

PHOTOCOPY  
PRESERVATION

BUSINESS

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PRESERVATION

**BUSINESS**

## THE IMPACT OF THE HEALTH SECURITY ACT ON SMALL BUSINESS

- Under the Health Security Act, small low-wage businesses receive large discounts. When discounts are factored in, many small employers will pay significantly less than 80% of the premium.
  - On average, firms with fewer than 25 employees will pay only 50% of the premium -- instead of the full 80%. [Chart 1]
  - Firms with fewer than 25 employees with average wages of less than \$12,000 will pay only 13% of the premium on average. Discounts from the federal government make up the remaining 67% of the employer share -- **an 84% discount.** [Chart 2]
- Businesses that currently provide health insurance, especially small businesses, will save under the Health Security Act.
  - Small businesses that provide insurance will have their premium payments decrease dramatically as a percent of payroll -- from an average of 9.1% today to 7% under reform. [Chart 3]
  - On average, small businesses will have lower premium payments per worker than other employers. In the year 2000, premiums payments for firms with fewer than 25 employees will decrease by \$650 per worker. [Chart 4]

- Even small businesses that don't provide today will be able to provide more affordable insurance.
  - Firms with fewer than 25 employees that do not currently offer insurance will contribute only 43% of total premium payments on average.

Chart 1

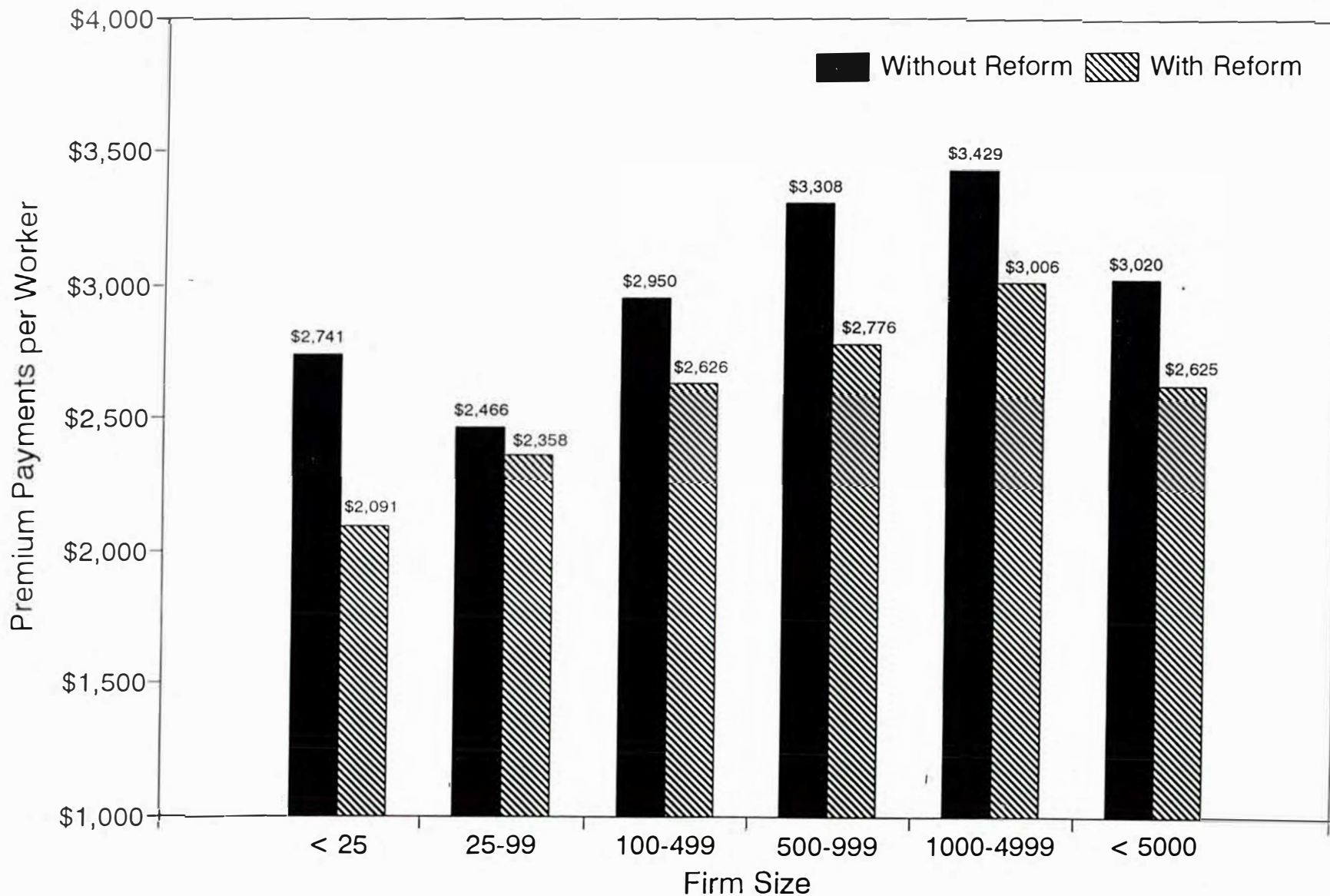
<b>EMPLOYER SHARE OF HEALTH INSURANCE PREMIUMS WITH AND WITHOUT DISCOUNTS, BY FIRM SIZE</b>		
Firm Size	Employer Share Without Discounts	Employer Share With Discounts
Under 25	80%	50.2%
25-99	80%	62.4%
100-499	80%	69.5%
500-1000	80%	73%
1000-4999	80%	78.6%
All Firms in Regional Alliance	80%	66%

