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2013-0534-S
ry1576

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THE WHITE HOUSE

Office of the Press Secretary
(Honolulu, Hawaii)

Internal Transcript July 13, 1993

REMARKS BY THE FIRST LADY
IN HEALTH CARE ROUNDTABLE

Ala Moana Hotel
Honolulu, Hawaii

9:00 A.M. AHT

GOVERNOR WAIHEE: Good morning and aloha. It's a pleasure to be able to welcome all of you to this health care forum. We had a very exciting and interesting morning. Russell Watanabe from Watanabe Florists was kind enough to invite the First Lady and myself to his business so she can get a chance to see what 97 percent of Hawaii's businesses look like. We wanted an opportunity before coming to this forum to talk to some small business employers about what it's like to be under the Hawaii prepaid health care plan. And they were very informative. And we want to thank them for their participation.

We are very fortunate, obviously, to have our nation's dynamic First Lady, Hillary Rodham Clinton, with us. As you know, Mrs. Clinton has been at the forefront of the President's initiative to look into health care reform so that affordable quality health care services can be made available to all citizens of this nation. As the President mentioned in his comments on Sunday at the Great Aloha Celebration on the beach of Waikiki, spiraling health care costs is the number one drain on our nation's economy. Providing universal coverage and containing health care costs are among the top priorities for his administration.

In Hawaii, we found a way to offer more people greater access to primary care than any other state. And we've done it by building partnerships between the state, insurance companies, doctors and hospitals -- all who share in the costs -- and by pioneering innovative concepts like short hospital stays, out-patient surgery and preventive health programs.

But we haven't done it overnight. The most significant factor in Hawaii's success story is experience. We've been working to be the health state for 20 years, and this forum allows us to share our experience with the rest of America. The keystone of Hawaii's system is its employer mandate which

requires employers to provide health care coverage for most workers. And while controversial nationally, we have found this program to be a success, ensuring a high level of coverage for Hawaii's people and strengthening our ability to control costs.

And, frankly, after nearly 20 years as, as indicated this morning, employers in Hawaii recognize that providing health care is good business. And so, for this morning's forum, we have also provided more of Hawaii's business owners to discuss this issue with us, as well as experts on health care.

A significant cost control resulting from universal access to coverage has been the ability of people in Hawaii to make use of preventive and primary care, and thus, reduce Hawaii's need for expensive emergency room and hospital care. Universal access, then, has been Hawaii's most effective cost control mechanism. And while Hawaii's successes in solving access and cost containment have been notable, they are not complete. Costs continue to surge both in Hawaii and throughout the nation.

That is why a strong partnership with our federal government is just as crucial as the local partnerships -- we are forged with the private sector here in Hawaii. And that is why I and my fellow governors were so pleased to hear the President on the eve of his inauguration promise to look to the states as laboratories for innovation and creativity in resolving the nation's current health care crisis.

In his initial months as President, President Clinton has been true to his word. Through the First Lady's work on the Health Care Task Force, his administration has sought the input and suggestions from a broad range of citizens and professionals. And that is why she is here today -- to learn more about Hawaii's health care system.

And so, on behalf of all of the participants, we want to, first of all, thank Mrs. Clinton for joining us here, taking time out from her busy schedule, what should, in fact, be a vacation, to be with us here today. And the second thing I want to do is ask all of you to join me in welcoming Hillary Rodham Clinton to our health care forum this morning. Thank you. (Applause.)

MRS. CLINTON: Thank you very much. Well, I am delighted to be here. And I appreciated the invitation from the Governor to have some time to learn more about how the Hawaiian health care system works, to learn what could be done to improve it, and to provide a forum for those of you who are financing it and delivering care in it and receiving care from it, to share your experiences with the rest of the country.

Because, oftentimes, as I have traveled around the country talking about health care, people have asked me about

what is going on in Hawaii. And I have tried to educate myself so that I could give answers that were at least close to the mark. But I think there is no substitute for going to the people as we did this morning at Mr. Watanabe's Florist to shop, for which I am very grateful to him and his family, and then coming here this morning to hear from a broad cross-section of Hawaiians who are on the front lines.

I really believe that the rest of the country has a lot to learn from what you have done over the last 20 years. And I am looking forward to having that chance this morning. So I am here to listen and ask questions and not only enhance my own awareness, but to take back with me to Washington specific suggestions from you as to how the national system should be implemented and what you would expect it to be able to do based on your experience.

GOVERNOR WAIHEE: Thank you, Hillary.

I thought at this time it might be beneficial if we have Dr. Jack Lewin, who is our Director of the Department of Health here in Hawaii, give us a brief walk-through on what the Hawaii health care system is all about, how it functions, some of our strong points, some of our weaknesses, and maybe some of the areas we may want your help.

So, Jack, why don't you say a few words.

DR. LEWIN: Thank you, Governor. Welcome, Mrs. Clinton. And good morning, everybody.

It really is a privilege once again to have a chance to talk a little bit about the successes that we have enjoyed here in Hawaii and how those successes may be relevant to the rest of the country in terms of health care reform and the challenge that our First Lady has taken on on behalf of the President.

I've often been accused, Governor, of being a salesman for Hawaii's health care system --

GOVERNOR WAIHEE: Make it salesman, Jack, period. (Laughter.)

DR. LEWIN: But I want to say that our health care system sells itself if you take a look at the facts and you really give it a chance.

Until recently, Hawaii really has been a very well-kept secret in terms of health care innovations. We don't claim to be perfect. We are experiencing cost increases here. Our small businesses will be able to share that with us. Maybe less than the mainland, but nevertheless, we experience it. We need more investment in mental health and substance abuse, like the

nation does. We have cultural groups -- our native Hawaiians who need special access considerations taken into account. We need primary care providers in some of our rural areas where they're hard to acquire. We need to deal with long-term care, the cost of long-term care, and address that issue squarely. And we certainly can accomplish even more in Hawaii with prevention and with wellness and with approaches toward public health intervention. So there's a lot more still to be done.

