think it has three components. First, it’s the machinery of government business, simply all those procedures, checks and balances, requirements, policies, budgets, and so on that enable government to do its business. The second component are the engineers and mechanics scattered around places in state government that can make this machinery run smoothly but can also make it stop functioning all together. Third is understanding the rules and the influences that affect the rules so that you can make the machinery run, avoid the problems with the engineers and mechanics, and, this is very important, getting credible current information and knowing enough to figure out if it’s true. That is important so

that you can understand what all the inside players are doing. It's important to recognize, harkening back to rule one, that there are stakeholders within state government as well. You need to pay attention to their perspective just as you do the stakeholders outside of formal government.

The key to doing well at playing the inside game is knowledge. The successful manager needs to make sure he or she understands the environment in which they operate. Certainly, this knowledge comes with experience and time but the biggest advantage to a manager is smart, skilled, knowledgeable staff. So there are some corollaries to rule two. Always try to surround yourself with good staff. Some managers are fearful of having people near them who are smarter or more experienced than they are themselves. I think the successful manager is exactly the opposite. You can't possibly know everything you need to know.

The forum that Dick described earlier, the Senior Deputies Forum, that met here at the Rockefeller Institute for two years was really invaluable in sharing lessons across agencies. I want to talk a bit about the insular nature of government structures and why we need to work against that tendency. I've been blessed at the Department with really fine staff and Karen Schimke who held my position before me can also attest to this fact. I've found the staff to possess such extensive knowledge, depth. That's really been a key to the success that I've had is the ability to really marshal those forces, those folks who get great ideas who know how all this machinery works. If you get that information, you can fashion these ideas in public policy goals and aims into successful initiatives.

Another corollary is not to shun incremental progress. Sometimes it's the only kind of progress achievable and something is better than nothing in my view. It usually leads to further progress. An example is the preferred drug program that was enacted in this year's budget. For several years running there was no chance whatsoever that this program was going to go forward in the legislative process. But various forces came together to create an opportunity: There was a huge public policy debate where counties were yelling about the cost of Medicaid, where criticism was coming in regard to drug manufacturers' influence and profits, and others. The government process could have

easily ended up with a judgment last November or September, “Well, we shouldn’t stick that in the budget again. It’s gone down to defeat three or four times.” But in fact, there was recognition of the changed landscape, and we took advantage of that to get beginning movement on the issue.

And that’s, I think, indicative of the value of the long-term view. That view is often difficult to maintain in government where the political process changes the players and the players change the administrators and so on. However, looking for the right opportunity is a key talent, and the policy goal that seemed unattainable in this instance four years ago was suddenly able to be achieved.

Also, I think it’s important to not view statutes and regulations, policies, and procedures as obstacles to problem solving. They should be respected, but they should be viewed as tools for achieving the kind of change that you want to engender. Staff at the Department has been incredibly creative in putting ideas and tools together in a way that has enabled us to move ahead.

The current Viagra example in the press this week is a perfect example of where, for many years, it was quite clear under federal rules that the Medicaid program could not single out a class of patients and simply say, “We’re not going to provide a benefit to them.” So, state governments were required by the federal government to include Viagra in their Medicaid formularies. But the federal government was creative and turned that policy around in a day after the press started to focus on this issue.

Other corollaries for the manager under rule two are to inspire staff and encourage innovation. It is incredibly important to encourage open discussion and exchange of ideas; to not become preoccupied with putting out the fires (which can take everybody’s time and lead you to the point where that’s the only thing that you do); and to break down the naturally occurring institutional silos in bureaucracies. Equating knowledge, information, or data to power — and thus hoarding it — is destructive and hampers the ability to do good work.