Chart 2

<b>EMPLOYER SHARE OF HEALTH INSURANCE PREMIUMS WITH AND WITHOUT DISCOUNTS, THE HEALTH SECURITY ACT</b>			
<b>Employer Cap</b>	<b>Employer Share Without Discounts</b>	<b>Employer Share With Discounts</b>	<b>Discount on Employer Share</b>
3.5%	80%	12.5%	84%
4.4%	80%	19.8%	75%
5.3%	80%	28.5%	64%
6.2%	80%	40.9%	49%
7.1%	80%	53.2%	34%
7.9%	80%	60.2%	25%

# EMPLOYERS' PREMIUM PAYMENTS UNDER THE HEALTH SECURITY ACT

Payments per Worker for Firms Currently Offering Insurance, By Firm Size: 2000

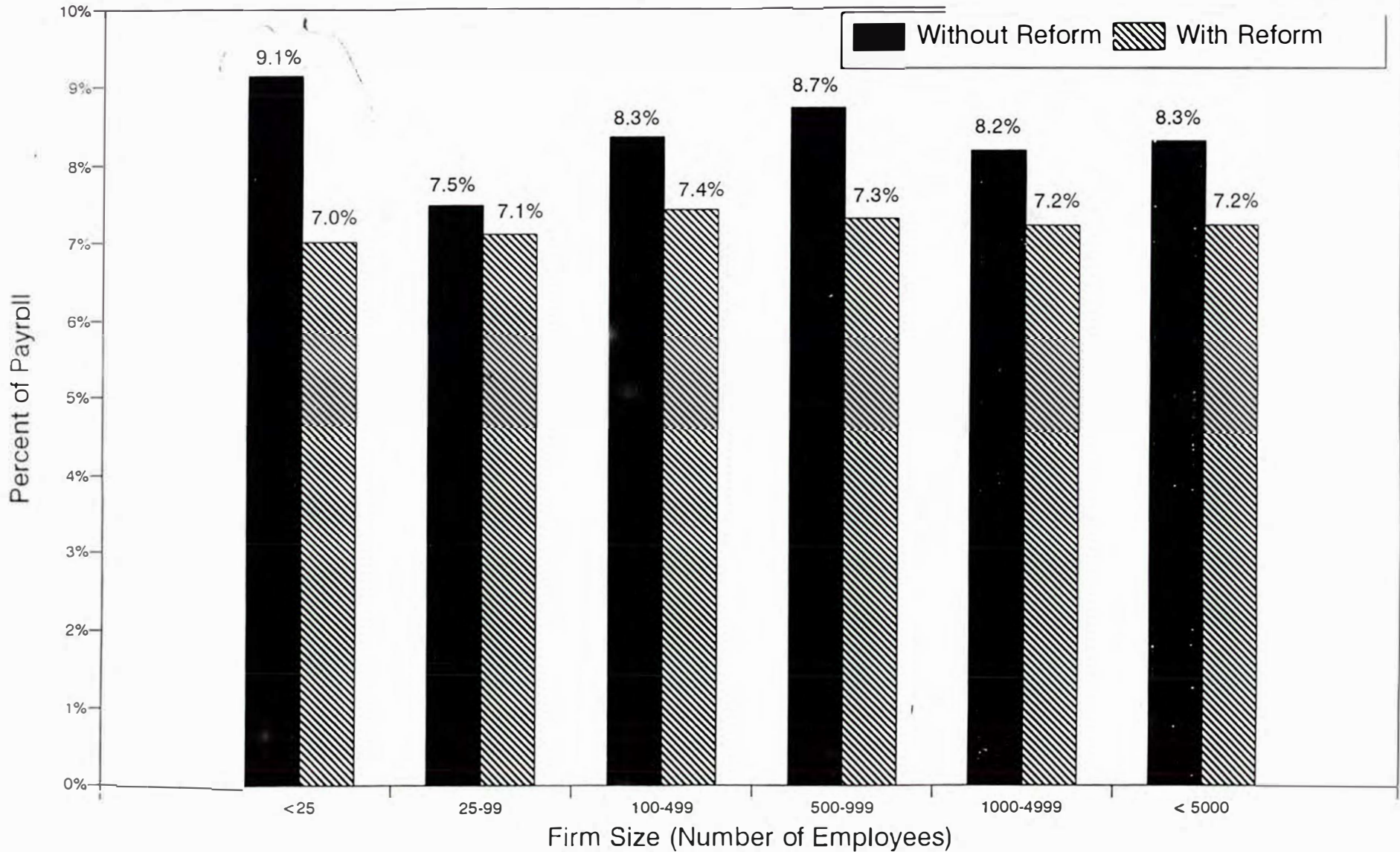


*Chart*

SOURCE: HHS and The Urban Institute's TRIM2 Model, benchmarked to HCFA's National Health Accounts. CBO premium estimates.

# EMPLOYERS' PREMIUM PAYMENTS UNDER THE HEALTH SECURITY ACT

Average Annual Percentage of Payroll for Firms Currently Offering Insurance, by Firm Size: 2000



Chart

SOURCE: HHS and The Urban Institute's TRIM2 Model, Benchmarked to HCFA's National Health Accounts. CBO premium estimates.

THE WHITE HOUSE  
WASHINGTON

*file herein*

December 20, 1993

**HEALTH CARE MEETING WITH CEOS**

DATE: TUESDAY, DECEMBER 21, 1993  
TIME: 4:00 PM  
LOCATION: 100 OEOB  
FROM: ALEXIS HERMAN  
AMY ZISOOK

I. Purpose

To have a candid discussion with supporters of The President in order to get an honest assessment of the business community's position on the Health Security Act. To solicit concrete suggestions of ways that the business community can be better positioned to be more supportive of the administration and have input into policy revisions.

II. Background

Corporate America has been slow in coming on board with our plan. Most of these CEOs have been involved in the health care reform debate in one way or another for 10 years. They believe that the system must be changed, but they are not convinced that the Clinton plan is the correct way to change it. They have many questions about the details, but are primarily concerned that we are just creating another bureaucracy which will balloon out of control.

