PHOTOCOPY
PRESERVATION

HEALTH CARE REFORM

The Lost Chance

The Clintons: NEWSWEEK reveals how they set out to reform a broken health-care system—and squandered a historic opportunity

BY STEVEN WALDMAN AND BOB COHN

THE CLINTONS WERE EUPHORIC. The president had scored a huge success with his nationally televised speech laying out his vision of national health reform. Now, in October 1993, the time had come to brief the president's economic advisers on the specifics of the plan. Hillary Clinton was, as usual, articulate and commanding as she walked through the massive and detailed blueprint. But when she finished, she was greeted by silence. Somewhat gingerly, fearful of offending the First Lady, a few senior officials began raising concerns. Gradually, the questioning grew more aggressive, challenging the basic assumptions and approach of the proposal upon which the president had staked his political future. The plan was too bureaucratic, one official argued. The numbers didn't hold up, the financing was unrealistic, pressed another. Almost everyone present in the Roosevelt Room that day agreed that the plan was too complex to sell to Congress.

The chorus should have come as a warning. The men and women present, old Washington hands like Treasury Secretary Lloyd Bentsen and Wall Streeters like economic adviser Robert Rubin, had an instinctive feel for what would fly, and what wouldn't, with the special interests and politicians who would decide the fate of health reform. Mrs. Clinton, however, airily dismissed these worries. "With a wave of her hand, she simply said everybody was wrong," recalled a senior official who was present at the meeting.

The First Lady's arrogance was poorly timed. Some of her own friends and advisers would later look back on this moment as a critical lost opportunity. It was, in a sense, understandable; politicians and pundits at the time marveled that Mrs. Clinton was a cross between Eleanor Roosevelt and Lyndon Johnson. And there is *still* a slight chance that Congress will pass a significant version of health reform in the next few weeks. But the fact remains that Bill Clinton has no chance of realizing what he persistently called his main objective, indeed the most cherished goal of his presidency: guaranteeing health coverage to every American.

AP

THE PRESIDENT

Clinton staked his political future on health reform. A mix of hubris and bad judgment ruined a hope to reach that dream.

NEWSWEEK POLL

Who has been most responsible for the difficulty Congress is having in passing health-care legislation this year:

- **9% President Clinton**
- **9% Hillary Clinton**
- **18% Republicans in Congress**
- **4% Democrats in Congress**
- **13% Medical industry**
- **21% Insurance industry**
- **5% Small-business owners**

THE NEWSWEEK POLL, SEPT. 8-9, 1994

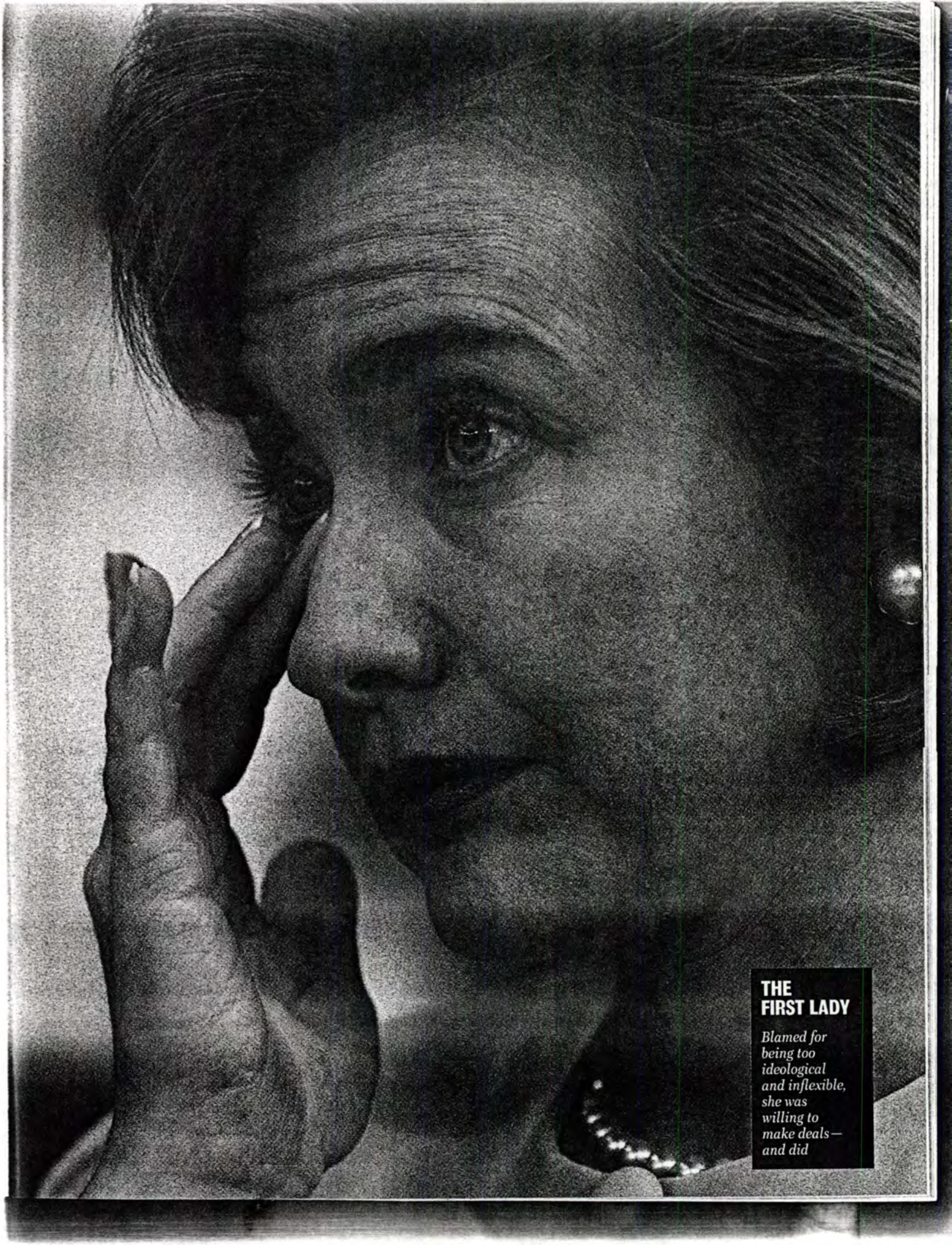
What went wrong? Mrs. Clinton blames the special-interest groups, and not without reason. NEWSWEEK estimates that the interest groups spent at least $300 million—more than the Democratic and Republican 1988 and 1992 presidential nominees combined—to defeat health care. Much of this money was spent on blatantly untrue advertisements designed to scare the public. Many of the politicians involved also switched positions continually, and the press was confused and negligent.

Some will argue that, in the sour environs of modern Washington politics, real reform was impossible. There were just too many countervailing forces; the president's goal of universal coverage was just too ambitious. A NEWSWEEK Poll reflects this disillusion: more people blame Congress (22 percent) and lobbyists (39 percent) than the Clintons, and most people (66 percent) think Washington should give up and start over again next year. But NEWSWEEK reporters, retracing the progress of Clinton's campaign for health reform, reached a different conclusion. In fact, there was a real, if fleeting, chance to secure the sweeping reforms that Clinton envisioned. But because of hubris and poor judgment, the Clintons missed it. This is the story of how the president squandered the biggest opportunity to make social policy since the Great Society.

'Screw the Moderates'

IT IS ALMOST FORGOTTEN NOW THAT VIRtually all of the big interest groups that savaged the Clinton plan were—only a year ago—at least tenuously in favor of Clinton's main goal of universal coverage. The American Medical Association—scourge of health reform for decades—was for it. So were the big insurance lobbies. Most major corporations were for it—they even accepted that they would have to pay for universal

JOHN FICARA—NEWSWEEK (FACING PAGE)


THE
FIRST LADY
Blamed for being too ideological and inflexible, she was willing to make deals—and did

coverage with so-called employer mandates requiring businesses to provide insurance for their workers. That bastion of conservatism, the U.S. Chamber of Commerce, had reluctantly come to the conclusion that ever-rising medical costs could be controlled only by a system of universal coverage. A score of Republicans, including Senate Minority Leader Bob Dole, had signed on to the principle of universal coverage.

All of these mainstream groups had come to appreciate a basic reality. It is very difficult to achieve meaningful health reform—to provide Americans with affordable coverage—without making it universal. Costs and risks must be widely spread. If large numbers of healthy people are allowed to opt out, the costs go up for everyone else. After this basic understanding, however, consensus falls apart on the means of paying for and providing coverage. Clinton's greatest challenge was to pull together disparate interests and find a way to attract a political majority.

White House moderates like David Gergen and chief of staff Mack McLarty urged the president to propose the broad outlines of a bill that could be embraced by major business groups and Republicans. The details, they argued, could be worked out later. But the president was listening to his wife and her liberal allies within the White House. Given the task by her husband of ramrodding health reform, Hillary Clinton wanted to take a different course—to design, in secret, a more grandiose scheme.

Instead of a "center-out" political strategy, the First Lady and most of the political advisers pressed for a "left-in" model that would build on a liberal base—mainly labor and the seniors lobby. "The strategy was simple: screw the moderates," said an administration official. "We can do it on our own." Hillary and Co. were probably right that Bob Dole and the Republicans couldn't be trusted. The problem was that the White House health reformers didn't trust anyone else, either. Some members of Mrs. Clinton's task force now regret the lost chance to line up the "medical-industrial complex" before it was too late. "I wish there'd been an effort to embrace those groups conspicuously, to lock them in," says Paul Starr, a Princeton professor who helped write the Clinton plan.

NEWSWEEK POLL

What should be the main goal of health-care reform?

49% Guaranteed basic medical coverage for all Americans

23% Reducing the cost of care to people like me

17% Reducing the nation's overall health-care spending

THE NEWSWEEK POLL, SEPT. 8-9, 1994

The Man Who Knew Too Much

THE MAN PICKED BY THE CLINTONS TO design a health-care plan—Ira Magaziner, a business consultant and fellow Rhodes scholar—did get plenty of advice. Magaziner and Mrs. Clinton were, to be sure, conscientious and careful. Their unwieldy 500-person task force spent five precious months trying to anticipate the unintended consequences of each policy decision. Implicit in the exercise was the assumption that they *could* anticipate every problem. To the staff, it sometimes seemed as if Hillary and Magaziner thought that they were the first people ever to think about health care. "If it didn't spring from Ira's head, it didn't matter," one adviser complained. Despite the fact that congressional committees had been dealing with the issue for years, they figured they could do it better. "Both Mrs. Clinton and Ira share the same weakness—they're terribly sure of themselves," said another health-care confidante.

MAGAZINER

The task-force director was very sure of himself. 'If it didn't spring from Ira's head,' said one staffer, 'it didn't matter.'