Another key to rule number two is to understand that how the inside game is played can change. In 1975, I entered state service at the Department of Health as a Grade 13 public health educator trainee. Before I knew it, it was 30 years later and I'm still in the same place doing a slightly different job. I had an advantage

coming into New York State government, a sense of perspective about public service because of familial circumstance. My father had spent nearly his entire career in county and state government service in public health. He talked freely and often about the particular ways of government and the problems that he dealt with and the mix of politics and policy. So early on in life I had an inkling of the larger context of government. That context includes understanding that each administration is different, meaning not only that it has a different governor at the helm, but it also has a unique operating style. It has particular views about government's roles and priorities, but it also has rules and understanding about how its agencies should function and communicate. Each commissioner of an agency has a unique operating style, as does each director of the Division of the Budget, each Comptroller, each Attorney General, each legislative leader. So how an administration behaves and how all the other components of government react to that behavior really defines how that inside game is played.

Rule three is: to play the outside game. This rule is very similar to rule two so I won't spend an inordinate amount of time on it. This rule recognizes that the outside influences on the political process are important and that all those things in rule two that apply inside government, apply to those on the outside who can affect government and its processes. The successful government manager must consciously work to ensure that the natural behaviors of large bureaucratic organizations don't work to their own disadvantage and to the disadvantage of citizens. It's very easy for large, powerful institutions to be insular, self-protective, and self-interested. Rule number three really

requires that a successful manager confront those tendencies and strive to ensure that there's open policy discussion and debate, consultation, thinking, an exchange of ideas not only inside government agencies but, very critically, outside those government agencies as well. Government has no monopoly on the best ideas or the best thinking. There is something false about a system where you don't have a process to encourage open discussion, debate, and defense of your position. Because at the end of that process you will end up with a better product that is more responsive to the need and that has a greater chance of success. What we define as "outside" can change depending on the circumstances of the issue. It can range from citizens to legislators and other state agencies and even to other units within your own agency.

One of the key principles of rule three is to aim for civility and respectful conversation and interchange at all times. I've seen managers who embrace a scorched earth approach to every issue, who describe enemies as being all those who hold a different view. They should know better, because the corollary of the long-term view in rule number two says that the potential role of outsiders is also as engineers and mechanics of that machinery that can be brought to a quick halt. This combination of bureaucracy's natural tendency for insularity and the intense small "p" politics can create very difficult circumstances for any manager. It's best to temper and manage those inclinations to achieve reasonable and more widely embraceable and therefore successful policy outcomes.

Finally, to rule four: the successful manager must have a passion for public service. Successful government managers in New York and elsewhere must embrace and uphold the public trust. They must have an abiding commitment to helping others. It is critical for a manager in state government to understand that their job is a responsibility, not simply a collection of duties. I sometimes meet government managers who seem to hate their job. Who seem to be biding their time and seem wholly unsuited for the idea of public service. I can't see how they will be successful and, further, they will be miserable in their failure. To me there's a public service corollary to "It's the economy, stupid." And that is "It's all about the people." We can't forget that our charge as managers in

New York State government is to make things better for the citizens. We are the holders and protectors of the public trust.

My secretary thinks I'm a little crazy because I will take a phone call from just about anybody. The value of that is that it really brings an immediacy to your job and to your responsibilities. It very quickly reminds you of the passion, the pain, the fear that individuals experience because of various challenges as they go through life and interact, in my case, with the health care system. It's very important in my mind to keep that line of communication and interaction open because it's a constant reminder and reinforcer of this sense of responsibility and the duties that you carry out.

I want to talk for just a minute about two challenges to public service that we currently face. One is the vast progress in technology. Information systems, medical technology, biotechnology, and genetics are really moving at light speed. Government has to figure out how to contend with these developments and their impacts. In health care, these developments will create very elemental change in responsibilities for state and federal agencies with responsibilities in health care. If you take a look at what's happening with the human genome project and with drug design — the goal of drugs targeted to an individual's genetic makeup — you can see that we need to begin thinking about government's responsibilities. What is the role of the FDA when you could conceivably have a drug manufactured that is different for each individual? How do you conduct a clinical trial? How do you decide whether the drug is safe or not?