Among the primary areas of concern are:

- 1) A philosophical difference with the administration on creating another "entitlement" program.
- 2) They don't believe our numbers.
- 3) Concrete revisions in the plan should include:
  - corporate alliances receiving equal treatment to regional alliances;
  - acknowledgement that the 1 percent surcharge will make this plan more expensive for them; and
  - ERISA protection so that the states won't interfere with their programs.

These CEOs were chosen because they are supportive of The President and willing to be helpful to us in formulating the best possible plan for both business and individuals.

### III. Participants

Paul Allaire, Chairman & CEO, Xerox  
Edwin (Ed) Artzt, Chairman & CEO, Procter & Gamble  
George Fisher, Chairman & CEO, Eastman Kodak  
Joseph (Joe) Gorman, Chairman & CEO, TRW  
Harold (Red) Poling, Retired Chairman & CEO, Ford Motor  
Roger Altman  
Alexis Herman  
Ira Magaziner  
Melanne Verveer  
Maggie Williams

### IV. Press

Closed

### V. Sequence of Events

This is an informal meeting. Alexis Herman will introduce the guests to you. You should make brief welcoming remarks and open the meeting for their comments and concerns. Close the meeting with a pitch for their support and their continued participation in helping the administration fine-tune the plan.

### VI. Remarks

None required.

## **PARTICIPANTS**

### **Paul Allaire**

Chairman & CEO, Xerox  
Stamford, Connecticut

Allaire was a campaign supporter and has been very supportive of the administration. He has attended a CEO luncheon with The President and several additional meetings at the White House. He also participated in a CEO conference call on health care reform with Mack McLarty, Bob Rubin, Roger Altman and Alexis Herman several month ago.

Allaire wrote a "Letter to the Editor" of the New York Times in response to their one-sided article about CEO reaction to the Health Security Act at the Business Council meeting in October. Although they have not completely analyzed the plan and its impact on Xerox, Allaire supports the principals and will work with us, in a positive way, to refine it.

Allaire will talk about the Rochester model and how it has worked for Xerox and the other companies in Rochester in managing their health care costs. He will also share his sense of what other CEOs are thinking which is that they are afraid of the unknown, but they want to contribute to the process.

Allaire is also on the boards of Sara Lee Corporation and the New York Stock Exchange.

**Edwin (Ed) Artzt** (arts-t)  
Chairman & CEO, Procter & Gamble  
Cincinnati, Ohio

Artzt has been Chair & CEO of Procter & Gamble since 1990, after serving the company since 1953. He also serves on the boards of GTE, Teladyne and Delta Airlines. He participated in the Economic Conference in Little Rock and has attended a CEO luncheon with The President. Procter & Gamble was extremely helpful with NAFTA and was generally supportive of the economic package. Artzt is considered a leading opinion maker within the CEO community in addition to being very influential with members of Congress such as Chairman Rostenkowski.

He and Joe Gorman are very close and work together on health care and other issues.

**George Fisher**  
Chairman, & CEO, Eastman Kodak  
Rochester, New York

Fisher has been with Eastman Kodak since late October after a surprise departure from Motorola.

A Republican, Fisher was enormously impressed with The President at the Economic Conference in Little Rock and has been supportive of the administration's initiatives. Fisher was supportive of the economic package and he was particularly active on behalf of NAFTA.

He is on the boards of American Express and 3M Corporation, and he is Chairman of the U.S. Council on Competitiveness.

We have not had any personal discussions with him on health care reform since he has joined Eastman Kodak. His health care policy people believe that the underlying financial assumptions are flawed. They think that a transition period needs to be added to the plan so that savings can be achieved.

They also view the plan as a single-payer system contrary to our assertion that it is not.

**Joseph Gorman**  
Chairman & CEO, TRW, Inc.  
Cleveland, Ohio

As you recall, Gorman hosted you and nine CEOs for a similar meeting in Cleveland on November 12.

TRW has still not committed to any form of support of the Health Security Act, but they continue to work very constructively with us on suggested changes in the corporate alliance, both to allow more flexibility and to lighten the oversight of the Department of Labor, as well as providing us with insight from other corporations with whom they come in contact.

Gorman was appointed by The President this year as a principal on the National Security Telecommunications Advisory Council. He is also chairman of the U.S. side of the U.S.-Japan Business Council and is extremely interested in and knowledgeable about trade issues. He is on the board of Procter & Gamble.

Gorman was an early supporter of The President's economic package, attending the first press conference with The President in February. Laramie McNamara of his Washington office worked tirelessly for its passage. He was very supportive of NAFTA as well.

He has attended several small events with The President as well as a White House dinner.

**Harold (Red) Poling**  
Retired Chairman & CEO, Ford Motor Company,  
Detroit, Michigan

As you know, Red Poling has been enormously helpful to the administration beginning with his support of the economic package. Ford, as well as Chrysler and General Motors, has been very supportive of the Health Security Act as their competitiveness has been hindered by health care costs over the past decade.

Ford orchestrated the "Letter to the Editor" in the New York Times responding to the comments of the CEOs at the Business Council meeting.

On Thursday, December 2, Mr. Poling brought Ford's new Chairman, Alexander Trotman to meet The President. At that meeting The President asked him to stay involved with us on health care reform.

THE WHITE HOUSE

WASHINGTON

December 10, 1993

MEMORANDUM FOR SELECTED DISTRIBUTION

FROM: Alexis Herman

RE: Update on Business Outreach on Health Care Reform

Over the past three months the Office of Public Liaison has met with and facilitated policy meetings on health care with a cross-section of the business community in an effort to educate the community on the details of the Health Security Act, as well as to assess how individual companies feel about the plan.