Hillary and Magaziner became obsessed with leaks and secrecy. They scheduled most key decision meetings on the weekends in the White House residence with just the president and the two of them present. She was afraid that if lobbyists learned what they were deciding, they would sabotage the product. Privately, she griped (with some justification) that if the press couldn't get the presidential haircut story right, how could they be expected to accurately report something as complex as health alliances and employer mandates? She and Magaziner tried, in effect, to build themselves a policy biosphere, a sterile, protected realm in which to hatch the Perfect Plan.

The economic advisers and number-crunchers at Treasury and the budget office were cut out. Hillary dismissed Treasury Secretary Lloyd Bentsen as a Washington-tainted "incrementalist" who didn't grasp the need for boldness. Bentsen's advisers, in turn, were extremely skeptical of Magaziner and his estimates. "We will need to be very vigilant about the numbers. There is a tendency to believe any number is better than no number at all," Treasury official James Ukockis wrote about the work of Magaziner's task force in a secret memo, dated March 31. Another Treasury memo likened Magaziner to the U.S. Army general in Vietnam who had to "destroy the village in order to save it." "Mr. Magaziner is employing euphemisms such as 'the current thinking is . . .' and 'a consensus is forming around' to indicate certain policy choices are winning out. But who makes up the consensus, and what arguments/evidence are being considered?" the Treasury official wrote. "We need to press these issues or the Secretary may find he is confronted by a fait accompli when he is finally brought into the health policy process."

It is significant that Clinton didn't bring in Bentsen—or his other economic advisers—until it was too late. Because Clinton listened to his economic team—and not just his political advisers—in his first year in office, he was able to get a budget through Congress that actually achieved some deficit reduction. It meant sacrificing some campaign promises, like a tax cut for the middle class, but Clinton was willing to be pragmatic. His original interest in health reform was to rein in the uncontrolled spiral of health-care costs. He was at least sympathetic to the arguments of the moderates, who urged him to try a more bipartisan approach. But in the end, he sided with Hillary, who argued for sending the whole 1,342-page version to Congress, where it was immediately mocked for its complexity. Ironically, Hillary was supported in this stand by Democratic congressional leaders, including Senate Majority Leader George Mitchell and House Majority Leader Richard Gephardt, whose political wisdom was notably lacking. Clinton also rejected a suggestion by chief of staff McLarty, a former utility-company CEO, that Deputy Treasury Secretary Roger Altman, a Wall Street veteran, launch a major effort to build bridges with the business community on health care.

Hillary and the White House politicos wanted to attack business. James Carville, the chief operator of the 1992 campaign, believed it was important to have black hats and white hats in the health-care debate. So Hillary attacked the insurance industry—even through insurers supported employer mandates, the controversial key to achieving universal coverage. Internal polls showed public dissatisfaction with doctors, so she attacked them—even though the AMA leadership had taken the risky posture of endorsing universal coverage. "She made the AMA leadership look impotent," said one health reformer.

Hillary has always tried to keep Clinton focused, to guard against his tendency to give away too much, too soon. Gathering in

CHAFEE

This leading moderate GOP senator rebuffed a feeler sent in the winter of '93 by Mrs. Clinton to begin secret negotiations

KATHERINE LAMBERT (TOP), MARTIN SIMON—SABA

the White House solarium before the president's State of the Union speech last January, Clinton's advisers talked about a "visual" to dramatize the president's demand for universal coverage. Pollster Stan Greenberg and media consultant Mandy Grunwald suggested that he hold up a pen in the air and threaten to veto any bill that didn't provide health insurance for every American. It was sure to make the 11 o'clock news.

Recalling what the veto threat had done to his fellow Republican George Bush ("No new taxes!"), adviser David Gergen argued that the gesture would limit Clinton's ability to cut a deal. But Hillary—together with the political advisers—pushed for the veto threat.

Attack of 'the Hermanator'

THE CLINTONS WOULD LATER BLAME "Harry and Louise," the fictional couple in the ads aired by the insurance industry, for undermining health reform. But the real saboteurs are named Herman and John. Herman Cain is the president of Godfather's Pizza and president-elect of the National Restaurant Association. An articulate black entrepreneur, Cain transformed the debate when he challenged Clinton at a town meeting in Kansas City, Mo., last April. Cain asked the president what he was supposed to say to the workers he would have to lay off because of the cost of the "employer mandate." Clinton responded that there would be plenty of subsidies for small businessmen, but Cain persisted. "Quite honestly, your calcula-

Hillary: Humbled, Bitter and 'Shellshocked'

The last year has shaken her faith in her own political skills

Speaking out on health care in Washington

JAMES COLBURN—PHOTOREPORTERS

BY ELEANOR CLIFT

AMID ALL THE RUMORS about an impending White House staff shake-up, there is no mention of what Hillary Rodham Clinton thinks, or whom she wants in which job. During the '92 campaign no one made a move without first running it by the candidate's wife. And many of President Clinton's cabinet appointments and top staff jobs bore a clear Hillary stamp. That she has taken herself out of the personnel-and-policy loop surprises some White House aides. But it seems she has no intention of reclaiming her role as de facto chief of staff. "She's shellshocked," says a friend, who predicts that Mrs. Clinton will act like a much more traditional First Lady for the rest of her husband's term.

Hillary's disengagement may be emotionally therapeutic. She has been humbled by the health-care fight and by how easily the historic moment of opportunity disintegrated into a raw partisan battle. "She's a little stung," says an aide. "She wants to take it easy for a while." She was once certain about her ability to judge people, confidantes say, but the experience of the last year has shaken her faith in her own political skills. She doesn't think it was a fair fight, and she is angry and bitter. At this point she is trying not to play the blame game, at least in public. In private, she fumes at everybody.

The surest sign of a chastened Hillary is her willingness to let chief of staff Leon Panetta have a free hand in trying to strengthen her husband's presidency. She thinks that Panetta, a Washington insider, may better understand the alien place. And if a shake-up means straining old friendships or alliances, it is better to let Leon do it than for her to get involved. The president was anxious to get back to work last week, but Hillary had no desire to return to Washington. She headed for Santa Barbara, Calif., where she extended her vacation a few days with old friends, Hollywood producers Harry Thomason and his wife, Linda.

A year ago Hillary wowed lawmakers with her command of health-care reform, but now she's as tired of them as they are of her. She will continue to be "a voice for health-care reform," says an aide. "But what she says will not be targeted to the latest moves of Congress." Like her husband, Hillary has decided that her political recovery depends on escaping from the minefields of the Hill to the safety of broad themes that most people can agree on. As part of that strategy, she is expected to begin speaking out against the violence in American society, particularly violence against children. Her goal is to rally individual, corporate and community support, says an aide, not to engineer legislative solutions.

In effigy: But Hillary's top priority is to ensure her husband's re-election. She hit the campaign trail last week, appearing with gubernatorial candidate Kathleen Brown in California, a critical state for Clinton in '96. The question is: will she be a liability? Polls show that the First Lady is almost as controversial a figure as her husband, with many voters uneasy over the activist role she chose. Last month in Owensboro, Ky., a smokers' rights group actually burned her in effigy—the mayor called it "an act of hate." But Clinton campaign strategists say Hillary is essential to turning out Democratic votes, especially among women. In California a million women who voted in '92 stayed home from this year's primary; turnout was the lowest ever recorded. "Those who love her really love her," says a White House aide. And those who don't won't have the old Hillary to kick around anymore.

tion is inaccurate," he told the president. "In the competitive marketplace it simply doesn't work that way."

The switchboard at Godfather's was lit up with supportive calls. It was as if the small business community—a very large and politically powerful group—had been told to march on Washington. Cain, said Larry Neal, an aide to Sen. Phil Gramm, "was the lightning rod."

While Cain looks the part of a striving small businessman, John Motley, chief lobbyist for the National Federation of Independent Business (NFIB), looks like, well, a Washington lobbyist. But he's one of the smarter ones. He understood that the real battle would not be fought on the TV airwaves or at the expense-account restaurants of Washington but back home, in the districts of members of Congress. Motley mobilized thousands of small businessmen, including "the Guardians" (the NFIB's 40,000 most reliable members), to work their local representatives. Armed with computer files showing pertinent facts—like whether certain members of Congress had kids who worked as waiters in the summer—the NFIB and the restaurant association went after their targets. Rick and Ralph Tevis, owners of Tevis's Restaurant in Topeka, Kans., talked to one of their regular customers—Rep. Jim Slattery, a member of the Energy and Commerce Committee. Slattery came out against universal coverage.

The NFIB was also effective in lobbying other lobbying groups. They had small businessmen lean on their doctors—and before long, the AMA, dissed by the Clintons, came out against employer mandates. The NFIB pressured the Chamber of Commerce by urging small businessmen to quit in protest of the chamber's support of employer mandates. When the chamber's dues began to drop precipitously, the chamber, too, reversed its position in February. A day before, the Business Roundtable had also slammed the employer mandate.

A wave of scare-tactic advertisements by other groups added to the hemorrhaging of support for health reform. A study by the Annenberg Public Policy Center at the University of Pennsylvania found that fully half the broadcast ads were "unfair, misleading, or false." Empower America, led by former Bush administration official William Bennett, charged that the Clinton plan would limit choice of doctors. In fact, it would increase choice for the 15 percent of Americans who now have none. Another conservative lobbying group simply made up a horror scenario that every American would be given a wallet-size card at birth that would hold a micro computer chip containing private medical facts ("treatment for hemorrhoids, psychiatric care") that the government could use to "control every aspect of YOUR life." Herman Cain—the "Hermanator" as his friends called the pizza entrepreneur—went on a satellite TV broadcast on July 12 to warn restaurateurs around the country: "Who's going to enforce [health care]? The health-care police! You think the IRS is a friendly bunch of people—wait until the health-care police come knocking at your door looking for premiums because you didn't pay your alliance!" Never mind that the notion of health-care alliances had been dropped from the Clinton plan by then.

NEWSWEEK POLL

Should health-care-reform legislation be passed this year, or should Congress take more time to examine the various proposals and start over next year?

28% Pass reform this year

66% Start over next year

THE NEWSWEEK POLL, SEPT. 8-9, 1994

Whether to Deal

HILLARY WAS INFURIATED by these attacks. "This is so misleading and false," she complained to Magaziner. "We cannot just sit back. These people are hammering us with lies and we're not responding." She was driven by a feeling that she couldn't let down all the people with tragic health-care horror stories she had met during her constant travels. "She will never get rid of those faces," a friend says. "She will never get rid of those voices."

When attacked, Hillary's instinct has always been to hit back. A "war room," modeled on the '92 campaign, had already been set up. On the computer screen of war-room media chief Jeff Eller was the sign HONOR EVERY THREAT. In practical terms, that meant magnifying every threat. Harry and Louise, the AMA, the restaurant lobby—every shot they took at Clinton, the war room fired back. The press was mostly mystified. Never able to grasp the substance of health reform—or at least convey it simply to their readers and viewers—reporters settled on the horse race. Would Clinton pass a bill?