Think about the changes in information technology and the emergence of electronic medical records and the impact they will have in the delivery of health care. We are now contending with the federal HIPPA Law, which is convoluted, difficult to understand, expensive to administer, and may create obstacles for clinical care to take advantage of technology's promises. It was spit out by Congress after staff spent months in a very detached and insular process to create the legislation. And to think that's going to be 50 or 100 times more complicated as these new information systems get put into place. Government has got to do something to harness that potential and to discuss how

those kinds of changes will impact carrying out of government responsibilities in regard to health care.

The second challenge is in regard to the recruitment of individuals into public service. At the Health Department, 50 percent or more of our workforce is eligible to retire in the next five years. The impact at the Health Department falls somewhere in the middle of the scale of all state agencies. If all those or even a significant number of those eligible for retirement do so, there will be a huge effect — an exodus of knowledge and skill sets leaving state government. We are also at a point in time where there's not a lot of effort underway to recruit individuals into public service. Last night on CBS News, they had a very interesting story where they reported on the graduating class this year in Ivy League schools and the deliberate choice by significant percentages of the graduating class to go into public service. They talked about both Harvard and Yale. I think it was 120 students in the graduating class at Harvard had applied for the Teach America Program. They didn't use a hard number for Yale, but I think it was 12 percent of the graduating class there had applied for positions in similar sorts of endeavors.

Government is not taking sufficient advantage of this opportunity. We're now facing a group of kids coming out of school that the statistics say will have something like 30 jobs in their lifetime. When I graduated from school that number was a lot smaller and longevity in a job was viewed as advantageous in the labor market — an indication that you had stability and experience. Today, longevity seems to be perceived as a negative. We've got to figure out how to engender a sense of public service and responsibility.

The CBS news story hypothesized that this renewed sense of public service is because these students were the 9/11 graduating class, that events of 9/11 had so ingrained in the graduating class a sense of public responsibility, that it was being manifested in this way. I don't know if that's true or not, but we have to do a better job in talking about the excitement of state government service and of public service in general. Then we need to have a system that harnesses that talent and gets it into state government in a way that's useful, because state government at the moment is not hiring large

numbers of people. Young people are not coming into state service in the numbers they once were and yet we're facing this movement of state workforce into retirement.



In conclusion, I just want to say that government work is not dull and unexciting. It's not limiting and full of constraints. To me, no other job has such a mix of power, authority, resources, and responsibilities critical to the mission. When you talk to people who have left state government, that's one of the first

things they mention to you. They say, "I miss the clarity of mission. I miss the inherent good, the sense that what I do every day is so important and critical to the well-being of people."

I've been fortunate in my career to work with people who've given me a great deal through their example and inspiration and who have proven to me over and over again, that a career in New York State government is not something that you settle for. It's something that you aspire to. With that said, I'll be happy to have a discussion and answer questions.

Richard P. Nathan:

I knew that Dennis would deliver a wonderful, thoughtful, and, I would say, important speech. That was very special. I'm impressed. I wrote in my notes that I want to send this out to a lot of my friends in government, in academia, and around the country. Can I reflect on a somewhat personal comment? Wendy Kopp, who heads "Teach for America," was a student of mine at Princeton. I think I was her supervisor when she wrote her junior paper. She said she was going to leave Princeton and change education by getting smart people to go into the classroom. We thought, "What a wild idea." But she did it. I'm in touch with her a little. She's marvelous.



Dennis, 30 years in state government and still learning, still a trainee, but indeed he has learned a lot. I'll take the prerogative of the chair and ask the first question. Again, to personalize this a little bit, when I was in government at the Office of Management and Budget in the federal government, George Schultz was the budget director. I never worked for anyone I respected as much as George. One day, they came in to him and said, "Our agency needs a new seal." They had a completely phony proposal. They said to George, "What should the seal be?" He said, "It should be just a big grey circle, because the less people know about you, the more influence you can have." That leads to my question. Dennis, your sure fire rules leaves out a subject that has to be difficult for people with high-level responsibilities — the media. Is there a sure fire rule for people with your kind of jobs handling the media?