Specifically, in the past six weeks, we have met with 300 Washington representatives of Fortune 500 companies in industry-by-industry briefings, small meetings with 25-30 Presidents and/or Executive Directors of small business associations, and through conducted telephone conferences with 20 key CEOs.

On December 11, we conducted a meeting of 15 key Washington representatives who had been a part of previous briefings. This group is an ongoing group of friendly Washington representatives of prominent companies who provide us, on an consistent basis, an honest assessment of how our plan is viewed in the business community as well as our other initiatives. These meetings are not designed to debate the policy issues, but instead to provide intelligence and to give recommendations on how the Administration should proceed on its outreach efforts.

The net result of these meetings have generally yielded overall concern regarding the Health Care Security Act in the business community. The concerns can best be described as a sense of movement away from the President's plan due to either a preceived philosophical difference with the Administration on the size of the plan, and the belief that we may be creating a new entitlement program, or simply a fundamental disbelief of our numbers.

The specific recommendations that have flowed from these meetings can be captured in two areas: Strategic Communications and Revisions to the Plan.

1. Communication

- A. Communications are now viewed as too technical in the public domain. Communicate one or two key concepts on behalf of health reform.
  - (a) Are important to business, i.e., cost savings.
  - (b) Differentiate between the Clinton Plan and the Cooper Plan.
- B. Better articulate the cost of cost shifting and how our plan saves on that.
- C. Better articulate that universal coverage is cost control.
- D. Focus the debate on health care reform as improving the economy. Stress job creation.

2. Revisions to the Plan

- A. Treat corporate alliances as equals to regional alliances.
- B. Clarify strong ERISA protection.
- C. Give greater rewards for good wellness programs.

The following active steps are proposed to launch an aggressive, effort to harness and maintain business support for the Health Security Act.

- A. Recruit business surrogates of national prominence who are willing to say positive things about the plan, as well as respond to criticisms. They provide needed business credibility to the plan's benefits in reducing the deficit and controlling business health care costs. These business surrogates can also recruit support from their peers. Red Poling has agreed to help lead this effort. We must balance with other individuals such as Arnold Hyatt and Bob Strauss.
- B. Close on business support for the following two areas:

Industry-by-industry, 300 businesses have been educated

through the industry-by-industry series of meetings. We must determine where they are, recruit supporters, and determine the concerns of those who are not there.

Business impacted by redlining. We are meeting with those companies and small business associations who have been affected by redlining practices--Those who have been excluded them from health care insurance in the past. We will use supportive companies in the same way we will use prominent CEOs to express support for the plan.


- C. Plan a business event, utilizing the types of individuals described above, before the Christmas holidays to exhibit business support for the President's efforts during this news vacuum.
  - D. Plan several additional business events with the POTUS and Hillary Rodham Clinton in early January, prior to the return of Congress.
  - E. Continue to take the business pulse.
  - F. Reinstate CEO lunches. This is a proven vehicle for garnering business support and positive media about health care reform.
- . Implement the following over the next two weeks:
- A. Monthly meeting of the larger administration group to facilitate coordination.
  - B. Weekly meeting of the coordinating team to stay abreast of the issue in tactics.
  - C. Identify a coordinator to tracking information and assist in the execution of the overall strategy.

THE WHITE HOUSE

WASHINGTON

December 7, 1993

MEMORANDUM FOR SECRETARY LLOYD BENTSEN  
SECRETARY RON BROWN  
MACK MCLARTY  
ROGER ALTMAN  
ERSKINE BOWLES  
BOB RUBIN  
ANN JORDAN

FROM:  ALEXIS HERMAN

SUBJECT: CEO OUTREACH CALLS - HEALTH CARE REFORM

As we discussed, attached is the initial list of CEOs that will represent the administration's call list on health care. As you can see, each section is assigned to one of you.

As we agreed, you should communicate with these CEOs on a regular basis (a minimum of once a month is recommended) to: educate them on changes in the plan; receive their input on recommended changes; and to take the general pulse of the business community.

It is extremely important that you feedback this information to my office regularly (I hope that you will complete your first round of calls by Friday, December 17). My office will then process your reports for use in fine-tuning both the legislation and our outreach efforts.

Attached are response sheets for your use.

cc: Maggie Williams  
Ira Magaziner  
Christine Varney

Health Care Monthly Phone Call List

November 17

MACK MCLARTY NAME/CEO	COMPANY	TELEPHONE	STATUS
Curtis H. "Hank" Barnette, Chairman and CEO	Bethlehem Steel Corporation	215/694-2424	Supporter
Lou Gerstner	IBM Corporation	914/765-1900	Undecided
August A. Busch, III, Chairman and President	Anheuser-Busch Companies, Inc.	314/577-3316	Supporter

ALEXIS HERMAN NAME/CEO	COMPANY	TELEPHONE	STATUS
Dwayne Andreas, Chairman & CEO	Archer Daniels Midland Company	217/424-5515	supporter
Joseph "Joe" Gorman, Chairman & CEO	TRW, Inc.	216/291-7000	undecided
C.A. "Chuck" Corry, Chairman & CEO	USX Corporation	412/433-1121	supporter
Harold A. Poling, Chairman & CEO	Ford Motor Company	313/322-7800	supporter
Lawrence "Larry" Bossidy, Chairman & CEO	Allied-Signal Inc.	201/455-2000	undecided
Garry N. Drummond, CEO	The Drummond Company	205/387-0501	supporter
Sam Maury, Executive Director	The Business Roundtable	202/872-1260	undecided
Jerry Jasinowski, President	National Association of Manufacturers	202/637-3106	undecided
Dick Leshner, President	U.S. Chamber of Commerce	202/463-5500	undecided

ALEXIS HERMAN NAME/CEO	COMPANY	TELEPHONE	STATUS
Phil Cassidy, Executive Director	The Business Council	202/298-7650	undecided