That depended on whether he was willing to make a deal. It became increasingly apparent that Clinton lacked the votes to pass employer mandates. His moderate advisers, including his friend Mc-Larty, urged him to compromise. But the groups known as the "fight, fight, fight" team—Hillary, Magaziner and top political operative Harold Ickes—resisted. They suspected—probably correctly—that if they moved to the center, Dole and the conservatives would just move farther right.

MITCHELL

The Senate majority leader is working with GOP moderates to craft incremental legislation, but time is running out

Mrs. Clinton has been blamed for being too ideological and inflexible, caricatured by the right as a leftist shrew. In fact, she was sometimes willing to make deals. The original plan included huge payoffs for seniors (guaranteed reimbursement for their Medicare drug prescriptions) and for heavy industry and Big Labor (guaranteed health coverage for early retirement). NEWSWEEK has learned that she even sent a feeler to Republican Sen. John Chafee, a leading moderate reformer, as early as the winter of 1993 to begin secret negotiations. Chafee refused.

Hillary was willing to compromise—but only at the right time. She thought it was a mistake to cave in too soon. On at least five occasions over the course of a year, White House moderates pressed Clinton to move to the middle. Clinton seemed to wobble, at one point suggesting that a health plan covering 95 percent of the people was close enough. But, thanks in part to the veto pen promise, he believed he had to hang on to the idea of universal coverage.

By holding out, the Clintons hoped for a last groundswell for reform. But it never came—and the networks, amazingly, refused to give Clinton time for a final plea to the public in August. Instead, health reform simply petered out. Although staffers for Senator Chafee and Democratic leader Mitchell are close to working out some kind of incremental legislation, there probably is not enough time left before members of Congress have to go home and face the voters in the November elections. The great health-care debate is not over, of course, and the Clintons deserve credit for bringing it to the fore. They risked a great deal to take on an issue most presidents have shied away from. But the president, and particularly his wife, must be held responsible for missing an opportunity they helped to create.

DOLE

The cranky Senate GOP leader agreed, early on, with the goal of universal coverage, but then became an obstructionist

With ELEANOR CLIFT *and* SUSAN MILLER *in Washington*

WALLY McNAMEE FOR NEWSWEEK (TOP). ROBERT TRIPPETT—SIPA

HILLARY WILL BE BACK

First lady 'not going to go away' on health care

COVER STORY

Clinton still seeks ways to stretch role

A1

'She would never use the word "victim" to apply to herself,' says friend

By Judi Hasson
and Judy Keen
USA TODAY

WASHINGTON — This is classic first lady stuff.

The wife of the president of the United States and the wife of the president of Russia are visiting sick children.

They comfort the kids, patting and cheering between IV needles and wheelchairs. Together, they've been chatting up a storm.

What are Hillary Rodham Clinton and Naina Yeltsin talking about? "Food and flowers and children and husbands," says Clinton, the woman described not so long ago here as a co-president — or close to it.

For the last 20 months, Hillary Clinton alternately has wowed and irritated Congress and the nation in her job as the USA's No. 1 backer of health insurance reform, stiff-backed, tough-as-nails, smart-as-a-whip.

But the demise of her reform proposals, Washington insiders are speculating, has embittered her. She's fed up

COVER STORY

Not easy to change attitudes

Continued from 1A

with the capital's carnivorous climate and vultures who wanted her to fail. She has decided, so the buzz goes, that the traditional first lady role is less painful, less risky.

Wait, says Clinton. Not so fast. "I don't think you should believe everything you read, do you?" she says.

"The families of our country and their health needs ... are not going to go away, and so the president and I are not going to go away," she says, steel in her voice and eyes.

Still, some friends will say what she won't: Hillary Clinton is disappointed. But she is not crushed.

"She would never use the word 'victim' to apply to herself," says Diane Blair, an old friend. "But certainly, we've got a political system that makes change enormously difficult and ... that she was a first lady probably created additional static."

While the first lady remains the most sought-after speaker in the administration and a popular fund-raiser for congressional Democrats, her own popularity has dropped in public opinion polls, falling as the president's has sunk.

Even before health reform failed, she was railed against by conservatives such as talk show host Rush Limbaugh. She was heckled on the road. She was burned in effigy in Kentucky. She faced questions about turning a $1,000 investment in cattle futures into a $100,000 profit. She managed the Clintons' Whitewater land deal, still under investigation.

Yet none of it has been so public, or mattered so much, as her role in health reform, which she was assigned by the president to take a hold of and, well, fix.

But her plans for guaranteed coverage for every American fell flat. Too bureaucratic, said Congress. Too expensive, said the public, too big-government.

What went wrong? She glides right past the question. "What's important is what went right," she says. "Health-care reform is now on the national agenda. ...

"This has been an extraordinary experience." Health reform "will continue to be an issue that I care very much about and (will) work on for the foreseeable future."

But the questions she won't answer still are out there:

▶ Did the White House's determination to write a giant health-reform bill in secret — secrecy that Clinton pushed for — cripple its chances of success?

▶ Should she or the president have realized early on that building consensus — in Congress, among the public and among the special interests groups — was the most important element of the health-reform fight?

▶ Would a smoother, more experienced Washington hand have known it was an error to alienate important members of Congress by ignoring their reform ideas?

Ever since June, when it became obvious that any health-reform effort labeled the "Clinton plan" would not pass muster with Congress, Clinton has been less visible.

And in the last few weeks, when she wasn't out there fighting for any reform plan, her absence was interpreted as a sign the White House had given up — and so had she.

Margaret Williams, her chief of staff, says people are misinterpreting the first lady. "Does she wish that more had happened? Yes. Is she hopeful and confident? Yes."

But while many in Washington whisper about what went wrong, only a few will criticize her role publicly.

"It was doomed to fail because it was too big to swallow. ... They let the momentum go out of it. ... She had a lot to do with all these things," says Michael Bromberg of the Federation of American Health Systems, which represents private hospitals.

"No president or other political executive should really give an assignment essential to their survival to someone they can't fire," says scholar Stephen Hess of the Brookings Institution.

But some of the president's biggest critics on health reform see no political advantage in criticizing her now.

"The first lady is a very smart person," says Sen. Phil Gramm, R-Texas, a political opponent whom the first lady once accused of "ranting and raving." "She was pushing a plan that the American people didn't want."

"I don't think she did badly, actually," says Bill Kristol, who commanded the conservative Republican strategy on health reform. "The plan was a mistake, not .. it's spokeswoman."

What Clinton has learned is her job isn't an easy one.

"She's discovered that it isn't as easy to change popular attitudes toward the institution of first lady as it might have seemed during the heady days of 1993," says Lewis Gould of the University of Texas who has studied first ladies.

Now the task for Clinton is to find her voice again in issues that she believes in and remake her image.

Some wonder if she'll return to an advocacy role for children or devote her attention to crime or welfare reform. But she's decided that, after a respite, she'll be back next year working for health reform. She's already had some preliminary discussions with White House aides about a new strategy.

"She is not doing anything differently," says Williams.

White House aide George Stephanopoulos says health care remains at the top of her agenda: "She's going to be back."

In the meantime, Clinton has more pressing matters. She's spent several days hosting the Yeltsins, picking menus for the state dinners prepared by the chef she brought in.

Now, touring Georgetown University Hospital here, she leans over and makes eye contact with Oscar Reiken, 12.

"How are you?" she asks softly. Reiken, of Arlington, Va., is in a wheelchair, attached to an IV. He recently had a stroke. He is unresponsive. She pats his hand and, sadly, moves on.

Yeltsin leaves U.S. laughing

By Bill Nichols
USA TODAY

The third full-scale meeting between President Clinton and Russian President Boris Yeltsin was a rousing success — particularly in comparison with the tension-wracked spectacle of Cold War summitry.

Clinton and Yeltsin wrapped up a two-day summit with a bit of pomp and circumstance, a dose of stand-up Yeltsin comedy at the closing news conference and a lot of economic cooperation — now the lifeblood of this relationship.

"Relations between our nations are moving forward at full speed," Clinton said.

Yeltsin seemed determined at each public appearance to offer lavish praise.

"I would like to tell you that we've never fought the United States and, I believe ... that we will never fight the United States," Yeltsin said at the Library of Congress.

The few policy agreements:

▶ Clinton and Yeltsin agreed to speed up the reduction of long-range nuclear warheads.

▶ U.S. officials said they were progressing toward an agreement to cut Russian arms sales to Iran — estimated at about $1 billion last year — though there was little concrete to point to.

▶ The two sides postponed a potential feud over lifting the arms embargo on the Bosnian Muslims when the Bosnian government this week asked for a six-month delay.

Yeltsin still opposes lifting the embargo: "I believe this will lead to a new spiral of war there."

The hope now seems to be to try once more to force the Bosnian Serbs to accept a peace pact. Foreign ministers from the five-nation "contact" group pushing for peace in Bosnia-Herzegovina are tentatively set to meet in New York to discuss new diplomatic initiatives.

Those results, while certainly important, pale before the specter of a potential nuclear holocaust that was at the heart of Cold War summits.

Some analysts say the whole notion of summitry needs to be scaled down. "We don't have summits with other states," says Mark Lowenthal, a foreign policy analyst with the Congressional Research Service. "We haven't figured out how to characterize the relationship."

By Matt Mendelsohn, USA TODAY

IN AGREEMENT: Yeltsin and Clinton shake after signing several agreements Wednesday.

What is clear is the good health of the personal relationship between Clinton and Yeltsin.

It's become a tradition that Yeltsin dominates the closing joint statement with boisterous glee and Clinton plays straight man, a role his staff says he genuinely enjoys. Wednesday, Yeltsin raced through a laundry list of topics the two men talked about, then chastised the press and his interpreter for not keeping up.

When asked whether Clinton wasn't being hypocritical by criticizing Russian intervention in former Soviet republics while championing the U.S. role in Haiti, Yeltsin shot back, "Nyet" as Clinton smiled and nodded.

The United States and Russia now are like a "humongous, almost half-billion-member family," Yeltsin said.

"It's not always that simple, right?

"But the most important thing is the ability to listen, to have patience, to have humanity, respect in each other. And then, absolutely, we will be able to find solutions."

▶ Nuclear accord, 1A

Junking junkets: Lawmakers move to put end to freebies

By Leslie Phillips
USA TODAY

No more free tickets to Barbra Streisand concerts.

No more hundred dollar lunches at tony Washington watering holes.

And, no more all expenses paid, midwinter golf trips to sunny resorts.

The good life for members of Congress and their staffs may become a memory as lawmakers prepare to vote for the first time to ban all lobbyist-paid meals, gifts, entertainment and travel.