Dennis Whalen:

Mark Kissinger, who received one of the Burton Medals a couple weeks ago, told a story that is pertinent to this question. He said that when he first came to work for the Senate he was working on aging issues. He was heading up a Senate task force. He got a call toward the end of one day from, I think, a *Times Union* reporter who asked questions about the Task Force. Mark said that he described all the activities that were ongoing. He said he got up the next morning and there on the front page of the B Section was this story quoting Mark Kissinger. He went into the office and he was feeling kind of good. Then the Senator who was chairing the committee came into the office. He threw paper down on the desk. Mark was anticipating a favorable comment but the senator said, "If you're not on the ballot, you're not in the paper."

The media is a critical part of the "outside" that I described in rule 3. They can be an enormously powerful ally in engendering change and there is example after example

of that. One such example is the adult home issue, where we've made incremental progress, but which otherwise has been an intractable problem. If you were faced with the question of how to provide care and treatment and services to that population, the last thing you would invent is the setting now called the "adult home." It's a mismatch between the need and the service. Until the Cliff Levy series of articles in *The New York Times*, which won a Pulitzer Prize, appeared, change was very difficult. Part of the frustration has been that change hasn't been more substantive or quicker to date. So the media can be an ally.

The media can directly affect the functioning of government machinery. I spent my Monday dealing with Viagra and Medicaid. Comptroller Hevesi put a press release out on Sunday. By Monday afternoon when I "Googled" the news on Viagra, the release was being carried in Tokyo, the *Hindustan Times*, the BBC. The federal government over the course of Monday changed its position from a 1:00 o'clock quote from a spokesperson for HHS who said, "This is a mistake. This was an unintended consequence of the federal rules for Medicaid," to the 5:00 o'clock quote from HHS, which said, "States could always ban this."

So the media is a very powerful force. The skills necessary for effectively dealing with the media could be the subject of many other discussions. My first job in government was working for Marv Nailor at the Health Department; he was the head of Public Information and we dealt routinely with the newspapers at that time. The Health Department has always had a relatively good relationship with the press. Different administrations handle media relations in different ways. There has been much written about the changes comparing the Cuomo administration to the Pataki administration in that regard.

Always telling the truth in response to media questions is sort of the cardinal rule, but unless you're skilled at dealing with the press, it can be fraught with peril. I don't think that the idea of the grey circle, however, is one that gets you much mileage. It sort of piques the interest of reporters to try and find out bad things about you rather than

trying to find out about the good things you do when you have a more specific set of responsibilities that you're free to talk about.

Jim Purcell:

I'm with The Council of Family and Child Caring Agencies. I was happy that you included on the list of challenges the workforce. I think if you look even at the state workforce, compounding the problem of the people moving close to retirement if you go back even 15 years, we find longtime hiring freezes. It seems that we missed hiring a group of people who would have become the natural leaders as they moved on. I think there is a serious brain drain right now. Could you just say more about what government ought to be thinking about in terms of creativity?

Dennis Whalen:

First, I would agree with your characterization. The depth in the Department of Health was a very significant reason for our being able to withstand the hiring situation. The Department of Health took a particular approach over many years, 20 years probably, in trying to contend with hiring freezes or reductions in force by managing them internally through attrition and other means. The effect of that was twofold. One, it was great morale booster for staff who felt they didn't have to worry about layoffs. Two, when the numbers became unmanageable the agency had a lot fewer choices than if we had made other choices along the way. Now we're at the point where retirements and aging of the state workforce is reducing the depth of staff, and moving that gap up to higher levels in agencies. There is a lacuna there that nobody is populating.

I think the challenge in trying to figure out how to do address the problem is twofold. One, there are obvious advantages to technology that can be brought to bear on this situation. The opportunity for technology to fundamentally change the way the state workforce functions needs to be taken advantage of in a systematic way. It's just as difficult sometimes to buy a computer as it is to hire someone. In my mind, there is a great variation across state agencies in terms of the computing capacity, the types of

software used, etc. It just doesn't seem like it's a very efficient approach to me. I don't think that the advantages of labor saving, of efficiency, and other things offered by technology are really being systematically explored. Individual agencies are innovating along those lines but I think you need to assert overarching management view or understanding or assessment of how technology should be employed.