But 98 percent of Hawaii's public currently has access to high-quality, excellent, high-tech medical care. And that includes a full array of services. The outcomes in Hawaii for the public are very, very good. We have the greatest longevity in the nation; some would say that's just so we can live long enough to pay off our mortgages. (Laughter.) But, frankly, we have great longevity. We have the lowest morbidity and mortality rates for cardiovascular disease, for cancer, for emphysema. We are tied with one or two states with the lowest infant mortality rates in the nation, and we have excellent outcomes for our people. And that's with a population that starts out with many of the same adversities and health problems that exist in the other states of the nation.

We have a Harris Poll and a Kaiser Family Foundation Survey that did consumer satisfaction recently, and it showed that Hawaii had the highest amount of consumer satisfaction of any of the states, and even more than Canada. So, while we have some problems, we have a tremendous amount of support for what has happened here from our people.

And the big issue is this: that the costs in Hawaii are 35 to 40 percent lower than the rest of the country. While the nation is at 14 percent of gross national product for health care costs, Hawaii is between 8 and 9 percent of our gross state product. And that is, in fact, very, very remarkable when you consider the good outcomes.

Now, our doubters around the country are going to say, that's fine, that's dandy, that's Hawaii, but how does that relate to all of us on the mainland of the United States? And there are a lot of myths that I'm sure the First Lady has heard, that it's the great weather, that it's superior genetics, the lifestyles here are so much better, that there's a mysterious island factor that somehow doesn't work for the islands in the Caribbean and so forth but it does here. And we need to debunk those myths because we've gathered data using Center for Disease Control to look at lifestyles and genetics and so forth. And those do not explain 40 percent lower costs. We simply can't explain those costs on the basis of those myths and we have to look further, and that's what this meeting is about.

Part of debunking the mystery about Hawaii is to understand our employer mandate, the Prepaid Health Care Act. And I think if we look over here at some of these banners that

are out here, you can see that we have a number of factors going into play. But, first of all, without the Prepaid Health Care Act, we would not have been able to do the SHIP* program, to move ahead and provide insurance for the people in the gap. We would not have been able, Mrs. Clinton, to go ahead with prevention programs in AIDS, in early intervention, in child abuse prevention, and emergency medical services, in training primary care and some of the other things that our state is doing.

None of that could happen if we didn't have the efficiencies of our system. The Prepaid Health Care Act reaches 84 percent of Hawaii's population. That's all the work force and that's the dependents of the work force. It's been here for 20 years. It does not have a large government involvement. It is not a bureaucracy, it is not -- come under the guise of socialism. Instead, it is a partnership of business, of government and of health care providers together, working in a marketplace with a lot of consumer-driven choice that makes the system work. So, in a way, Hawaii is closer to managed competition than, frankly, anyplace in the nation can purport to be.

People have said on the mainland that we're forcing people into HMOs and into managed care. Now, we have some of best HMOs and managed care as the nation can offer. And we're very proud of them. But on the other hand, two-thirds of the people in Hawaii still seek fee-for-service medicine in the very typical freedom of choice approach that is so prevalent and popular elsewhere in the country as well as HMOs.

How does it work? Well, it's administratively simple. Employers and employees split costs and pay their fair share, although, as you'll hear today, when the law was passed it said that 1.5 percent of employees' wages was the maximum the employee could pay. Wages have increased more slowly than health care costs. And today that would need to be somewhere between three and six percent of wages if we were really going to be equitable with the goal we had back then of a 50-50 cost split. So businesses would like to see some modification in that area.

But for 20 years, today even, the cost split is probably 75 percent cost share for the employer and 25 percent for the employee across the board. For example, for state government workers, the government pays 60 percent and the employees pay 40 percent of cost.

The benefit package in this law is very critical to its success. It is very broad. It's prevention to catastrophic care. It includes 120 days in the hospital and major medical, lab, X ray, out patient, emphasis on primary care and out-patient surgery. The law didn't include pharmaceutical drug coverage. It didn't include dental coverage. And it didn't include mental health and substance abuse.

Now, we have kind of gotten mental health and substance abuse in through the back door, and now more than 95 percent of our people do have mental health and substance abuse in limited benefits.

Dental and drug has been handled differently. A supplemental package has been offered to all workers and their families. And, in fact, that supplemental has been taken up by more 80 percent of the people. So we actually have achieved that kind of coverage for the most part by consumer choice.

The dependent coverage is not mandated in the law, but it, de facto, is universal. And there are several features of our law that you need to understand when we think of a national employer mandate that we would recommend. Our law doesn't absolutely require community rating by insurance companies. But that has resulted because the law says that all workers and their families must be accepted without regard to preexisting medical disease.

Because of that, our insurance companies have learned how to manage medical care rather than reject and eject people from care. And that puts us in a very different game plan.

So insurance reform, dependent coverage, mandatory participation, with a standard benefit package that cannot be undercut, these are the critical factors of success in this law. And the results of it are quite simply these: that we have more primary care and prevention because of these things; and instead of genetics, instead of lifestyle, instead of weather, here is where we achieve our success very clearly -- we reduce emergency room use and high-tech use by 35 percent compared to our mainland counterparts. And we reduce per capita use of hospital beds by 35 to 40 percent in this state. And its because we provide better up-front and primary care without copayment and deduction barriers and with a real emphasis on that care.

There's where Hawaii's success comes. And that's why our system really works. I think that's important for people to understand and to debunk the myths, because there's the success.

The other real important success that is critical to you and the President is that when Hawaii's law was passed, 17 percent of our employees, mostly small businesspeople, were uninsured. The law took that gap group down to three to five percent. And that would happen in any mainland state because, as you well know, that two-thirds to three-fourths of our uninsured people in America are, frankly, people who are working or are the dependents of workers.

In Hawaii that is not a problem. If you're working or you're the dependent of a worker, you're covered. It doesn't

matter if you have cancer, if you have heart disease -- you come in and you pay the same rate as anybody else. And those are incredible results that we need to share with the nation.