Legislation is on the House floor todaythat members hope will improve their image with disgusted voters who view elected officials as bought and paid for by special interests.

A pipeline to special interest cash remains open, however, because members may still accept thousands of dollars in campaign contributions. A test of political will comes Friday when the Senate votes on an overhaul of the system that would limit lobbyist donations to $6,000 per election cycle.

Says Charles Lewis of the Center for Public Integrity: "Campaign finance gets to the heart of their survival."

There would still be some loopholes: Gifts from "close personal friends" still would be allowed and no one knows exactly how "friends" will be defined.

And trade associations or institutes, could still underwrite business-related travel or meals in a member's state.

But with stringent reporting requirements, members say the measure, coupled with an earlier ban on speaking fees, puts them beyond reproach.

"It's the end of junkets. They're gone," says Rep. Karen Shepherd, D-Utah.

Indeed, if the lobbying measure passes Congress as expected, the culture of Capitol Hill — from free travel to holiday fruit baskets — may never be the same.

Paul Zucconi, co-owner of La Colline, a popular Capitol eatery, estimates that 80% of breakfast and lunch patrons conduct legislative business.

Says Zucconi: "I'm hoping entertainment will still go on. Somehow, someway, someone will find a way to legitimize it."

At the Monocle — a restaurant two blocks from the Capitol patronized mostly by members, staff and lobbyists — a photograph of Sen. Frank Lautenberg, D-N.J., was taken off the wall because of the senator's advocacy of the bill.

Says John Merryman of the Tobacco Institute, which for years sponsored retreats for legislators in Palm Springs: "We'll just go dutch, I guess. Or we'll just meet in other ways."

But the measure's effects would be felt. Golf enthusiast House Minority Leader Robert Michel, R-Ill., would have to pay his own way to his favorite celebrity sports event: The Danny Thomas Memorial Golf Tournament in Sun Valley, Idaho.

Sen. Phil Gramm, R-Texas, wouldn't be allowed to accept the $850 Sphinx .380 pistol he won in a 1993 by placing second in the Charlton Heston Celebrity Shoot.

And 30 House staffers working on insurance-related legislation wouldn't have been allowed to attend a 1992 three-day conference in Key West, Fla., where insurance lobbyists picked up the tab.

Public scrutiny of perks already had forced changes. A report by Ralph Nader's Public Citizen found lobbyist-paid travel in the Senate dropped from 1,100 trips during the 100th Congress to 680 trips during the 102nd Congress.

And a review of the financial disclosure forms of 50 House members — including Democratic and Republican leaders — found not one reported a gift worth more than $100.

"Three quarters of the things we prohibit hardly go on in the first place," says Rep. John Bryant, D-Texas. "The most important effect is to reinforce the public's confidence in the institution."

A fine line for lobbyists, Congress

Exceptions to the bill banning gifts, free trips and free meals provided by lobbyists to members of Congress:

▶ "Close personal friends and family members," undefined in the bill, are exempt from dining, gift ban.

***Websters'* calls a friend someone "on the same side in a struggle, one who is not an enemy or foe: ally."**

▶ Lobbyists still can contribute to campaigns and attend political events, provide snacks and cocktails.

▶ Non-lobbyists (such as trade associations, institutes, universities) can offer meals under $20, meals or gifts from a member's home state, gifts based on personal relationships; make legal defense fund contributions; and provide some travel.

SHEPHERD: Says free trips 'are gone'

Los Angeles Times

SUNDAY, MARCH 20, 1994

State Alliance Gives Workers Health Clout

By ROBERT A. ROSENBLATT
TIMES STAFF WRITER

WASHINGTON—Forty thousand workers at small California businesses will get an extraordinary piece of good news on Tuesday: At a time when health insurance costs are climbing by 6% to 8% a year, their premiums will actually be reduced for the year starting July 1.

These fortunate few are members of the state's unheralded health alliance, a purchasing agency that gives companies with five to 50 workers an opportunity to band together and achieve the same buying clout in the health care market as giant corpora-

Please see HEALTH, A24

HEALTH: Alliance Gives Smaller Firms Clout

Continued from A1

tions.

Even as President Clinton's proposal for alliances covering every citizen is being denounced in Washington as a blueprint for a menacing new bureaucracy, a staff of just 13 state workers in Sacramento has put together a working alliance, the first in the nation. And its customers seem delighted.

"It was heartbreaking to want to get insurance for your workers and not be able to afford it," said Cynthia Chauvie of Van Nuys, whose precision-instrument repair firm was once quoted an impossible $2,500-a-month premium for its seven workers. Last July she joined the new state health alliance, and now she pays $780 a month for the whole office.

"It's a great relief to have coverage now for all of us," she said.

The alliance, formally called the Health Insurance Plan of California, offers something never before available for employees of small companies: a wide choice of different insurance programs, with workers—not management—making the selection.

In Los Angeles County, for example, a worker whose small company has joined the HIPC can choose among 15 plans—12 health maintenance organizations and three preferred provider organizations—including such well-known names as Kaiser, Aetna, FHP, Healthnet and Prucare. That differs dramatically from the conventional situation in which the company makes available one or perhaps two health plans.

All plans must offer the same benefits, but the doctors and hospitals are more desirable in some than others. Monthly fees range from $84 to $173.14 for a 25-year-old worker and from $342.80 a month to $674.44 for a 35-year-old employee with a spouse and children. The company must pay an amount equal to at least half of the cost of the lowest-priced plan; the worker pays the rest.

"You get one monthly bill whether you have 13 employees in one health network or in 13 different networks," said Diane Bourassa, office manager for Telenetworks, a software firm in Petaluma. "It's a great variety of choices and avoids a tremendous administrative load on small companies like us, where typically you have one person running the office."

Rates are 10% to 15% below many comparable plans in the conventional insurance market, according to a recent study by a HIPC board member. The reason: Providers are willing to offer discounts to gain access to as many as 40,000 customers.

"There's no mystery here," said John Ramey, the HIPC's executive director. "We're trying to get a large-volume deal for our small employers."

In May, Florida will become the second state to try voluntary alliances when it begins enrolling small businesses in a voluntary purchasing group called the Community Health Purchasing Alliances.

The California and Florida experiences may offer some direction for the increasingly bitter national debate over health care reform. Clinton's plan is being torn apart in Washington by partisan Republicans and skeptical Democrats, with enthusiastic lobbying by businesses large and small.

California and Florida officials are betting that their voluntary approach will be a giant step toward Clinton's goals of providing insurance protection for everyone while controlling the soaring costs of medical care.

By offering wide choice and low prices, they hope to woo enough businesses to make significant inroads in the ranks of the uninsured; among the nearly 40 million Americans without coverage, about 80% are full-time, low-wage workers, their spouses and children.

Clinton wants to require all employers to offer insurance and pay 80% of the cost of an average-priced plan. He also wants to require everyone except workers in firms with more than 5,000 employees to enroll in health alliances that would negotiate on their behalf with insurance companies, health maintenance organizations and other networks of health care providers.

Fear of a compulsory national program of alliances made it easier for all factions in Florida—businesses, insurers and politicians—to work together for a voluntary program. Gov. Lawton Chiles said he was grateful that the President's plan prodded everyone to get down to work.

Florida officials say they hope to get prices down simply by publishing the bids offered by insurers to small firms through the alliance. Side-by-side comparisons will make businesses aggressive in seeking better deals and force the high-priced insurers to bring their prices down, they say.

"A lot of what we do in Florida will send a message to the nation," said Lynn Kislak, chairwoman of the alliance for Dade County. "The wonderful thing Florida has is choice."

But California took a bigger step: Republican Gov. Pete Wilson and the Democrat-controlled Legislature decided to give the health alliance real muscle by granting it the authority to negotiate rates with insurers.

When the first set of bids came in last year, the HIPC gave the companies 48 hours to lower rates—and many of them did.

On Tuesday, the HIPC board will approve its second rate schedule: the figures covering 40,000 people from 2,300 employers for the 12 months starting July 1. The HIPC will announce that the average insurance premium will decline in price, a testament to the negotiating skills of the organization and the desires of the insurance companies to crack the important small-group market.

The average company now enrolled in the HIPC has 10 workers. Companies with as few as four employees will be able to join as of July 1, and the threshold will drop to three a year later. About three-quarters of the employers in the HIPC bought their coverage through insurance agents, a fact that has made agents friendly rather than antagonistic toward the alliance.

HIPC membership should double in the coming year and could grow even faster as word spreads, Ramey and his staff estimate.

Beyond that, the competitive impact of the HIPC is being felt in the rest of the state's sprawling insurance market, where companies are offering more choices and trying to slow the rate of increase in premiums.

The HIPC is the "standard by which every other health plan's offerings and prices are compared," said Mark Weinberg, executive vice president at Blue Cross of California, which covers 5 million Californians and dominates the small-group market.

"If anything, we are having to be more competitive than ever to compete with the HIPC," he said. It was "no coincidence," he added, that a slowdown in California insurance inflation began last July when the HIPC opened for business.

At the beginning of the decade, California was grappling with the same thing the President and First Lady Hillary Rodham Clinton, who headed the Administration's health care reform task force, denounce again and again in speeches attacking insurance companies: the specter of sick people crying in vain for help and uninsured families ruined by costly medical bills.

Many insurers engaged in "cherry-picking"—insuring the healthy but not those who were likely to face big medical bills. This meant seeking out firms with young, educated workers in white-collar jobs and giving them bargain rates. If their medical bills were higher than expected, insurers' rates would go up or the firm's coverage might be canceled without explanation.

Some industries were to be avoided. Insurers didn't like to write policies for restaurants because many cooks, busboys, waiters and waitresses were transients. They avoided lawyers because they might sue and doctors because they would demand a lot of high-cost care.

Addressing this problem, the California law guarantees that no individual or company could be refused coverage for any reason. Any insurance product must be available to all customers.

Premiums may vary with the age, family composition and geographic location of the insured. An insurer may ask a 60-year-old to pay more than someone who is 30, a married woman with three children to pay more than a single woman, and a resident of Los Angeles, where medical costs are high, to pay more than someone who lives in Ukiah.

But insurers may make only small adjustments in rates to compensate for different health conditions. If the cost of insurance for a typical group of five people is $100 a month, the insurer cannot charge more than $120 for a group of five people in which two have cancer, two have heart disease and the fifth suffers from diabetes. A group of four marathon runners in perfect health cannot get a rate lower than $80.

These ground rules enable the HIPC to avoid becoming the dumping ground for companies with sick workers who couldn't get coverage elsewhere. The HIPC's aggressively low rates and broad selection of plans make it attractive for healthy as well as high-risk groups of workers.

At LG2WB Engineers in Costa Mesa, for example, the $8,000-a-month premium under the HIPC represents a savings of as much as 20% from the firm's old insurance plan.