Two, we've got to do something more on succession planning. Again, Civil Service has done a good job in putting out information and building awareness of succession planning. Agencies may be hampered in their efforts, however, given civil service rules, hiring freezes and other issues around target. There has to be some recognition somewhere that there needs to be a sea change. Otherwise, the urgency and the crisis will hit and you will need sort of heroic measures rather than a plan that is an easier going way to fix the problem.

Joseph Burke:

I'm with Higher Education Studies at the Institute. One of the big problems is the changed attitude toward government in the public. What caused that and how can you change it? Nothing can happen unless the public attitude toward government changes?

Dennis Whalen:

I think Watergate was the event that changed it. I think since Watergate the media have defined their role as catching government when it does something wrong. That creates a number of difficulties. It creates a very low tolerance for mistakes. Mark Twain said, "Good judgment comes from experience, experience comes from bad judgment." You make mistakes and then the trick is to learn from them. I think this is also important for inspiring and encourage staff to innovate and do other things. Not everybody gets everything right all the time. I don't do that. I don't expect people to be able to do that. Try to minimize those career-ending mistakes to the greatest extent possible. I really do think that Watergate was the trigger. You had this kind of investigative attitude before then, but it has now been potentiated by increased partisanship, by defining positions in

the extreme characterizations, and by focusing only on the worst aspects of your opposition's positions. It's very hard to find the truth amid all that noise.

Another important aspect is public attitude toward government — fueled in part by media coverage. We need to change public attitude. There was some news coverage a couple years ago when *The West Wing* was the hot ticket on television, and people were actually talking about the “*West Wing* effect” — that government service was exciting, that government jobs enabled you to do good things, and wasn't public service an exciting career. We need to do more of that. It's very encouraging that there's an interest, anecdotal though it is, in public service. The question is how do we harness that. You can't harness it when you can't hire anybody. We have to promote the larger view, that it's a worthwhile investment to talk about the value of government service. To create opportunities like the Public Management Internship Program or other kinds of initiatives that will even temporarily bring in high school students or college students for a run through state government in an exciting, positive way so that they could get enthused about the idea of public service.

Ray Pierre:

I'm with the Office of Mental Retardation and Developmental Disabilities. I just want to comment a little bit on succession planning. I think there are a lot of practical reasons why graduating students wouldn't choose state government. For me, I worked for the Massachusetts state government and I came out here to work. I really like working for state government. I love the policy stuff that I get involved in. It's very rewarding in that way. I have a friend who works for the Department of Health who's leaving because he has a Ph.D. in the science, he just had a baby, and he wants to make more money. Also, I think there are a lot of rules involved. I don't understand how it all works. You want to take a test and they deny you for taking a test and you keep on applying. It's hard to see yourself moving up in the system, if you can't even qualify for the test. There are a lot of people out there who have the degree and experience that can't take the test in order to get in. I find the system to be very convoluted, very arbitrary.

Dennis Whalen:

I'm not a big fan of tests. Everybody knows folks who do fabulously on tests, but who couldn't manage their way out of a paper bag. This goes back to Teddy Roosevelt days and civil service reform and George Washington Plunkett. Civil service reform gets some traction occasionally. I think that the pressures of technology, the pressures of an aging workforce are going to force state government to come up with some other ideas beyond the testing program. I think that is happening more and more now. There are more interesting career ladder approaches and generic kinds of testing and assessment of experience rather than reliance on a test.

The salary issue is an interesting one. We just had a Citizens Budget Commission report that came out a couple weeks ago that said that the public service workforce is overpaid. I don't find myself agreeing with PEF a lot but there was a letter to the editor from PEF a couple days after that which I thought presented some very cogent arguments as to why that analysis was not fair. That fairness did not stop the *Times Union* from giving it high profile and talking about it. Again, I think the challenges for state government with all these pressures necessitate the need to make those changes and it will happen either pleasantly and in a planful way or under less pleasant and more urgent circumstances.