In terms of business, we do have some effects that we need to go into in the discussion and there are people here that will really entertain that. But in essence, our program is not a bureaucracy, it was implemented quickly. We can show you that in terms of new business creation, since '74 to now, we do better than the national average. In terms of business failures and bankruptcies, we do better than the national average.

Some can say, but what about this year and last year? And, yes, on Kauai, we lost a lot of businesses this year. But, frankly, Mr. Clinton, they will be back next year as the hotels open. And Hawaii has been a very healthy environment for small business, even though small businesses are always going to say that they don't appreciate worker's compensation, disability insurance, family leave mandates, health insurance mandates. It's worked, and we've had 20 years of great success with it.

So I think the one key factor that the Governor and I like to emphasize is that satisfaction of people on the job, satisfaction of employees and their families knowing they have coverage -- satisfaction is really an important factor which is very much underrated in our society.

I think that we wrap this up in this discussion by making a very important point to you: Yes, Hawaii has a terrific system going here, but we need what you're doing. We need national health care reform very, very much. A lot of the cost increases to small businesses in this state have come from Medicare and Medicaid increasing costs, which shift back to business and insurance rates. A lot of the cost increases come from drug cost increases and medical supply increases. We need a national program to get those kind of things under control. We need a national program for tort reform and malpractice, for a common data system for emphasis on training and primary care. Those are things you have been talking about and we're very grateful for that.

We also need a national system to get worker's compensation, disability insurance, auto insurance, and those things contracted and compacted down for businesses back into a health package that is more efficient. And I think these are all great areas that give us a challenge to go ahead with national reform.

We want to say Hawaii's not perfect. We're not a blueprint. But we have powerful lessons for the future. We're not theoretical. We're real; we've been up and running for 20 years with an employer mandate. And we know that a well-designed employer mandate with insurance reform, with irreducible benefits that are broad and generous, and with mandatory participation

will reduce America's health care costs and will increase access significantly, so we can get on with solving the problems for the others through different mechanisms -- the unemployed, the elders, the special populations that need equal attention to national reform.

I think we want to just say on behalf of all of us here, there are a lot of different views around this room. And you'll hear from many different vantage points. But I am convinced that everybody will come together around the issue that we need national reform and to back you and the President up with this bold effort.

The most beautiful part about this moment in history is that we have lived for several decades with apathy from the White House about this critical issue that's dragging our economy. Now, we have leadership. In order to move ahead and solve the problem, we don't need to necessarily wait until the perfect solution comes. It will never really be there. We need to move ahead with progress toward the good. And we really applaud you for taking the leadership in that regard.

Hawaii wants to help. We want to be part of that process. And thank you very much for coming. (Applause.)

GOVERNOR WAIHEE: Mrs. Clinton, you can now understand why I send Jack to Washington to tell people about Hawaii's health care system. And I want to thank him very much for giving us that overview.

We also have with us this morning a wide cross-section of Hawaii's community. Employers in small businesses, business owners, small business owners, other employers, as well as the cross-section of experts, I guess they would be called, individuals that are involved in our health care plan. And I thought before we went any further, we ought to give you a sense of the knowledge, expertise and participation that we will have here at the forum this morning by asking people to introduce themselves.

(Introductions of all participants are made.)

GOVERNOR WAIHEE: That gives you some sense of the diversity in the room. Despite the setup here this morning, I thought it would be most profitable if we could have a sense of free exchange and really give Mrs. Clinton an opportunity to interact with members of the table here and with the panel there on any concerns she may have or answer any suggestions she may give or response any suggestions we may give. And so don't feel restricted. We need to get right down there and participate.

So, Hillary, I thought I would ask maybe Ray Susaki* to give us some idea of what it's like to be a small business owner in Hawaii under our health care plan and just let things go

from there. And if at any time you want to get a question in or carry on a discussion more extensively, please feel free to do so.

So, Ray, if you could get us started this morning.

Q Certainly. I'm sure no employer, whether in Hawaii or anywhere welcomes rising costs such as insurance or higher expenses, rents and so forth, even with medical. But a medical program for the employees and the employer being responsible I think is one of the things that goes with the territory. It is the responsibility of being in business. We all have the choice and here in American with free enterprise it's considered -- this is an addition and a goal we all set to have our own business. Well, part of that comes a responsibility to a community, to the employees et cetera. We don't want them taxes, but these go towards improvements of education, security of the country, of our own community.

And my father put it in a very nice way: although we grumble about taxes and rising costs such as medical insurance, it is actually not a burden, but actually, in America, living here, a privilege.

Q In response to what Mr. Susaki* just said, I feel that it is a privilege to have health care and a right. And with every right, we also have some responsibilities as consumers for those rights. I think that it's really important for consumers to be properly educated so they can make appropriate health care choices for themselves. So that they don't have a health care system telling them what they need, they have an internal mechanism and I think that in order to do that, managed care should be part of the health care system.

Managed care where -- and, actually, I think nurses excel in managed care -- but managed care where there is a pathway to treat illness, a pathway that is decided upon by the consumer, by the physician, by the health care team. A pathway that will give people good outcome and reasonable outcome when they seek medical attention. And I think as consumer -- it is our responsibility as consumers to take some responsibility, and it is the responsibility of the health care system to provide the mechanisms, the managed care mechanisms for those kinds of decisions to be able to happen.

MRS. CLINTON: Could I ask you, because I agree with that very strongly about the need for greater responsibility within the system from all parts of it, but in particular from the consumers of health care. What do you think exists within the Hawaiian system to promote responsibility and what other specific suggestions would you have nationally to try to increase responsibility among consumers?

Q One of the things in the Hawaii system, I think, there are several areas where I think that the Hawaii system provides the opportunity for responsibility. One of those is the choice of physician. I think that being able to choose the most cost-effective -- the physician that will provide the patient with managed care choices; that has the opportunity to work with the whole system; physicians that are willing to include all health care professionals to decide what is the best way for any treatment to take place. I also think it's very important for people to choose physicians that include people in their own care.