The range of choices is welcome, if a bit intimidating; Marilyn Hall, the firm's vice president, says the 45 workers have enrolled in 11 networks.

"Some employees come to me and say: 'Which one should I choose, Marilyn.' I say: 'If you have a doctor, find out which network he belongs to.' Once they understand it, people love the choices."

Before the HIPC, Steve Levine, who owns an ad agency in Venice, got several calls a week from

Please see HEALTH A22

How the Health Alliance Works

■ **Who may participate?** Firms with five to 50 workers.

■ **What does it offer?** Statewide, a choice of 15 health maintenance organizations and three preferred provider networks. Twelve of the HMOs and all three PPOs operate in Los Angeles; fewer are available in other parts of the state.

■ **What do the HMOs cost?** For workers in the standard plan, co-payments of $15 per doctor's office visit, $100 per hospital admission and $10 per generic drug prescription.

For workers in the preferred plan, co-payments of $5 per doctor's office visit, no co-payment for hospital admissions and $5 for generic drugs and $10 for brand names.

The HMO pays if it refers enrollees to outside specialists.

Maximum out-of-pocket cost per year: $2,000 for individuals and $4,000 for families under both plans.

■ **What do the PPOs cost?** A 20% co-payment for office visits to network doctors and hospitals and 40% to outsiders.

For workers in the standard plan, a $500 yearly deductible per person.

For workers in the preferred plan, a $250 yearly deductible per person.

Prescription drug co-payments of 20% for generics and 30% for brand names.

Maximum yearly out-of-pocket payments of $2,000 per person and $4,000 per family in the network, and $5,000 per person and $10,000 per family outside the network.

■ **How can I sign up?** Call your insurance agent or the HIPC directly at 1-800-447-2937.

HEALTH: HIPC Gives Firms Clout

Continued from A24

people trying to sell him insurance. "I would tell them I'm a diabetic who had a kidney transplant, and the phone would go 'click,'" he said.

He paid $1,000 a month for insurance for the four workers at his agency, plus $1,500 out of his own pocket for special drugs to ensure that his body did not reject the kidney.

Now a monthly bill of $851 from the HIPC covers both Levine and his employees—and drugs are part of the package.

The state has kept down costs and avoided building a new bureaucracy by hiring a private firm to act as the HIPC's sales agent, record-keeper and administrator. Employers Health Insurance won the contract and collects a fee for each person enrolled. The company started with 15 sales representatives and now, anticipating a boom year, has 30.

"We have forced the market to respond," said Kirk Rothrock, executive vice president of the HIPC, talking about the alliance's influence far beyond the comparatively small number of people enrolled.

Alliance backers in Florida agree. "You don't measure success by the number of small businesses they insure but by the impact they have on the market," said Bill Hirrle, a Florida business lobbyist. "You invent them to bring health care prices down."

The alliances ultimately could fall short of bringing insurance to everyone. After all, they are voluntary and employers remain free to refuse to spend money on health insurance.

Three-quarters of the HIPC's enrollees already had coverage elsewhere; only one-quarter come from the ranks of the uninsured. California still has a staggering 6.3 million uninsured people under age 65, and 83% of them are workers and their dependents, according to Richard Brown, director of the UCLA Center for Health Policy Research.

"We will need a national health care plan to complete the job," Chiles said.

Although he said he is confident the voluntary approach will make progress in his state, "I don't want to second-guess the President" on the call for mandatory coverage and compulsory alliances.

"I've got my hand to play and he has his," he said.

Clinton Takes His Health Reform Plan to the People

From Associated Press

WASHINGTON—President Clinton is going back to the basics to sell Americans on his battered health care reform plan, insisting that there is a lot more in the 1,342-page blueprint that will benefit people than they realize.

"Everywhere I go families tell me we've got to do something about health care, and they're right," Clinton said Saturday in his weekly radio address.

But, he said, "the defenders of the status quo are trying to confuse the issue by making it seem complicated.

"Next week and in the months ahead, I'm going to tell people all across America about our health reform plan and what it really means."

He spelled out what he said are its core principles: "Guaranteed private insurance, your choice of doctors and health plans, outlawing unfair insurance practices, preserving Medicare, guaranteeing health benefits at work.

"It's that simple. I want to cut through the complexity, the confusion and downright distortion."

He said that as Congress debates his health care plan, the issue should be decided by informed citizens, "not by special interests, skilled at spending millions of dollars to prevent progress and to promote their own narrow interests."

"Let's face the facts, debate our choices, and make a historic decision to build on what's best and fix what's worst in our health care system," Clinton said.

In the Republican response, Sen. Hank Brown of Colorado asserted that "the President's health care plan is dead."

Brown said the proposal is doomed because of its potential cost and the creation of new federal bureaucracy. He called on Clinton to work with the GOP to develop a new health care plan that would ease paperwork and assure that people can take their coverage with them when they change jobs.

Brown also proposed a tax break for small businesses offering health insurance.

Health Plan Called Equal to What Congress Has

By ADAM CLYMER
Special to The New York Times

BOSTON, Dec. 7 — Hillary Rodham Clinton today offered a fresh description of one of the most confusing elements of the Administration health care plan, the health insurance purchasing alliances, saying they would let all Americans choose coverage in the way members of Congress do.

The alliances — or agencies that would collect premiums and pass them on to insurance companies or other health care providers — would be the linchpin of President Clinton's plan.

But the purchasing alliances have been widely criticized by liberal Democrats to conservative Republicans as imposing a new layer of bureaucracy with coercive powers.

The First Lady told 2,500 people at a conference with her and 17 Senators and Representatives, mostly from New England, that the alliances would serve as big purchasing cooperatives. The conference was sponsored by The Boston Globe.

Mrs. Clinton compared the alliances to large corporations that solicit bids from several insurers and give employees information about the choices. She also likened them to the system for Federal workers, including members of Congress.

'Won't Be Governmental'

"It is your choice, and every year you choose what health plan you will be part of," she said. "The Federal Government, your employer, does not run the health plan. The Federal Government does not tell the doctors what to charge. The Federal Government does not determine what choice you make. And in the President's plan, the alliances that will be created in every state will serve that function, and they won't be governmental."

Hillary Clinton says the health alliances will be familiar to many.

Mrs. Clinton said the alliances would neither control what sort of coverage people selected nor interfere with the choices doctors and hospitals make about providing services.

Senator John Kerry, Democrat of Massachusetts, said he was not sure that the Federal program worked all that well. But he said that most ordinary citizens would be likely to assume that the system Congress has provided for itself is probably pretty good.

As Mrs. Clinton suggests, an alliance to pool the buying power of consumers and give them more health-plan choices is a popular concept. But many politicians note that the alliance structure in the Clinton plan goes far beyond that: for example, it envisions alliances enforcing Federal rules on premium prices, administering a system of subsidies for low-income people and low-wage businesses and absorbing most of the Medicaid program for the poor. Moreover, under the Clinton plan, an estimated 70 percent of Americans would be covered by these alliances. Some analysts call this a remarkable leap of faith in a largely untested concept.

Gov. William F. Weld of Massachusetts, a Republican, as well as the Senate majority leader, George J. Mitchell of Maine, and Senator Edward M. Kennedy of Massachusetts each assured the audience that they expected Congress to enact universal coverage next year.

The Health Care of Kings

Mr. Mitchell said the health care was not a partisan issue. But later in the morning when Senator Christopher Bond, Republican of Missouri, maintained that the country already had the best health care in the world, as shown by the fact that kings and sheiks came here for treatment, Mr. Mitchell disagreed, saying that for the poor who do not have access to the care that kings could buy, health care was often inadequate.

He was not alone in complaining about the system today.

Melanie Carmichael, a Vermont farmer, said that with rising insurance costs, "my cattle on my dairy farm are receiving better health care than my children."

Mayor Joseph Ganim of Bridgeport, Conn., a Republican, said rising insurance costs were keeping him from hiring enough policemen or firemen.

But there were also questions about the Clinton plan. Several small businessmen expressed fear that its requirement that they pay insurance premiums would force them to lay off workers. And others complained about what they saw as inadequate provision for mental health and long-term care.

Senator James M. Jeffords of Vermont, the only Republican co-sponsor of the Clinton plan, said as the meeting ended: "The reason we'll reach a consensus is a political one. Not to reach a consensus is the worst thing we can do. The public will reach a consensus and send us all home."

New York Times - 12/8/93

Double Sword For President

Whose Health Is No. 1, Businesses or Workers?

By ERIK ECKHOLM

For months it was a sleeper issue in the health care debate. But last week, after President Clinton's initial sales pitch for his plan-in-progress, his proposal that all employers be required to pay for health coverage emerged as one of the most fiercely contested aspects.

News Analysis

The employer mandate, as it is known, presents Mr. Clinton with a dilemma. This President certainly does not want to harm the hundreds of thousands of small-business owners who say, with backing from economists, that the proposal would cause job losses and bankruptcies. And he hardly wants to hand the Republicans a convenient club for attacking his proposals.

Yet the mandate is a cornerstone of his most cherished goal, the one that may earn him his place in history: guaranteeing health coverage for all the country's citizens.

Alternative Is More Taxes

Mr. Clinton needs the tens of billions of extra dollars that companies would be forced to pay toward the cost of covering more than 37 million uninsured people, most of whom are workers and their families. As it is, the White House is struggling to find sources for the tens of billions of additional dollars it would need to subsidize threatened companies and cover the unemployed.

Without the large new contribution from employers, the Administration would have to come up with more money itself — almost certainly through even higher taxes than the proposal already requires. Politically, that may be more dangerous than the wrath of small business.

Continued on Page A9, Column 1

But Mr. Clinton's dilemma is one faced by his Republican critics as well. If they do not support an employer health care requirement, they either have to come up with other revenue sources, not an appealing prospect, or back away from universal coverage. This may explain why critics like Senator Bob Dole of Kansas, the Senate minority leader, were careful to leave negotiating room on the mandate question.

In his speech to governors last week, Mr. Clinton spoke of a "shared responsibility of employer and employee, building on the system we have now" as the only practical route to universal coverage. His aides say he will propose that employers be required to pay at least 80 percent of the cost of premiums, with employees paying the rest.

To Be Phased In

But Mr. Clinton also stressed the need to phase in the requirement gradually and to limit the obligations of struggling small or low-wage businesses. Officials have discussed putting a cap on the contributions of vulnerable companies to 3.5 percent of payroll, with the Government paying the rest. They have not yet determined the criteria for awarding subsidies, a task that could be an administrative nightmare.

Administration officials also note that if subsidies were offered to uninsured workers without a general employer requirement, many companies that now offer insurance might stop doing so, knowing the Government would fill the gap, and the entire system would unravel.