ROBERT RUBIN NAME/CEO	COMPANY	TELEPHONE	STATUS
Robert E. "Bob" Allen, Chairman & CEO	AT&T	212/605-5500	undecided
Edwin L. "Ed" Arzt, Chairman & CEO	The Proctor & Gamble Company	513/983-1100	undecided
Donald V. "Don" Fites; Chairman, President & CEO	Caterpillar, Inc.	309/675-1000	undecided
Robert D. Haas, Chairman & CEO	Levi Strauss & Co.	415/622-3456	undecided
James R. "Jamie" Houghton, Chairman & CEO	Corning Inc.	607/974-9000	undecided
Walter V. Shipley, Chairman & CEO	The Chemical Banking Corp.	212/270-6000	undecided
Richard M. Rosenberg; Chairman, President & CEO	Bank of America National Trust and Savings Association	415/622-3456	undecided

ROGER ALTMAN NAME/CEO	COMPANY	TELEPHONE	STATUS
Joe Antonini, Chairman, President & CEO	K-Mart Corp.	313/643-1000	opposed
Edward A. Brennan, Chairman, President & CEO	Sears, Roebuck & Company	312/875-2500	Likely undecided

ROGER ALTMAN NAME/CEO	COMPANY	TELEPHONE	STATUS
Donald G. "Don" Fisher, Chairman & CEO	The Gap, Inc.	415/952-4400	undecided
Charles Lazarus, Chairman & CEO	Toys'R'Us, Inc.	201/262-7800	likely opposed
Steven Burd	Safeway, Inc.	510/891-3000	undecided
John D. Ong, Chairman & CEO	BF Goodrich Company	216/374-2000	undecided
Robert C. "Bob" Winters, Chairman & CEO	Prudential Insurance Company	201/802-6000	opposed
D. Wayne Calloway, Chairman & CEO	PepsiCo. Inc.	914/253-2000	undecided
Alan L. Wurtzel, Chairman	Circuit City Stores, Inc.	202/265-3232	supporter
Kenneth A. "Ken" Macke, Chairman & CEO	Dayton-Hudson Corporation	612/370-6948	undecided

SEC. RON BROWN NAME/CEO	COMPANY	TELEPHONE	STATUS
Robert L. "Bob" Crandall; Chairman, President & CEO	American Airlines	817/963-1234	supporter
Robert Eaton, Chairman	Chrysler Corporation	313/956-6728	supporter
Earl G. Graves, President	Earl G. Graves Ltd.	212/242-8000	supporter
Mike Jordan	Westinghouse Electric Corporation	412/224-2000	undecided
Michael A "Mike" Miles, Chairman & CEO	Phillip Morris Companies, Inc.	212/880-5000	likely opposed

SEC. RON BROWN NAME/CEO	COMPANY	TELEPHONE	STATUS
William D. "Bill" Smithburg, Chairman, President & CEO	Quaker Oats Company	312/222-7111	undecided
Lewis Platt	Hewlett Packard Company	415/857-1501	undecided
John F. "Jack" Welch, Jr., Chairman & CEO	General Electric Company	203/373-2211	undecided

SEC. LLOYD BENTSEN NAME/CEO	COMPANY	TELEPHONE	STATUS
Pete Silas	Phillips Petroleum Co.	918/661-6600	undecided
Michael H. "Mike" Walsh, President & CEO	Tenneco, Inc.	713/757-2131	undecided

ANN JORDON NAME/CEO	COMPANY	TELEPHONE	STATUS
Linda J. Wachner, President & CEO	Warnaco Group, Inc.	212/370-8204	undecided

**CALL SHEETS**

**HEALTH CARE**

PERSON CALLED: \_\_\_\_\_

DATE: \_\_\_\_\_

COMMENTS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SPECIFIC RANKING ( Please check)

Yes/Supportive \_\_\_\_\_

Leaning Yes \_\_\_\_\_

Helpful, but not support \_\_\_\_\_

Leaning No \_\_\_\_\_

Undecided \_\_\_\_\_

*file*

THE WHITE HOUSE  
WASHINGTON

January 10, 1994

Stephen L. Brown, CLU, FSA  
Chairman & Chief Executive Officer  
John Hancock Mutual Life Insurance Company  
John Hancock Place  
P.O. Box 111  
Boston, Massachusetts 02117

Dear Mr. Brown:

Thank you for your letter concerning our initiative for health care reform. I apologize for the delay in responding, but we have received an unprecedented amount of mail, and especially on the topic of health care reform.

I deeply appreciate your words of support for our efforts. We clearly share a commitment to universal coverage, insurance reform, and quality improvements. Your support is especially critical because of the important role you play as a leader in your industry.

I appreciate also the concerns you raised in your letter. As I am sure you are aware, we are committed to the key principles -- security, savings, simplicity, choice, quality, and responsibility. The guarantees of universal coverage and comprehensive benefits are non-negotiable. As we have made clear repeatedly, we are receptive to discussing alternative paths to health care reform, as long as they address these key principles.

You suggest that "managed care techniques" are a more effective way to control costs than "government-dictated price controls." This is, of course, an important and complex issue. We want to preserve individuals' ability to choose their own doctor. To this end, we have required that all alliances offer consumers a choice of private health plans, including a fee-for-service plan.

We believe that, while offering choice to consumers, we can still effectively control health care cost inflation. We have placed market competition and cost-conscious, informed consumer choice at the core of our cost-containment efforts. We believe that costs will be disciplined by the buying power of the regional alliances, competition among plans, cost-incentives for informed consumers, and administrative simplification. The caps

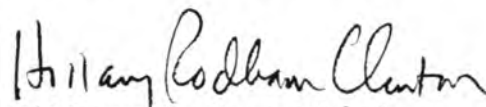
Stephen L. Brown  
January 10, 1994  
Page Two

on health care premium growth simply serve as a backstop that will be triggered only if the market-based measures prove not to be effective.