The other thing that I know that is available in many aspects of state insurance here is for people to make choices about exactly what kind of coverage they are interested in having. Do they want more catastrophic care coverage and less primary care coverage? Do they want more primary care coverage? Things that allow consumers to sort of set their own health care needs and get the kind of insurance they need to meet those particular needs.

Thank you.

GOVERNOR WAIHEE: Hillary, Ann's a pretty unique individual, because not only is she a practicing nurse right now with one of our leading medical centers, but she was also a small business owner that had to go out there and buy health insurance for her employees as well. And, so, I thought you might want to know that --

MRS. CLINTON: She's been on both ends of this stuff.

GOVERNOR WAIHEE: -- both ends of that equation.

Q Prior to going into my own business in 1972, I worked for a large business concern, and we were covered by a wonderful health care program. And our family was well taken care of and the cost to me, personally, was minimal. So, there was no question when I started my business over 20 years ago that health care is so important that our employees would have this benefit. In fact, we started with about four employees and even today we still have three of them on our payroll.

And I believe that our health care program had much to do with the retention of these employees, including many others who are working with us today. It has helped our employees in their well-being and good health and, no doubt, our company gained in terms of better productivity.

As far as costs to employees are concerned, we really have not charged them very much. In fact, we just made a token deduction about two years ago but with a warning that if costs keep on going up substantially, we may have to make more

deductions. So, this -- (inaudible) -- cost is a great concern to small businesses; I imagine with big businesses, also. And I hope together we can solve this dilemma in the near future.

MRS. CLINTON: George, could I ask you if you have any specific ideas based on your experience as to how a national system working with Hawaii and employers could better control costs? Are there things that you think should be done that are not being or could be done better?

Q I really am not very good so far as the national program is concerned. You know, you hear all kinds of programs -- there's a program I read about -- medical savings account, I think you must have heard about that, too -- but there is so much involved that would require a lot of study and research to see if it makes sense.

MRS. CLINTON: Do you think if you were part of a larger group so that it wasn't your business negotiating alone for insurance but you were part of a very large group that could be competitive, do you think that would help bring your costs down?

Q Certainly it would help. Because every time, you know, when there is an increase in medical health costs, there's always a line in the announcement that the larger companies will not be affected, only the smaller companies going to be put up so much.

MRS. CLINTON: How many employees do you have, George?

Q Sixty.

MRS. CLINTON: Sixty?

Q Six-zero, sixty.

MRS. CLINTON: Thank you.

GOVERNOR WAIHEE: Okay, May. Mae's with Zippy. I thought I would mention that as we get closer to the coffee break time. (Laughter.)

Q Mrs. Clinton, I didn't know what to say as far as being an employer because I don't own the -- (inaudible) -- but I can only speak to you as someone affected by health care. I was thinking Saturday about my father who, right after the war, he had his own business. He was a mechanic and he did not have health insurance. I don't think we all had it in those days. He was just trying to earn a living and he had diabetes.

He was not, I guess, able to go to the doctor in time or probably did not follow through with the doctor but what

happened was that he amputated his leg. I was thinking about that because I thought if this was now the preventive measures that could have been taken would have definitely changed the quality of his life as he got older. Then I thought of myself because I didn't know that if you had a pre-existant condition in the mainland you could be turned down for health insurance.

When I came to Zippy's, I have a chronic condition that if this was somewhere else I could have been turned down for insurance and then it would have been a burden on me because my medication costs and my ongoing costs, you know, would have been really hard for me.

This coming together with everybody else has really helped me appreciate what we have here in Hawaii. I also still strongly believe, though, that as a consumer we have a lot of responsibility in prevention. You know, prevention of getting sick, prevention of kind of helping keep the cost down, you know. And I think that's what we need to do as employees.

MRS. CLINTON: Mae, I'm really glad you mentioned the pre-existing condition because I've lost track of how many states I've visited and how many people I've talked with, but that is the single complaint I hear everywhere. It doesn't matter what attitude people have or who they are, the fact that, in the mainland, as you point out, there are many people in your condition who either are uninsurable or whose insurance is so costly they might as well be uninsurable.

And it is a particularly difficult situation for people who want to change jobs on the mainland but can't because if they have insurance they would have to give it up in order to go to a better job opportunity to maybe make more money, but it would be a net loss for them. So, this whole issue of pre-existing conditions, which I don't hear about in Hawaii because you have taken care of that, is a major problem in the rest of the country.

Q I think that, well, as Mae and I were discussing this, I recalled that in Missouri in the Midwest when I was growing up, we didn't really -- we didn't go to the doctor very often; we only went when we had to go. And I recall an experience where I had injured my finger and I was up all night in excruciating pain. So, when the same thing happened to my son, Matthew, I didn't think twice about it. It wasn't even -- I mean, within a few minutes we were already on our way to the doctor and we had it taken care of.

And, again, my son, John, when he came down with pneumonia we caught that very early so it was an inconvenience rather than a major problem for my family. So, I think that we take the system for granted and I think that's an important part because of the cooperation that you mentioned, Governor. We don't have to be concerned about the paperwork or who's going to

pay. We don't get embroiled in all of that. The system works for us and we really love it. And, now that I'm involved with this I hope I can go back tomorrow and again take it for granted. (Laughter.)

MRS. CLINTON: One of the points we were talking about earlier at the florist was that in Hawaii, I been told -- and Jack you probably know this statistic -- but actually people in Hawaii may even see a doctor or go to a clinic more frequently than people in the mainland and therefore get problems taken care of sooner at less cost. Because what Mae was talking about with her father and diabetes is still all too common in places where people either can't afford to, or don't think they can, or they can't keep up with the medication, or they don't have the kind of access to the system. And it's always struck me that it's a very backwards way to go about providing health care, to wait until people get really sick which then costs us more in human costs and in dollar costs. So your example about the difference between you and -- your experience and your son's is just right on target.

GOVERNOR WAIHEE: Why don't we deviate a little bit again. We'll go to Russell. We've been talking about this morning so much, Russell, I thought you ought to tell us a little bit about it.

Q We're a family-owned business -- small business, and I think as most small businesses are organized, workers who are not members of the immediate family are almost an extension of the family in a small business. And so it's a great concern of ours to provide quality health benefits to our employees.