Karen Schimke:

I'm with the Schuyler Center for Analysis and Advocacy. Dennis, your rules are all related in many ways to the multiplicity of interests — the stakeholders and diverse points of view and so forth. Certainly one of the things that you and I would agree on is that provider interests are really quite profound at the Health Department. I'm interested in some comments about consumer interests. The other day I got a thing about the new federal Medicaid Commission. There are three categories of members. The first category of members, I think, is Medicaid directors or have been Medicaid directors and some other provider interests. The second category was various kinds of people including consumers. The third was Congress. The last two groups are nonvoting. Only the people

who are the providers or the Medicaid interests are voting and I think that's a constant struggle. That's federal but it happens here. Would you comment on that?

Dennis Whalen:

I include everybody in the stakeholders group. When I said stakeholders, I was thinking providers, consumers, and others. I think it's a mistake to create a structure that just so inherently minimizes the importance of the input of directly affected groups. It's interesting, I recently changed primary care physicians and it was a whole rigmarole with the insurance company. My father for some reason at 80 years old still enjoys writing letters in longhand debating with the insurance company about what they should cover. I don't share that enthusiasm. I appeared at the doctor's office and before he did anything he sat down and said, "Now, let me tell you how the office works. What you want out of this relationship is important to me. Describe for me what your ideal relationship would be with your primary care physician." I responded "If I felt I needed an appointment on that same day, I would like to get that. If you're available by e-mail, I would like to do that." It was unexpected to say the least.

Consumers are now the critical, key important element on the health care side. We are entering an age, I think, because of technology and other things where there will be a rise in the power of the consumer. So I think it's important that they are viewed as a stakeholder and in my view structures should allow full stakeholder and equitable stakeholder participation. Providers swing a lot of weight in New York and there are countless examples of that including the Greater New York alliance with 1199. But I still talk to a lot of legislators who are more compelled by the visits to their office from the constituent than they are about the other. The reason I put a premium of government managers doing the outreach of rule 3 and playing the outside game, you can't really formulate good policy absent the participation or the understanding or input from consumers. You're fooling yourself if you think you are. That's what public service is supposed to be about. I'm with you on that.

Robert McEvoy:

I'm with the Rockefeller College of Public Affairs & Policy. Dennis, it has been pretty much documented that most of Medicaid expenditures are related to diabetes. Then take the 95/5 relationship of treatment and diagnosis, a little tweaking of that would give us such enormous cost savings. What are we doing about it?

Dennis Whalen:

There's an initiative that was passed in the Budget under the rubric of Disease Management. It actually had started in last year's Budget and then more funding was added in this year's Budget. It funds a set of demonstration programs for disease management. It's a very open-ended description and the RFP was issued about two months or so ago. The idea is to bring disease management principles, a substantial amount of which, as you know, is working with behavioral and lifestyle changes, which have an enormous impact on health and health outcome, to bear on the Medicaid population. There are challenges certainly and our hope is that we'll get responses that will allow us to also see what occurs and what works in some of the more difficult circumstance where you may be dealing with populations that don't have access to the kind of healthy food choices as easily as others might, that don't have access to lifestyle changes that might be more easy for some segments of the population to undertake than others.

It's a small start but the premise of it is that if we can do a better job than simply writing the prescription and thinking that somebody takes the pill and that's the end of it. This is an enormous area of interest for health care in general and the amount of investment that the consumer in America places on alternative and complementary therapies is enormous. There's a recognition that there is some self-determination in choosing what to do about your health. The obesity problem, diabetes, heart disease, cancer — many of these things are related to choices. One of the positive developments is that on the preventative health side, CDC and others are now requiring states to do cardiovascular health plans, cancer plans so that there will be an equal investment of

dollars into those sorts of initiatives. They have not been the kinds of programs that generally have been easily funded and this year in the federal budget debate the Prevent Block Grant, which funds lots of those things, was proposed by the president and looks to be zeroed out. It looks like Congress is restoring. It's indicative that people find it more attractive to pay for the hard services, to pay for the providers who roll in and can debate about shutting the hospital as opposed to all the stuff that needs to be done on the preventative health side.