You also suggest in your letter that the purchasing alliances should be made optional so that employers could choose to operate their own insurance programs. We share this view as it relates to the large companies which have been effective purchasers of health care. The legislation as introduced provides that large companies (those with more than 5,000 employees) can continue to self-insure as long as they adhere to the overall standards. We understand that these companies have been effective in controlling costs and we want to encourage them to continue those efforts.

We would be pleased to continue to discuss these and other related concerns with you. Your expertise will be very important as this process continues.

Sincerely yours,

  
Hillary Rodham Clinton

Melanne

January 18, 1994

**MEMORANDUM FOR HILLARY RODHAM CLINTON**

**FROM:** Kim Tilley, Amanda Crumley  
**SUBJECT:** Briefings for Wednesday, January 19, 1994

Radio Call-In

(Lisa Caputo will provide a verbal briefing)

CEO Meeting

- List of attendees
- Letter to Policy Committee of Business Roundtable
- Business Roundtable Response to Media Inquiries

\*Note: Brief bios on the attending CEO's will provided in the morning.

- Judy L.  
- 1289  
- List  
- 1 pm

strategy pages

pr - for pr  
how can be  
spread across  
all economy

January 18, 1994

**HEALTH CARE MEETING WITH SUPPORTIVE CEOS**

DATE: Wednesday, January 19, 1994  
TIME: 11:00 am  
LOCATION: Roosevelt Room  
FROM: Alexis Herman  
Marilyn Yager

**I. PURPOSE**

To have a candid discussion with corporate supporters of the Health Security Act regarding:

- o Areas of concern they may have regarding the Act, despite their support.
- o Their recommendations and suggestions as to how to better work with the business community regarding our health care approach.
- o Relay our desire for their active involvement in soliciting support both from their industry peers and beyond.

**II. BACKGROUND**

Most of our corporate supporters have been working with us since the September 23 unveiling event. However, beyond one conference call in September, our key corporate supporters have not been invited to the White House to discuss health reform strategy, nor to hear their concerns and recommendations. In light of recent meetings with other corporate CEOs, it seemed especially important to meet with our corporate supporters to provide opportunity for their input and comments.

In addition, this opportunity should be used to seek their active advocacy with other CEOs. We have a pretty good representation of CEOs from the different individual industries who are working with us, i.e., auto, steel, coal, chain drug stores, and alcohol. Their issues range from the early retiree provision, to the prescription drug benefit, to the financing provision.

Each of these CEOs have been strong public supporters of the Act, however they also have issues and provisions, which if given the opportunity, they would like to see us revise. There is some concern among our corporate base that we are listening more to non-supportive CEOs, than we are to our supporters. Tomorrow's meeting should make clear that as Congress begins its deliberations, we welcome their comments. More specifically, most of these CEOs share the concerns that we are hearing elsewhere that:

- o The corporate alliances are not viable.
- o The regional alliances will be too large to compete with and too bureaucratic.
- o The states have too much flexibility on issues ranging from oversight of alliances and ERISA exemptions.

Beyond hearing their concerns about provisions of the Act, this meeting is designed to solicit their suggestions about how to better work the business community and to maintain neutrality in the business associations. Most of these CEOs are members of the Business Roundtable (BRT) and carried significant water for us last week during the BRT conference calls on whether to endorse using the Cooper plan as a basis to work from. The BRT intends to go with the Cooper bill, but their final vote will not take place until their February 2nd meeting. (BRT memo attached)

Other CEOs at this meeting are equally active in their respective business associations, i.e. National Association of Chain Drug Stores, Distilled Spirits Assn, Iron and Steel Institute, etc. We need them to really be working these organizations.

### III. PARTICIPANTS

CEO List (attached)  
Roger Altman  
Alexis Herman  
Bob Rubin  
Ira Magaziner  
Melanne Vermeer

### IV. PRESS

Closed

### V. SEQUENCE OF EVENTS

This is an informal meeting. Alexis Herman will introduce the guests to you. You should make brief welcoming remarks, indicate our desire to talk strategy, but that first we would like to hear their concerns and comments about the Act. Close the meeting with a pitch for their commitment to call their colleagues and to work their business associations as a part of a larger action plan.

## VI. TALKING POINTS

- o Thank you for your early and tenacious supportiveness.
- o We invited you to come today to talk strategy, but also to receive your ongoing input and your concerns. The President has always said that, aside from universal coverage and serious cost containment, everything is on the table.
- o We know that you share some of the concerns expressed to us by other business CEOs:
  1. Insuring that the corporate alliances are truly attractive and viable for corporations who wish to use them.
  2. Insuring that the regional alliances operate withing a real competitive market and are not so large as to minimize the clout of corporate alliances.
  3. Insuring our commitment to ERISA and the corporate role with multistate employees.
- o We want to work with you on these things and need you to help us send this message to your colleagues.
- o Having said that, I also want to reassure you of our commitment on some issues that I know you care about:
  1. the employee mandate.
  2. the early retiree provision.
  3. the prescription drug benefit.
- o We need your help to work on behalf of these issues as well as the broader principles the President has outlined.
- o We need you to help us with an action plan. We need you to work your business associations, your individuals colleagues, your employees, and your suppliers. We also need your willingness to write op-eds, and perhaps other press opportunities.
- o Closing comments.

ATTENDEES

January 19, 1994  
MEETING WITH THE FIRST LADY  
11:00am, Roosevelt Room  
West Wing, The White House  
(Use the Northwest Gate)

Dwayne Andreas  
Chairman & CEO  
Archer Daniels Midland Company

*likes Canadian system - it works.  
7 How old vouchers to for stamps re:  
health.*

Curtis H. "Hank" Barnette  
Chairman & CEO  
Bethlehem Steel Corporation

*"mistake to support any bill.  
we did a side-by-side. We  
can't support Cooper... no  
union's coverage, no retiree  
benefit, no cost control.*

August A. Busch, III  
Chairman and President  
Anheuser-Busch Companies, Inc.