I think one of the strengths of the Hawaii health plan that has made it affordable for Hawaiian employees is that there's a reasonable amount of competition by the health care providers. And the last thing I would like to see, in all due respect, Governor, is to have the state government totally take over that and run the program. I think having a good input from the private sector is very important in keeping costs down and quality service up.

GOVERNOR WAIHEE: Okay, I thought that was very well spoken. Now we will go to Richard, a man with the bank.

Q I'd like to talk a little about employer mandate and how the employers views that and certainly I come from a perspective of a large employer with about 4,000 employees in the State of Hawaii, but I also get to deal from the standpoint of a small employer in that I've got about 800 employees in 17 different countries and two different states. And I can tell you from a small employer standpoint which you've heard from before, but on the U.S. mainland it's terrible to try to get health insurance in New York City. It's costly, it costs

about three times as much as it costs here if you can get a carrier who wants to do it. In Arizona it's a little better, it costs about twice as much and there's plenty of people who will do it. And certainly the people who do it in some of these places have had fair amount of financial problems themselves, so it's always a little scary whether you're promising the employee you're going to give them some and doesn't come true.

So I guess I come at it from a couple of different handles. Also in the countries that we do business in, many of them provide health care services free to everybody. But I tell you in about, let's see, 12 of those countries we buy a supplemental policy for them so they can come to Hawaii to get health care coverage. And it's the biggest thing on their agenda to have, much more than an increase in pay.

The Prepaid Health Care Act, when it came in, I think from our standpoint as a local large employer, probably didn't have a significant event because we were probably all ready -- we were already covering employees. I think the significance came in for us later -- past '74, probably into the early '80s when the economy was suffering very high inflation rates, 21, 22 percent as well as health care in excess of that. And we saw many employers and certainly considered ourselves what we could do to reduce those costs or leave that benefit behind. Certainly with the Prepaid Health Care Act that really was not an option for us. We had to stay; we had to figure how we could manage those costs and still provide that benefit. And yes, we took some options of allocating some to the employees who had really not incurred much of that expense themselves. And to our delight, most of the employees I think really understood why we had to do it, and I think became much more educated as to what health care costs them.

And presently our employees carry about 25 percent of the premium costs for health care. Any suggestions for something on the mainland, I think it would be advantageous to have the kind of programs that we have here for the U.S. mainland. I would encourage you to have the kind of flexibility that's built into these programs. Our employees do have choices of HMOs or fee-for-service. We are fortunate in this state in that we are large enough so that we can effectively self-insure and the Prepaid Health Care Act allows that to be done. And we tell our employees that that's what we're doing. And when we have good success, when they have low claims, when they think about their health care services -- (inaudible) -- fortunate in this state in that we're large enough so that we can effectively self-insure, and the Prepaid Health Care Act allows that to be done. And we tell our employees that that's what we're doing. And when we have good success, when they have low claims, when they think about their health care services, that reduces our costs. And we've had two holidays now, both of them two months apiece, where the employee and the employer have had to pay no

health care costs or no premium for those months. If they keep it up, we're probably going to have another one in 1994.

So I think flexibility is a big key in any program. It shouldn't be so rigid that there isn't a way --

MRS. CLINTON: Is there a particular plan or provider that they have to belong to, or how much choice can you give them as a self-employed company?

Q We give them free choice between HMO programs or fee-for-service. We can really only self-insure the fee-for-service. They make their choice. If they like going to their own physician, fine. And they can participate in the self-insured pool and participate in any premium holidays that may come about. If that pool gets too small, obviously, then we would have to stop self-insurance. But that would be the choice that the employees are making. We do not try and influence them one way or the other.

We certainly advertise, and the carriers we have actively solicit the employee group as to programs and what advantages they've got and so on. But we let that take it's course.

MRS. CLINTON: What do you think has been the biggest reason for your success in reducing costs?

Q The attention -- as a large employer, we've got the luxury of having people that can devote attention to how you reduce costs. And we've also had the luxury of being able to create wellness programs, smoking programs, alcoholism programs, drug-free programs. And so we've usually taken those savings and plowed them back into what we felt would be ways of reducing it. But also, the employee has a good understanding of where we're incurring our costs.

And so if too many people are going to the emergency centers, we don't go out and, say, too many people are going to the emergency centers. We're saying: do you know what it costs to go to an emergency center? Do you know that you could go to someplace else? Have you considered something else? They all understand how much an AIDS patient costs. They all understand how much cancer patients costs. All that may influence healthier lifestyles. That's an intangible -- I mean, I can't quantify it. But we do definitely feel as though it's come back to us as a positive.

GOVERNOR WAIHEE: In addition to being a banker, Richard was also the chair of the Governor's Blue Ribbon Panel on the Future of Health Care in Hawaii. And as we discussed this morning, Hillary, one of the problems -- one of the problems with the Hawaii Prepaid Health Care Act is that it is frozen in the 1974 mode. Our act exists because we are the only state in the

nation that was allowed a congressional exemption to the ERISA legislation. And one of the conditions of that was that we would not change our plan from the original proposal in 1974.

Now, obviously, since that time we have gained a lot of experience and have discovered things that experience and probably have -- and have discovered things that we might want to improve. So I thought I'd ask Richard as the chair of the Governor's Blue Ribbon Panel if he had some thoughts about how we could improve the Hawaii health care plan if we had the ability to reform our legislation.

That's sort of known as a curve and a slider. (Laughter.)

Q Well, I did bring the Blue Ribbon Panel's report.

GOVERNOR WAIHEE: It just so happens -- (laughter).

Q Just so happen to have that. But I think it would be nice -- and one of our recommendations was to be able to reopen the Prepaid Health Care Act. I think that it's something that is 20 years old. Nothing can just stay cast in concrete forever. And we need to reopen it, take a look and see what a basic package is again. There have been some additions to the basic package, which, quite candidly are very good, and, quite candidly, benefit relative few.