The debate assumes that the nation will base most health financing on the workplace. The chief alternatives — a Government takeover of all medical payments, favored by some liberals, or a shift to individual responsibility, favored by some conservatives — have so far been judged as either undesirable or unrealistic by the President and majorities in Congress.

Expanding employer coverage "is the most pragmatic and least disruptive way to go," said Karen Davis, an expert on health policy and executive of the Commonwealth Fund, a private foundation in New York.

System Emerged 50 Years Ago

The employer-based system emerged during World War II, when companies offered health coverage in lieu of raises, which were prohibited by wage controls. Today, a majority of employers help pay for worker coverage, but many smaller companies, as well as larger companies like retail and fast-food chains that pay low wages, offer few benefits if any, especially to entry-level employees.

The first prominent proposal for mandating employer coverage came not from the Democrats but from President Richard M. Nixon in the early 1970's. His health plan died along with his Presidency, but similar mandates were later proposed by President Jimmy Carter and a succession of Democrats in Congress.

About three-fourths of the nation's workers are already covered by employers, either directly or through a working spouse. But a majority of companies with fewer than 100 employees do not offer health benefits, said William Custer of the Employee Benefit Research Institute in Washington.

The debate has been hampered by disagreement over cost estimates. The Administration estimates that in 1993 the nation's companies and workers will spend $275 billion on health premiums. Simply extending the current system to all workers would require additional outlays of close to $70 billion, which would be paid by employers, workers and Government through its subsidies.

But the new system will save such large sums through reduced administration and other changes that the cost of covering all workers will be far less than that, said Kenneth Thorpe, an official in the Department of Health and Human Services and an architect of the Clinton plan. Costly emergency-room visits for routine care by people with no insurance or doctor will also decline, he said. But Mr. Thorpe refused to disclose the Administration's working estimate of the ultimate costs.

The politics of the employer mandate are more convoluted than the chorus of attacks on Mr. Clinton last week would suggest. Leading Republicans in the Senate, where the battle over the health plan may be closest, have voiced deep concern about the mandate, but they have also been careful, as John H. Chafee of Rhode Island put it, "to avoid drawing lines in the sand."

Senator Dole, when asked whether he supported universal coverage, said, "I think that's our goal, but I'm not certain how quickly we can achieve it."

Asked how this could be financed without an employer requirement he said: "I'm not sure we have an alternative yet. There may be other ways to finance it." But Mr. Dole also said of Mr. Clinton's plan, to be unveiled more fully next month, "Let's see what he has to offer before taking shots at it."

Clinton's choice: forcing small business to pay or raising taxes.

What Business Prefers

As an alternative to guaranteed universal coverage, some Republicans and other critics have discussed a more decentralized approach involving expanded public clinics, rules to reduce insurance costs and tax incentives to help the uninsured find coverage.

That is the approach of the National Federation of Independent Business, which lobbies on behalf of 600,000 small businesses and is leading the campaign against a mandate. "What we say is 'universal access,'" said Michael Roush, chief Senate lobbyist for the federation.

The federation is implacably opposed to a mandate, with or without subsidies, which, Mr. Roush said, "will only at best mitigate the bad effects."

A majority of the federation's members actually do offer health coverage

5/23 cont'd

to some employees, but in some cases it is less generous than what Mr. Clinton would require. Even many owners who now offer costly benefits tend to oppose any new Government requirement.

Still, Mr. Clinton will find considerable support for the mandate within the business community. The United States Chamber of Commerce, for example, which represents businesses of various sizes supports a mandate provided it is accompanied by adequate subsidies for small business.

"The chamber's view is that unless everybody in the health system is playing by the same rules, this nation is never going to get a grip on runaway health costs," said Kristin Bass, manager of human resources with the organization. She noted that as hospitals and doctors make up the costs of treating uninsured patients through excess charges to the insured, smaller companies that offer benefits are being penalized.

Large corporations, almost all of which provide health benefits, may provide the strongest support of all. These businesses say they are not only forced to help pay for the uninsured but also are unfairly saddled with the health costs of entire families when the spouse has a job without benefits.

"If it's going to be the policy of this country to rely on employers to finance health care, then it's got to be all employers," said Walter B. Maher, director of Federal relations for the Chrysler Corporation.

The Hawaii Example

The experience of individual states provides ammunition to both sides. So far, only Hawaii has required insurance payments by employers, and only Hawaii has achieved near-total health coverage of its population.

Hawaii passed its mandate in 1974, a time when health costs were much lower. Businessmen there say the mandate has sometimes caused hardship but that in general employers have adjusted well. A recent study by state officials asserts that business has not suffered and notes that unemployment in Hawaii has fallen steadily since the 1970's while small businesses have thrived. But critics question Hawaii's relevance, given its isolation and strong economy.

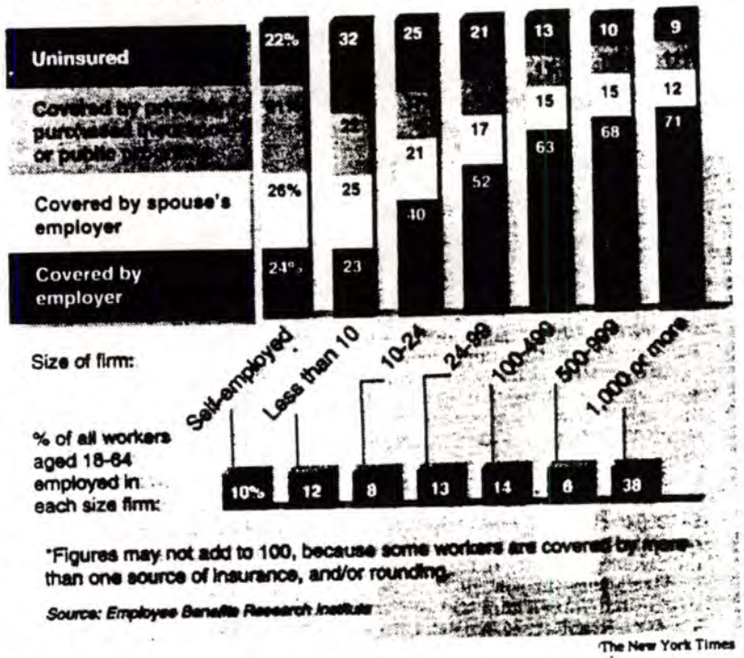
On the mainland, the first state to vote for a mandate was Massachusetts, in 1988. But as the economy soured and a Republican Governor took office, small-business owners counterattacked and won a delay of the plan until 1995. Opponents are expected to make another push to delay or kill the plan.

Oregon passed an employer mandate that was originally scheduled to take effect in 1995. But as in Massachusetts, business opposition has grown, and this month the Legislature voted to defer the requirement until 1997. "If the economy turns sour I think the mandate could disappear," said Courtney S. Campbell, a medical ethicist at Oregon State University.

Earlier this year Washington State also passed an employer mandate but it will not be in full effect until 1999.

Who's Covered in the Workplace

Health insurance status of workers aged 18-64 employed in each size firm. Percentages.*



*Figures may not add to 100, because some workers are covered by more than one source of insurance, and/or rounding.

Source: Employee Benefits Research Institute

The New York Times

Joseph A. Califano Jr. ✓

Foundation for Reform

The link between health benefits and employment dates back 50 years to World War II.

THE WASHINGTON POST SUNDAY, MARCH 20, 1994

If you're looking for the meat in the 1,342-page Clinton health plan, you'll find it in the mandate that employers provide health care coverage for their employees. Such a mandate would build on some of the strongest elements of our existing system and serve the mantra that most Republicans and Democrats, conservative or liberal, repeatedly intone: quality, affordable care for all Americans.

Almost all nations with universal coverage have built on their existing systems. Great Britain's scheme of national health insurance, enacted in 1946, did not stem from an infatuation with socialist principles. At the time, just after World War II, almost every doctor and nurse in England was in the military and on the government payroll. The government had taken over the nation's voluntary hospitals, which had collapsed under the weight of war casualties. The British Parliament simply legislated the status quo. Similarly, Germany's system of universal coverage was built upon worker guilds and sickness funds that performed a role not unlike the role employers and health insurers play in the United States today.

The American link between health benefits and employment dates back 50 years to World War II. The war sparked research that produced wonder drugs like penicillin and dramatic advances in surgery. Dazzled by the miracles of modern medicine, patients wanted them. At the same time, wartime employers were scrambling to attract scarce workers. The War Labor Board held the line on pay hikes, but it allowed increases in fringe benefits. Health insurance quickly became the premier fringe, and employers generously doled it out. The number of Americans in group hospital plans bolted from less than 5 million in 1941 to 26 million by the end of the war. Over the next two decades, major industries from auto manufacturing and steel to communications and banking provided broad health insurance for their employees.

Since then, three American presidents—Richard Nixon, Jimmy Carter and Bill Clinton—concluded that any national scheme of universal coverage should build on the existing American system, in which some 60 percent of Americans, workers and their dependents have received health insurance through their employment relationship. Each of the presidents' plans would require employers to provide a basic package of benefits for their employees—a minimum health care bill similar to the minimum wage bill Congress enacted in the 1930s.

Congress can phase in the mandate by starting with large employers (most of whom provide broad coverage) and gradually extending it to smaller businesses, if necessary helping them with subsidies or tax credits to ease their burden and encourage them to form cooperatives to pool their purchasing power. Gradual phasing makes sense not only because of federal budget concerns with respect to any subsidy, but also because of the unpredictability of reform and its effects on the health care system.

The history of the minimum wage offers a telling precedent. In 1938 Franklin D. Roosevelt persuaded Congress to enact the minimum wage in the Fair Labor Standards Act. Initially, the law covered only 11 million workers, a fifth of the total labor force. Of those who were covered, only 300,000—fewer than 3 percent—were then earning less than the new minimum wage of 25 cents an hour. Not until 1966, when Lyndon Johnson persuaded the 89th Congress to act, was the law extended to cover nearly all retail and trade employees and, for the first time, agricultural workers.

Congress could follow a similar tack today by phasing in—over a much shorter period—a minimum health care bill. In a society as mobile as ours, where citizens frequently move from state to state, a federally defined package of minimum benefits, which employers would be free to exceed, makes good sense. To temper the congressional proclivity to pile up mandated coverage when someone else is paying the bill, the law could prohibit requiring employers to provide any benefits not available in federally funded public programs like Medicare.

The employer mandate is key to any reform for several reasons. It builds on a part of the existing system that, by and large, is working well. It enlists the ingenuity of thousands of businessmen and women to keep health care costs down. It draws a line of clear responsibility that will slow the game of hot-potato economics now being played as federal, state and business payers try to toss costs to one another. The mandate would push some costs off the federal budget and put them into everyday life, throughout our systems of commerce, as part of a fair wage and the purchasing decisions Americans make. Congress has an interest in acting soon: Over the last decade the percentage of individuals with employer-sponsored insurance has steadily dropped.