Garry N. Drummond  
CEO  
Drummond Company, Inc.

*✓  
wanted to know Chamber's  
position*

David H. Hoag  
Chairman & CEO  
The LTV Corporation

Alan L. Wurtzel  
Chairman  
Circuit City Stores, Inc.

*- recommend a reg mtg.  
Not aware of BRT problem -  
states on leg & where peo helpful.*

C.A. Corry  
Chairman and CEO  
USX Corporation

*→ some debate on where BRT will  
come out because of Cooper tax  
provision - losing tax deduct' by  
phone calls had an impact.*

Victor L. Lund  
President and CEO  
American Stores Company

Alex Trottman  
Chairman & CEO  
Ford Motor Company

*- comparative worksheets.*

Alex Grass  
Chairman  
Rite Aid Corporation

*file  
Pres. group*

George McCarthy  
President  
Hiram Walker Group

Robert Hannan  
President & CEO  
Thrift Drug, Inc.

→ Clinton only <sup>bill</sup> ~~paper~~ <sup>has</sup> support  
prescription drug coverage.  
we think it will save \$.

Our trade assoc. is funding  
a study to quantify how  
prescription drugs save  
\$ in long run.

Message needs to  
go to legislators  
that process  
needs to go  
forward, not  
that we're  
in trouble. Because  
of latter, oppose our  
plan.

Some issues appear here  
in industries before this goes in  
leg's process - Brugg groups  
iii. Part time here issue.

Cross  
Rate Aid

- Way currently structured  
Cost for part-time employee  
greater than full time.  
Hits the largest sector  
of bus - service  
employees.

John D. Ong  
Chairman

Charles A. Cony  
Cochairman

Richard J. Mahoney  
Cochairman

Robert C. Winters  
Cochairman

Edgar S. Woolard, Jr.  
Cochairman

1818 L Street, N.W.  
Suite 1100  
Washington, D.C. 20036-8610  
(202) 878-1280 FAX (202) 462-3808

Samuel L. Maury  
Executive Director

January 14, 1994

**BY FACSIMILE**

TO THE MEMBERS OF THE POLICY COMMITTEE OF THE BUSINESS ROUNDTABLE

On January 13th and 14th we held conference calls with those of you who were available. Forty-five of you participated on the calls and twelve more called me or sent me notes expressing your views. We had the views of over two-thirds of the Policy Committee.

The dynamics of the two calls were different. On the first call there was much more concern regarding employer mandates and their significance to the health care debate. In the second call members were far more concerned with the fundamental approach of the Clinton plan.

It was clear from the discussions that there are problems with both the Clinton and the Cooper-Grandy-Breaux-Durenberger bills. Key concerns raised about the Clinton plan include the magnitude of the cost and financing problems, the heavy regulation of the alliances and the use of price controls. The issue of tax deductibility of employer costs and cost shifting were concerns identified with respect to the Cooper-Breaux bills.

Fourteen members of the Policy Committee do not believe that Cooper-Grandy-Breaux-Durenberger should be the starting point for health care reform. Many of them feel strongly about it. Some of those members support the Clinton plan.

The strong majority, however, (43 members) voted to support Cooper-Breaux as a starting point. There was not a strong consensus as to when to finalize that position. Thirty-two wanted to issue a statement immediately and twenty-five wished to wait.

Those wishing to wait indicated the White House was willing to make changes in its bill and suggested that we put off a final decision until the February 2nd Policy Committee meeting. Those members working with the White House will see what kind of changes the Administration

Members of the Policy Committee

January 14, 1994

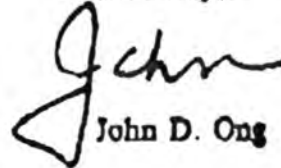
Page two

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In the meantime, we have received a number of calls from reporters who have caught wind of our discussions inquiring about our position. We have prepared the attached statement to respond to these inquiries.

Thank you for your participation and input. I look forward to seeing you on the 2nd.

Sincerely,

A handwritten signature in cursive script that reads "John D. Ong". The signature is written in dark ink and is positioned above the printed name.

John D. Ong

JDO:m:lm

Attachment

File  
Business

THE UNIVERSITY  
OF CALIFORNIA  
LIBRARY

**John D. Ong**  
Chairman

**Charles A. Cony**  
Cochairman

**Richard J. Mahoney**  
Cochairman

**Robert C. Winters**  
Cochairman

**Edgar S. Woolard, Jr.**  
Cochairman

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Washington, D.C. 20036-8810  
(202) 672-1280 FAX (202) 466-3508

**Samuel L. Maury**  
Executive Director

January 14, 1994

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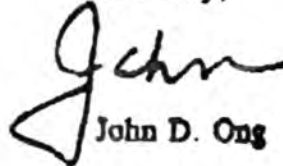
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Sincerely,

A handwritten signature in cursive script that reads "John". The signature is written in black ink and is positioned above the printed name "John D. Ong".

John D. Ong

JDO:m:lm

Attachment

## STATEMENT FOR RESPONSE TO MEDIA INQUIRIES

There is strong support in the Policy Committee of The Business Roundtable for the Cooper-Grandy-Breaux-Durenberger bills as a "starting point" for health reform legislation. The Business Roundtable will finalize its position at its next scheduled meeting.