And I think that there has to be some mechanism where we can constantly go back and review what that basic package is -- with a goal, really, of holding the cost side down because everybody's concern will always be what it costs to provide this benefit. And I think we have to stay there and think what truly is a basic package in 1993 is not necessarily what it was back in 1994.

That process will certainly help us prioritize what the basic package is. It will also allow us to focus on if there are additional things that people desire, how do you allow those outside of a basic package. If they want to pay for them, fine, allow them to pay for them. And then through the collective bargaining process or through the employer process or whatever, they decide that it's picked up as an employer or a union issue, fine, let that take its course, but not damage the basic package which could ultimately damage our good access program.

I think we all agree -- and the Blue Ribbon Panel was very adamant about it -- access is the most important thing that we've got in this state. The Prepaid Health Care Act has influenced it and driven it for 20 years, but its cost could dismantle it if we aren't diligent in doing that.

MRS. CLINTON: I wanted to ask something, and maybe Jack could answer as well, because when you were talking, Jack, you said that you have tried to provide access without copay and deductible barriers. What is the role, if you could clarify for me, of copayments and deductibles within the average policy in Hawaii?

Q Okay, well, we have -- our rates of copayment, we have calculated some comparison with other states. And we do have a lower out-of-pocket and copay than our neighbor states anywhere on the West Coast -- in fact, much greater -- a difference increase in the East Coast when you look at copays and out of pocket.

But what's real significant about Hawaii that we take for granted is that our policies to our employees and employers don't come with a $200, $300, or $500 deductible up front that says you pay this much first and then we start covering you.

That up-front kind of major deductible, which is very commonplace -- in fact, the normal on the mainland -- is what discourages women from going for prenatal care and for immunizing their kids and for going in to treat that hypertension that will reduce the risk of stroke, et cetera.

Hawaii has made it the norm to give first dollar coverage and let people, as soon as they're covered, they can immediately go get care. If they choose the traditional fee-for-service plan, they will pay a 20 percent copayment for each visit with a certain cap on those costs.

MRS. CLINTON: Do you know what the average cap is?

Q Marvin Hall can probably give us a better --

Q Twenty percent, it says right there.

Q -- average --

MRS. CLINTON: Annually?

Q -- annually per person.

Q About $1,000 annually.

MRS. CLINTON: So the additional out-of-pocket costs added onto whatever the employee contribution is about $1,000 on average?

Q No, not average, but that would be the maximum that somebody would pay on the average. So for most people they have little that would not be covered. These might be --

MRS. CLINTON: This is a really important point. It may sound kind of obscure to some people, but this is a significant issue because, in making cost projections about what a national health care plan would cost the country, there is a real split of opinion among those who cost out health care as to whether you have to have deductibles in order to save money and discourage unnecessary utilization, because in the absence of deductibles, the theory is you will drive up costs, because you will increase utilization for the very reason that Jack was talking about how people will actually go to the doctor to get their care. It's very important that we know as much as we can about the experience in Hawaii because, if your experience has been that with first dollar coverage so that you have no front end deductible that serves as a barrier to access, you've not had that kind of increased cost, that increase utilization but it sort of plays itself out in the whole system as being able to prevent greater cost.

Q I think, Mrs. Clinton, we would say that in the design of -- you know, in recommending the future, that we would certainly take all barriers off clinical preventive services. We'd put no barriers or cost barriers on those services at all because those are things we want people -- we want to bring them in. We almost need to put incentives to get them in there somehow. And then we probably need to look at a certain number of outpatient visits, a few at least, that would give people the chance to go to their physician or provider and make sure that they're well each year before we start throwing copayments in the way. Because, frankly, we want people to get care at the doctor's office, not in the emergency room and not in the hospital. So we've got to open the door for that. There may be some place where we have to bring into play for people that choose more expensive programs, copays.

Q Well, I think it's been stated by Jack, a really basic foundation of the health care, both coverage and system in Hawaii is to cover first dollar coverage and without -- with no coinsurance, even on many of the preventive services. So I think as some of the previous speakers have commented, people seek out care early on, which we would consider to be part of preventive. It's not just immunizations and that type of thing, it also goes to seeking care early in illness.

We have not found that coverage of these things has overwhelmed the cost or visits; physician visits in Hawaii is something near the national average. So we're certainly not trading off one kind of cost for another.

So certainly it has built a system of people seeking care, low-cost. There are essentially no deductible programs in Hawaii in the insurance market. Only a very limited number of people have any kind of a deductible program.

MRS. CLINTON: Could I just be sure I understand, because I have read that there was a higher than the national average physician visit per patient in Hawaii. But your information is that's not accurate?

Q No, I don't know where anyone else gets the numbers, but we're aware of the physician visits throughout the United States. And Hawaii numbers for both fee-for-service programs and for HMO programs are similar to anyplace in the United States.

Q That's interesting.

MRS. CLINTON: Yes. It was no my --

Q What we do see, though, is the proportion of outpatient care, the dollars going to outpatient and nonhospital care is greater in Hawaii. And so the total proportion of care ends up greater in the outpatient side.

Q Yes, I think Jack has articulated the issue very well. I tend to agree that the less of a barrier we have for seeking medical care, the better off we are. I know that many of the businesses are interesting in increased clinic visit fees as a matter of utilization control. I personally worry the most about the folks who would have the most difficult time paying those fees. They would also be the ones that would be the most likely to get into trouble for untreated or inadequately treated illness until they waited to a point at which they were forced to seek medical care.

Our experience in Kaiser is, having just looked at the statistics recently -- in fact, in Hawaii -- and why this is different for Kaiser in Hawaii, our outpatient visits are the highest of any Kaiser in the country per year. I tend to like Jack's explanation that it's because we do more as outpatients; although, across the country, Kaiser is a very effective outpatient utilization program.

But I share Jack's concern that significant copays up front, significant barriers to care, really are going to hurt the people that can afford it the least and need the care the most.

Q I would like to mention, I was born and raised here. And I also went to school in Albuquerque, New Mexico. And when I was living here, I kind of took for granted our health insurance. And when I went away to school, my husband got a health plan right away, and I noticed the expense (unmatched) my husband got a health plan right away and I noticed, you know, the expense of it.