The rhetoric of impassioned opposition to an employer mandate echoes earlier battles. Before passage of the Fair Labor Standards Act in 1938, business leaders warned that it would precipitate a "tyrannical industrial dictatorship." They charged that Roosevelt's arguments for a mandated minimum wage was, like "the smoke screen of the cuttle fish," a cover for his plot to promote socialist planning of the U.S. economy. They asked how business could "find any time left to provide jobs if we are to persist in loading upon it these everlasting multiplying government mandates?"

In fact, American business adjusted, just as it did after passage of the Occupational Safety and Health Act, state laws mandating disability insurance for workers and federal laws mandating safety standards for automobiles and access for the disabled.

American corporate executives have the agility to bargain more effectively than any government. They have become savvy negotiators with a range of providers—managed care plans, fee-for-service doctors, traditional insurers and new networks of health care providers. And they are not inhibited by the political constraints that Congress often imposes on executive agencies to protect special interests.

America's business managers are forcing doctors and hospitals to cut prices, eliminate excess capacity and reduce unnecessary tests and procedures without sacrificing medically appropriate care. Tightfisted employers and managed care providers are squeezing deep discounts from pharmaceutical companies and limiting reimbursement for off-patent drugs to the lowest generic price.

The response to these demands is transforming the delivery of health care, independently of any action by Congress. Hospital, doctors, HMOs and long term care facilities are organizing into more efficient networks. Large insurers are signing up hospitals and putting doctors on salaries and regular hours to compete with these networks.

These competitive churnings in the health care market, combined with political pressures to rein in costs as the president, Congress and the 50 states move to revamp health care delivery, have helped slow down the pace of medical care inflation to 5.4 percent in 1993. Though still twice the rate of general inflation, this is the lowest rate of increase since President Nixon's price controls were in effect in 1973.

A government mandate that employers provide a package of benefits to their employees will capitalize on these healthy trends and give every American employer a stake in making the health care system cost effective and responsive to the needs of its employees.

The writer, secretary of Health, Education and Welfare in the Carter administration, is president of the Center on Addiction and Substance Abuse at Columbia University. He serves on the boards of several corporations and nonprofit institutions with interests in health care.

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Health Care Reform Project Responds to AMA Retreat on Employer Mandate

To: National Desk, Healthcare Writer

Contact: Charlie Leonard or Bob Chlopak, 202-296-2777, both for Health Care Reform Project

WASHINGTON, Dec. 14 /U.S. Newswire/ -- The Health Care Reform Project, a coalition of 32 organizations representing more than 55 million Americans including more than 200,000 physicians, said today that the American Medical Association's decision to back away from its prior support for an employer mandate amounts to a retreat from the fundamental goal of universal health care coverage.

The Project reaffirmed its own support for universal coverage and said: ``There is no way to guarantee health security and equitable financing -- essential ingredients of real reform --without some form of an employer mandate or single-payer system.''

Speaking on behalf of the coalition, Rosi Sweeney, vice president of social, economic and policy analysis for the American Academy of Family Physicians, said: ``The AMA's modification of its longstanding support for employer mandates suggests self interest over health interests. The members of the Health Care Reform Project believe that to fulfill the promise of universal health coverage for all Americans, all employers and their employees must contribute. For years the AMA supported employer mandates. AMA physicians should be leading this charge, not standing in its way.

On Oct. 20, the CEOs of member organizations in the Project sent a letter to every member of Congress stating their unequivocal support for an employer mandate. The letter was signed by three of the country's leading physician organizations -- American Academy of Family Physicians, American Academy of Pediatrics and the American College of Physicians -- as well as several other associations representing health care providers.

Earlier this year a number of news stories reported that AMA was trying to have it both ways when they professed to support health reform in Washington at the same time they mailed packets critical of reform to all of their members. AMA's latest decision to back off employer mandates is doubly tragic in light of the fact 60 percent of the small businesses in America currently provide health insurance at exorbitant prices, and an employer mandate with a cap -- as proposed by Clinton and McDermott -- would lead to a decrease in heath insurance costs. ``Anyone who wants a clear prescription for health reform would be wise to get a second opinion from the many physician, nurses and hospital groups that support real reform,'' Sweeney said.

Health Care Reform Project Press Briefing Dec. 14

Rosi Sweeney, vice president of social, economic and policy analysis, American Academy of Family Physicians, 202-232-9033

Jackie Noys, director of the Department of Government Liason, American Academy of Pediatrics, 202-347-8600

Howard Shapiro, director of public policy, American College of Physicians, 202-393-1650

Eileen McGrath, executive director, American Medical Women's Association, 703-838-0500

Dr. Bryant Welch, senior policy advisor for National Health Care Reform, American Psychological Association, 202-336-5500.

Jack Bresch, government liason, Catholic Health Association, 202-296-3993

Health Care Reform Project

Member Organizations:

Alzheimer's Association; American Academy of Family Physicians American Academy of Pediatrics; American Airlines; American Association of Retired Persons; American College of Physicians; American Federation of Labor and Congress of Industrial Organizations (AFL-CIO); American Federation of State, County and Municipal Employees (AFSCME);

American Medical Women's Association; American Nurses Association; American Postal Workers Union (APWU); Campaign for Women's Health; The

Catholic Health Association of the United States (CHA); Children's Defense Fund; Chrysler Corporation; Citizen Action; Families USA; The League of Women Voters of the United States;

Multiple Sclerosis Society; National Association of Children's Hospitals and Related Institutions (NACHRI); National Association of Social Workers (NASW); National Council of Senior Citizens; National Education Association; National Health Policy Council; Older Women's League; Service Employees International Union (SEIU); Southern California Edison Company; United Mine Workers; Voice of the Retarded (VOR).

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Health Plan Funding Passes Muster

Independent Group Says Clinton Proposal Is Financially Sound

By Spencer Rich
Washington Post Staff Writer

An independent research group that included officials of the Reagan administration has concluded that the proposed funding system for President Clinton's national health plan is basically sound.

"If the question is whether they can finance this program with the revenues they will get under their plan, the answer is yes, and they will still end up with $25 billion for budgetary deficit reduction," said Lawrence S. Lewin, chairman of Lewin-VHI, which conducted the study released yesterday. "It meets the president's requirement of providing universal coverage, and it does so without relying on an increase in broad-based income taxes."

"Our funding estimates are in the same ballpark as theirs," said Robert J. Rubin, assistant secretary of health and human services in the Reagan administration and now president of Lewin-VHI, which conducts studies to determine the costs of various health programs. Don Moran, former top aide to Reagan-era Office of Management and Budget Director David A. Stockman, also worked on the report.

The Clinton administration greeted the study with delight. For months it has been battered by assertions from congressional Republicans, such as Rep. Thomas J. Bliley Jr. (Va.), and from numerous groups representing businesses and providers of medical services that the financing mechanisms for the president's health plan could result in massive underfunding and perhaps a need for new taxes and premiums far beyond what the White House has estimated.

Even some Democrats who favor the plan, including Rep. Henry A. Waxman (Calif.), have questioned some of the numbers.

Alice M. Rivlin, deputy director of the Office of Management and Budget, said, "The Lewin-VHI study essentially verifies our estimates and the soundness of the financing for our proposal," confirming that the plan "will reduce the deficit over the period from 1995 to 2000."

In addition to its broad finding that the "financing structure works," the study also found that:

- Health insurance premiums under the president's plan in 1998, used as an example year, would be about 17 percent higher than the administration estimated, requiring more federal premium subsidies for businesses and poor individuals.
- In 1998, employers (primarily small firms that do not now insure their workers) would pay a net of $28.9 billion more for health care than under current law because of the requirement that they provide insurance to their workers, but households would pay a net of $26.5 billion less because the government and employers would be picking up much more of their costs. The extra payments by employers would gradually drop as cost controls took effect.
- The plan's cost controls eventually would slow the growth of health spending. By 2000, it would account for 18 percent of gross domestic product instead of the 18.7 percent figure expected under current conditions, a saving of $57 billion.

The study, conducted primarily by Lewin-VHI vice president John Sheils, was financed by the firm itself, Lewin said.

Lewin, Rubin and Sheils all emphasized strongly that no study of an untested new system can be taken as an absolute prediction or guarantee that the plan will work as envisioned. Lewin said the findings are based on their best estimates and predicated on the assumption, which could be optimistic, that the states, Congress, the proposed national health board and all others will have "the political will" to adopt and enforce difficult aspects of the president's plan. That would include requiring all employers to insure their workers and limiting insurance premium increases.

Looking at the federal portion of the funding for the plan, the study said the White House had claimed that it would raise $389 billion in federal funds from 1995 to 2000 to cover $286 billion in federal costs for the basic plan plus $103 billion for contingencies and deficit reduction. Sheils said the basic plan would actually cost the federal government $317 billion, not $286 billion, and the proposed funding would raise $342 billion. That would be enough to cover the $317 billion cost with $25 billion left over for deficit reduction—but nothing for contingencies, the study said.

Sheils concluded that in 1998 the average annual premium for an individual would be $2,732; for a couple, $5,464; and for a two-parent family, $5,975.

In a separate development yesterday, presidential pollster Stan Greenberg, appearing on an American Enterprise Institute panel, said the administration had considered proposing a value added tax (VAT) to pay for the health care reform program but found virtually no public support for it in polls conducted on the issue.

Greenberg said the administration looked at the VAT as an alternative to mandating employers to pay 80 percent of their employees' health insurance costs. He said it was one of at least two instances where polling had been used to determine public attitudes toward particular tax policies.

Staff writer Dan Balz contributed to this report.

THE WASHINGTON POST

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THE WASHINGTON POST

The Hard Part of Health Reform

THE HARD part of health care reform is not how to get to universal coverage but how to achieve cost containment. The coverage issue basically involves setting up a new benefits program. We know how to do that in this country; some would say we know too well. There are all kinds of difficult questions involved, not least, of course, how generous to make the benefit package and who should pay. But these are all well within the range of national and congressional experience.

Not so with cost containment. The problem is not just political—having to say to people that they may have to make do with less instead of giving them more—but structural. How to do it? That's the problem: how to set up a system powerful enough to work without involving the government, which would be the source of the power, more than almost anyone would like in intimate health care decisions?

The government has done some health care cost-controlling before, with what can only be described as mixed success. In the early 1970s the Nixon administration included the health care sector in the system of wage and price controls it tried to impose. The main results were distortions and evasions. There have been other government efforts to control federal costs only—mainly the cost of Medicare. The government in the ostensibly anti-regulatory Reagan-Bush years took away from hospitals and doctors the right to set their own prices for Medicare patients, but there's been an out, in that the providers have been able to shift some costs to the privately insured. Not much gain there.