**MEMORANDUM**

**TO:** Interested Parties  
**FROM:** Bob Brandon  
**RE:** Companies with FASB § 106 liability in excess of \$100 million: Facilities in selected districts.  
**DATE:** January 24, 1994

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**HOUSE WAYS AND MEANS COMMITTEE**

<u>Member of Congress</u>	<u>Company</u>	<u>Number of Employees</u>
Pickle (D-TX)	Abbot Labs	2,800
	IBM	7,000
	Lockheed	1,600
	Minnesota Mining & Manfr.	1,500
	Motorola	4,000
	Sonat	1,500
	Texas Instruments	4,000
Coyne (D-PA)	USX-US Steel	1,500
	Westinghouse Elect.	800
Andrews (D-TX)	Atlantic Richfield	841
	Crevron	650
Payne (D-VA)	Abbot Labs	700
	Conagra	1,100
	Dupont	2,000
	General Electric	1,100
Hoagland (D-NE)	Campbell Soup	950
	Kellogg	850
	Union Pacific	4,500
Neal (D-MA)	Monsanto	1,000
Brewster (D-OK)	Weyerhaeuser	700
Grandy (R-IA)		
Houghton (R-NY)	Corning Inc.	8,748
	Cummins Engine	900
	Dresser Industries	2,735

HOUSE ENERGY AND COMMERCE COMMITTEE

<u>Member of Congress</u>	<u>Company</u>	<u>Number of Employees</u>
Tauzin (D-LA)	Boeing	1,085
	Dupont	590
	Energy Corp.	900
Slattery (D-KS)	Southwestern Bell	1,300
Boucher (D-VA)		
Cooper (D-TN)	Emerson Electric	900
	Ingersoll Rand	600
Rowland (D-GA)	Amoco	1,280
	Boeing	936
Lehman (D-CA)		
Margolies-Mezvinsky (D-PA)	Dana Corp.	525
	Ford Motor Corp.	650
	Johnson and Johnson	850
	Rohm and Haas	1,300
	Unisys	3,000
Bilirakis (R-FL)	Johnson and Johnson	600
	Unisys	615
McMillan (R-NC)	Dana Corp	1,500
	Duke Power	3,900
	Dupont	800
	Eaton Corp	600
	Westinghouse Electric	1,000
Upton (R-MI)	Allied-Signal	1,100
	Cooper Industries	900
	Eaton Corp	650
	Upjohn	600
	Whirlpool	1,600
Paxon (R-NY)		
Shenk (D-CA)	American Airlines	1,022
	General Dynamics	11,800
	Merck & Co.	600
Lambert (D-AR)	Conagra	1,400
	Eastman Kodak	600
	Emerson Electric	2,370
	Tenneco	900

Palone (D-NJ)	Dupont	1,000
	Ford Motor Corp	1,200
	Hercules	750
	IBM	700
	Johnson and Johnson	1,000
	Union Carbide	890
Klug (R-Wis)		
Greenwood (R-PA)		

HOUSE EDUCATION AND LABOR COMMITTEE

<u>Member of Congress</u>	<u>Company</u>	<u>Number of Employess</u>
Andrews (D-NJ)	Campbell Soup	1,500
	General Electric	2,400
Roemer (D-IN)	Allied-Signal	2,000
	Whirlpool	625
	Johnson Controls	600
Green (D-TX)		
Klink (D-PA)	Westinghouse Electric	850
English (D-OK)	Minnesota Mining & Mnfr.	625
	Northrop Corp.	1,200
Strickland (D-OH)		
Baesler (D-KY)	Donnelley and Sons	670
	Minnesota Mining & Manufact.	520
	Texas Instruments	700
	Whirlpool	550
Goodling (R-PA)	Caterpillar	2,000
	Consolidated Freight	600
	Dupont	750
	Philadelphia Electric	600
	Quaker Oats	525
Petri (R-WI)	James River Corp.	600
	Kimberly-Clark	5,800
Roukema (R-NJ)	Becton Dickinson	800
	IBM	1,300
	Ingersoll-Rand	1,000
Gunderson (R-WI)		

Molinari (R-NY)	Procter and Gamble	600
Miller (D-CA)	Chevron	11,500
	Dow Chemical	800

OTHER TARGETED HOUSE MEMBERS

<u>Member</u>	<u>Company</u>	<u>Number of Employees</u>
Chapman (D-TX)	International Paper	972
	Kimberly-Clark	525
Condit (D-CA)	Campbell Soup	700
Glickman (D-KS)	Boeing	19,300
	Southwestern Bell	1,438
McCurdy (D-OK)	General Motors	5,800
	Northrop Corp.	635
Rose (D-NC)	Campbell Soup	750
	Corning Inc.	800
	Dupont	1,600
Spratt (D-SC)		
Stenholm (D-TX)	Lockheed	1,100
	Texas Instruments	700
	Texas Utilities	1,200
Valentine (D-NC)	Abbot Labs	2,300
	Allied-Signal	700
	CSX	1,000
	IBM	14,000
	Pfizer	726
Volkmer (D-MO)	General Motors	5,000
	Union Electric	2,500
Boehlert (R-NY)	General Electric	3,800
Fish (R-NY)	Consolidated Edison	700
	IBM	28,700
	Pepsico	2,000
	Texaco	620
Gilman (R-NY)	IBM	900
	Union Carbide	600

Goss (R-FL)		
Horn (R-CA)	McDonald Douglas	41,000
	Rockwell International	8,800
Hobson (R-OH)	Cooper Industries	700
	Dupont	1,108
	General Electric	913
Leach (R-IA)	Alcoa	2,825
	International Paper	850
	Procter and Gamble	630
	Rockwell International	7,586
Machtley (R-RI)	Allied-Signal	750
	Raytheon	2,100
Morella (R-MD)	General Electric	1,000
	IBM	1,300
Shays (R-CT)	CPC International	550
	Chase Manhattan	600
	IBM	530
	United Technologies	1,750
Snowe (R-ME)	Champion International	1,300
	Georgia Pacific	800
	International Paper	1,100
	James River Corp.	800