But what I really noticed is we had to file all our insurance forms -- that wasn't the big issue -- the big issue was

that we had to pay our provider first and then the insurance company would pay us in return. So, we would have to file our insurance and pay the provider and then also meet a high deductible. This was real taxing on our family income and when he came home, I immediately thought, well, we'll have health insurance and I was real pleased. But it's just a way of life in Hawaii that we take for granted so often.

Another experience I would like to share with you is I have a small son who broke his arm about six weeks ago. And, my husband has very good health coverage and I took him to the doctor -- excuse me, I took him to the hospital because it was a compound fracture -- I didn't hesitate. I just took him in right away and said, well, we'll be covered. I did know that the plan did cover accidents within 24 hours. So, I took him in right away and the accident was paid for, the services were paid for at 100 percent.

Now, if we didn't have that type of coverage, if we had the coverage on the mainland, we would probably be paying for that today. It was something that I too often take for granted.

So, I think it's a very good system. I would like to see it happen throughout the United States. Thank you.

Q Thank you, Governor and Mrs. Clinton. I'm thrilled, elated to have you here this morning to follow our -- to take a look at our health care system. I think we have a wonderful system. I hate to brag about it, but I have to put a plug in for the physicians of Hawaii. I think we practice excellent medicine here. And not only do we practice excellent medicine but our cost containment and everything like this is really in place.

We have the lowest insurance premiums here and we have the best coverage I think. -- the rest of the nation could follow our example very easily. And I think, however, their doctors have to give a little because our doctors don't really get paid what we really feel we deserve. We get 80 percent of our eligible charges, whatever they want to set for us, then the patient pays the 20 percent. So, we take a beating. I'd be lying if I said we get paid what we think we deserve. We don't.

But then you have to give up something to get something better. It still beats the single-payor system. We get freedom of choice of physicians, freedom of choice of insurance plans that you want. If you want a deluxe plan, you pay a little bit more for it. If you want a bare-bones, you pay a lot less. So, you really get what you want, and I think that that's America. Freedom of choice, and I hope that you will look into all these parts.

I'm a pediatrician and I feel preventive medicine is tremendously important. For every dollar that you spend on

preventive medicine, you're saving $10 in the future, because healthy children become health adults someday. So, if we take care of them young, you don't have all the hypertension and all the terminal illnesses, that's where the big money comes in.

The last two weeks of life is probably -- that's where you spend most of your money -- not in prevention. So, I hope we'll continue to have the wonderful programs that you have given to children -- EPSDT, the healthy start. And you're really very wise for spending money there because you're going to save a lot of money in the future.

As a pediatrician I feel I would like more time to practice medicine like the good old days before all this government regulations come in. I want to get rid of some of this paperwork. We have tons of paperwork that I would rather spend time practicing medicine than filling out forms that are so aggravating. You sit there, and not only is it expensive in my time, but it costs a lot of money for these forms that patients really glance at, says, they read it, they sign their informed consent and throw it away.

And I just had to get a whole batch because I've been using some of the state health department forms, and they're running out so we have to order our own. Saw this little, tiny little phone number at the bottom of the print that says you can have these printed for a price. Saw what the price -- 1,000 forms cost me $400 for paper that the patient's going to throw away. And they don't even look at it.

So, she said well if you buy 10,000 it will be much cheaper. I don't have 10,000 patients. (Laughter.) I said all I want is 2,000 of them -- $800. This is a fact. And I said, well, let me think about it. For something people are going to discard, I think this is a waste of money. So, I want you to look into that. I want a single claim for all insurance and not 10,000 forms that we have to look at -- am I filling out the right form. This is nonsense. I want electronic billing where everybody gets, you know, we save a lot of money. That's where you're going to have cost containment not in the nitty-gritty.

Doctors aren't profiteering doctors and they do not make that much money. If I wanted to make money, I'd go into business like own Zippy's or whatever. (Laughter.) I'm sorry, but this is where you get the big bucks, not in medicine. We go into medicine because we love to help people to get well and it's not a money-making thing, believe me. I'd be much richer if I went into business.

So, I think that these are the points I want you to think about. There are a couple of other things I would like for you to really look into -- liability reform. Doctors are spending a lot of money ordering MRIs and ultrasound and a lot of things to really defend -- you get on that stand someday and did

you do an MRI on that patient; no, because I didn't suspect a brain tumor or whatever. But you know we do it -- a lot of money spent there that's unnecessary.

So, I think if we have liability reform I think we will rest a lot easier, practice medicine, use our clinical judgment a lot more. Many times I'm taking X-rays not because I feel it's necessary, but because mothers say aren't you going to take an X-ray. I say, well, I really don't think it's necessary because the child's fall was not that bad. I can't find anything. Why don't we sit and watch. If they're really your patients, they will say, okay, Doc, I'll do whatever you say. But lots of times you don't know this patient and, so, you take it not because I'm going to find something. It's to really save your neck someday.

So, I think these are things I would like you to look at. And also I would like you to look at antitrusts. Doctors are so afraid of talking to each other anymore because you're going to get sued someday. And I think to practice in this kind of a climate is really nonsense. I want more time to practice medicine and do it the good old way where you have the good rapport, a doctor-patient relation. You trust each other. You don't have to worry about lawsuits. But now you get sued for everything.

So, I think that these are the points I'd like to make.

MRS. CLINTON: Well, Doctor, you are very eloquent in making those points. And they are ones that I have heard from doctors all over the country. And particularly from pediatricians and family practice doctors and internists, others who are on the kind of clinical frontlines of primary and preventive health care who feel that they do not have the time to deal with their patients in the kind of way that they think is optimal for the patients because of the paperwork and the bureaucracy and the interference. And also because they are not usually reimbursed for sitting down and talking to somebody; they're reimbursed for ordering that test. And that is one of the real problems is, we have sort of perverted the incentives in the medical field by not rewarding clinical judgments and time with people in the same way that we do reward the test-taking.