President Clinton accepted the notion in his health care plan that cost containment requires the federal government to play a major role, but within the framework of a set of federal rules he tried to decentralize decision-making as much as possible. That wasn't just to blur responsibility but to keep the system flexible and sensitive. The government would impose premium caps—limits on the amount that health insurance premiums could go up each year—to control the amount of money going into the system. But first it would try to restructure the insurance market such that competition would do the job of constraining costs and make the caps unnecessary—and if the caps did come into play, any "shortages" of funds would be locally allocated.

His plan is a blend, a compromise between the other major containment proposals in the field. The so-called single-payer approach would have the government set a national health care budget each year and the states set hospital budgets and provider reimbursement rates to match. That's on the left; on the right are various plans that would rely much more heavily if not exclusiveiy on managed or government-structured competition without the same kind of government club in the closet if the competition failed.

Mr. Clinton's plan has some decided disadvantages. One is that business, while it would pay a lot of the bill, would no longer have the incentive it does today to try to hold down costs, since most businesses would pay a government-set amount whether costs were high or low. You hate to take the business sector out of the game like that. Nor is it entirely clear either how or whether the premium caps in the plan would work if they had to be tried.

But the other broad alternatives have their own burdens of proof. The fears are that a single-payer system would be too bureaucratic while an exclusively "competitive" system would be too weak. There are other possible compromises of course, as in making premium caps or some other doomsday device even more contingent. But the risk of too weak a plan is at least as great as the risk of erring on the other side. No reform can work without the savings from serious cost containment. The cost of care is the basic reason so many people now lack access to it, and, at $1 of every $7 Americans spend, the cost to the country as a whole is also too high. We say again: Cost containment is the hard part of reform. The rest is as easy as . . . spending money.

Many Don't Realize It's Clinton Plan They Like

By Hilary Stout
Staff Reporter of The Wall Street Journal

YORK, Pa. – Jahan Bashir doesn't like President Clinton's health-care plan. She thinks it's too confusing, too complex and probably too expensive.

What about a plan that would guarantee a standard private health benefits package to all Americans, try to promote competition in the medical industry, include some government regulation to keep prices under control and require all employers to buy health insurance for their workers with the promise of government subsidies to help the smallest companies?

"It sounds good," says Mrs. Bashir, a 43-year-old secretary and mother of seven. "Employers may pick up a lot of the burden, but if the employer can't afford it, the government will subsidize. So you're going to have the employer, the government and the insurance companies working together."

Actually, that plan *is* the Clinton plan.

Mr. Clinton is losing the battle to define his own health-care bill. In the cacophony of negative television ads and sniping by critics, foes are raising doubts about the Clinton plan faster than the president and Hillary Rodham Clinton can explain it. Unless the Clintons can cut through the confusion, the outlook for passage of major elements of their bill is in doubt.

A new Wall Street Journal/NBC News poll shows that public support for "the Clinton health plan" is eroding. Yet the same poll, conducted by Republican Robert Teeter and Democrat Peter Hart, shows that backing for the basic provisions in the president's plan is strong.

In the poll, 45% of Americans now say they oppose the Clinton plan, up from 39% in January and 18% in September, just after the president outlined the plan in a televised address to Congress. Thirty-seven percent of those surveyed favor the Clinton program, down from 42% in January and 51% in September.

But when read a description of the major provisions of the White House bill – without identifying it – 76% of the respondents say it has either "a great deal of appeal" or "some appeal." That is far better than the response to descriptions of four other congressional proposals:

A description of a plan by Rhode Island Sen. John Chafee and other moderate Republicans, which would require all individuals to obtain health coverage and provide financial assistance to low-income people, appeals to 48% of those surveyed. A plan by Democratic Rep. Jim Cooper of Tennessee that has bipartisan backing and would require employers to offer – but not pay for – coverage for their workers and seek to control prices through market competition gets a 34% approval rating. A plan by conservative GOP Sen. Phil Gramm of Texas that would allow people to set up tax-free savings accounts for medical expenses gets 42% approval. And a government-run, taxpayer-funded system pushed by Rep. Jim McDermott of Washington and some other liberal Democrats appeals to 31%.

Forty percent of those surveyed say requiring employers to pay for their workers' health coverage, a cornerstone of the Clinton plan, is the best way to achieve universal health coverage. This compares with 22% who favor requiring individuals to purchase their own coverage, and 18% who back having the government collect money through taxes and use it to pay medical bills. Moreover, by 58% to 34%, Americans say the government should set controls on health prices. The Clinton plan would place caps on the annual increase in private health insurance premiums. Plans being pushed by Republicans and some other Democrats wouldn't.

Surprisingly, despite the push for fast action on health-care overhaul, Americans by 60% to 35% say it would be acceptable if Congress didn't pass a plan this year.

"The White House should find this both satisfying and sobering," says Mr. Hart. "Satisfying because the basic ideas which they've drawn up are the right ideas" in the view of many people, he says. But "sobering because they clearly have communicated very little to the public, and in that respect have ceded too much to the interest groups."

To further test public sentiment in the health-care debate, the Wall Street Journal asked Mr. Hart to convene a small group of people in York, a medium-sized city in the southern part of Pennsylvania. Everyone in the group – including a woman whose family lost its health coverage when her husband lost his job and a union member with a plan that "covers everything you can imagine" – believes the U.S. health system is badly broken and needs to be overhauled to guarantee health coverage for everyone.

But no one expresses support for Mr. Clinton's sweeping proposal. In fact, no one can explain it. "I think nobody in this room realizes where Clinton's coming from with his plan, and it doesn't speak clearly," complains Keith Beatty, who runs a local youth-care program.

Yet when the group is read a description of the Clinton bill (without identifying it as the president's plan) and of the four other leading proposals in Congress, the Clinton plan is the first choice of everyone in the room. Referring to the unidentified Clinton proposal, Mr. Beatty declares: "With the plan you just presented, it speaks clearly."

Most members of the group say they get their information about health care from television and newspapers. To many, the most memorable source has been health-insurance-industry commercials strongly criticizing elements of the Clinton plan, including the famous "Harry and Louise" ads that depict an "ordinary couple" worrying about the White House bill.

Yet the Pennsylvanians [illegible] don't place much stock in such messages. Robin Doll, a 44-year-old financial specialist for York County who has a Blue Cross/Blue Shield health plan paid for by her employer, says she sees critical advertisements from the health-insurance industry "constantly." But, she declares, "they're in it to make billions, so who's going to believe them?"

Nevertheless, the people in this group seem to be taking away the ads' message and are waiting for Mr. Clinton to respond more clearly about his plan. "I'd like to know exactly how it's going to work," says Debbie Rudisill, a stationery-store saleswoman with no health coverage. "One day he says this, one day he says that."

Mr. Hart says the administration could learn a valuable lesson from such comments. "If the White House had had access to these people in York, what it would recognize is they have to be able to simplify their message, to say this is what we're doing: A, B and C," he says. "They have to be able to get out there and talk about it, day in and day out."

Everyone in the York group also agrees that health-care reform means coverage for every American. No one in the room is willing to accept a compromise of anything less. "We've got to have universal health care, whether you make a million bucks or nothing," says Ms. Doll.

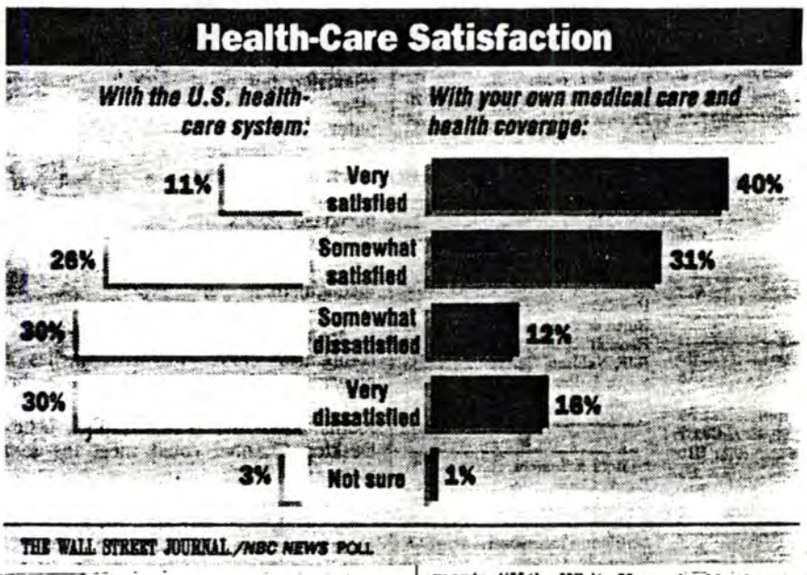
In the Journal/NBC poll, 33% of Americans rank universal coverage as the most important goal of health-care reform, the highest for any of the suggested choices. Lower medical rates and capping costs placed second, with 18%.

In contrast to the sentiments of the people in York, though, the poll found some willingness to accept a bill that doesn't guarantee coverage for everyone. In the new poll, 43% of Americans say Mr. Clinton should refuse to sign a bill that doesn't guarantee universal coverage; 43% says he shouldn't refuse.

When the people in York discuss their own health care, they reflect the feeling among many Americans about the precariousness of medical coverage in the U.S. today. Of the 12 people, seven have been without health insurance at some time in the past five years. Another, Linda Luther Baumer, who works part-time, worries that she'll lose her coverage when her husband retires in the next year or two. "Either I've got to get a fulltime job that provides benefits or – we don't know what we're going to do," she says.

Fred Bingaman, a customer service representative, receives coverage for his family through his employer in return for a $37.98 weekly contribution. He's satisfied with his health coverage now, but figures "I may not be in good shape tomorrow – or an hour from now."

While the people in York worry about rising health costs, they all say they would pay something to ensure universal coverage – if the system is fair. "I don't pay now, but I'd be willing to pay an equal percentage as everyone else," says Mr. Rentzel, the steelworkers representative.



The Wall Street Journal/NBC News poll was based on nationwide telephone interviews of 1,503 adults conducted Friday through Tuesday by the polling organizations of Peter Hart and Robert Teeter.

The sample was drawn from 315 randomly selected geographic points in the continental U.S. Each region was represented in proportion to its population. Households were selected by a method that gave all telephone numbers, listed and unlisted, an equal chance of being included.

One adult, 18 years or older, was selected from each household by a procedure to provide the correct number of male and female respondents. The results of the survey were minimally weighted by age and sex to ensure that the poll accurately reflects registered voters nationwide.

Chances are 19 of 20 that if all adults with telephones in the continental U.S. had been surveyed, the findings would differ from these poll results by no more than 2.6 percentage points in either direction. A limited number of questions were asked of half the sample; for these, the margin of error was 3.6 percentage points. The margin for any subgroup would depend on the size of that group.

THE WALL STREET JOURNAL THURSDAY, MARCH 10, 1994