So your points are very well taken and we're going to be trying to do what we can to answer those.

Q Thank you very much. And we want to be of help to you. Any time you need us we're here.

MRS. CLINTON: Thank you very much.

Q Since Dr. Chang was so eloquent in her discussion of what physicians need and want to serve, I thought

we ought to give Linda a chance to say a little bit about nurses in Hawaii. Linda Brichner (phonetic), who is the president of the Hawaiian Nurses Association, and she happens to be sitting right up there. So why don't you -- do you want to make a few comments about what nursing -- nurses can contribute to the dynamic or anything else you want to say?

What's interesting about Linda is that she actually spent a lot of time in Canada, so she has some sense of the Canadian system as well.

Do you want to join in, Linda?

Q Thank you, Governor. I'd certainly like to. I've been a registered nurse for 20 years and I was brought up in Canada and educated there. I've taught in the nursing education system in Canada. And in the past nine years I've been a practicing nurse and nurse educator in Hawaii.

For the past six years, I've had a very successful business providing staff nurses from other countries, particularly Canada, for hospitals in Hawaii during the critical nursing shortage that we've had here. But I have a very strong feeling about where health care is going in this country, and my contribution is going in a particular direction in that I have now gone back to the University of Hawaii and I'm working on my nurse practitioner master's degree program to practice in primary care in family practice.

Nurses in this country are educated and underutilized in the present system. There are two million nurses in this country, and we can provide much of the teaching and much of the primary care that is needed by the people of our country.

I remember in Canada in 1971 there was a report from the federal government called the LeLand(?) Report, and it targeted preventive health care as the way to control costs and the way to provide health care to the people of Canada. That was in 1971. And that report gathered dust, I guess, because it was never implemented in Canada. And Canada is in the same situation as we are now in the United States where we have spiraling health care costs.

Nurses see our role in this system as providing support in the system, support for the people of this country to maintain their health. We can teach and educate, we can provide the kind of care that families need in order to stay healthy. Nurses are not interested in treating disease; we are interested in helping people to stay well.

I'm looking forward to being a primary care health provider as an advanced practice nurse and to assisting people in the state of Hawaii to maintain our healthy lifestyle.

MRS. CLINTON: Linda, could I ask you if you have any comments about comparisons between the Canadian system and what you have found here in Hawaii?

Q The Canadian system is a single-payor system, of course, whereas there's more choice of the kinds of coverage that you can ask for in Hawaii. I see nurses as underutilized in their system as they are here. I don't think that either country is any further ahead in that regard, although I do see the federal system here in public health and in Veterans' Administration utilizing advanced practice nurses much better than the private sector does. And I certainly see that as a cost-effective measure and we're looking to the Clinton administration to lead us into better utilization of other practitioners to keep our costs down and provide that quality care throughout the country.

MRS. CLINTON: It's interesting you had mentioned the VA, because it is the case that in both the VA and in the Department of Defense medical programs, nurses have a much broader scope of practice than they do in the private sector.

Q Since we are sort of floating to that side of the room, I see Rich Myers(?) sitting there. And we've heard from the physicians, we've heard from the nurses. We ought to hear from the medical business -- the hospitals.

Q Thank you very much, Governor. Mrs. Clinton, probably one of the big advantages that the hospitals here have enjoyed as a result of the Prepaid Health Care Act compared to other hospitals on the mainland, we really have minimized our uncompensated care. And if you talk to the folks on the mainland -- when I talk to other health care hospital administrators on the mainland, that is a very, very big issue. There is still some uncompensated care; I don't want to mislead you. But the Prepaid Health Care Act has really minimized that.

I, too, am sort of a small business. I have nine employees and I participate in this program. And, personally, I feel good in knowing that my employees, if their families get sick, that they are going to get the health care, that I'm not going to worry about other spinoffs from the families that -- you know, they would be worried whether their families are going to get health care, et cetera.

As far as other issues, we, of course, are looking for some tort reform, as -- talked about earlier. And certainly the antitrust is extremely important to us, because we, as hospitals, need to talk to each other. We need to form these networks. And, you know, we have to be very, very careful if we sit down and try to do that in today's environment, because we may find ourselves in court. So it is extremely important to us that we, of course, do have some kind of antitrust legislation.

And universal access -- I just came from a meeting yesterday in Seattle -- I got back late last evening -- where all the Western states gathered to talk about this whole plan. And the one issue that was voted as the most important issue by the providers from Colorado west to Hawaii was the universal access to coverage. And that is, quite frankly, an issue that we felt that has to stay in the program. That's just one of the key elements that we as an industry, so to speak, feel has to stay in the program.

MRS. CLINTON: Richard, could I ask you -- when you say you do have some uncompensated care still, can you describe in general who makes up that population that is uncompensated?

Q Yes, the uncompensated care that we would have would perhaps come from the ship(?) program, for example, which, you know, is basically an outpatient program with limited services. But sometimes those patients will come into the hospital and stay beyond what is normally reimbursed.

But, again, here in Hawaii that's something that providers have just made up their mind that they will accept, and that will be their contribution towards providing health care -- good health care to our citizens. But that would be an example. Of course, with the Hawaii quest program, which is now --

Q I wondered when you were going to get to that. Put a plug in there for the waiver.

Q Yes.

Q Go ahead.

Q Well, anyway, the Hawaii Quest program, which the Governor brought to Washington a month or so ago, will combine all of these programs. And I don't want to go into a long explanation of what the program is. But should combine all of these programs into one program and, hopefully, should eliminate even those areas of uncompensated care. And perhaps Jack might want to say a little bit more --

Q Rich, why don't you -- could you comment a little bit about the uncompensated care major areas in terms of Medicare as well and Medicaid, too, in terms -- because I think that you've talked about that before.

Q Yes. This past year -- in just the past year alone -- our hospitals and long-term care facilities lost $38.8 million, even with our own plan here. And that was the difference between the cost of providing care -- not charges -- the cost of providing care, and the amount of reimbursement.

Now, again, hopefully if this program comes out as we think it will, we shouldn't have those kinds of problems in the future.

And what did that cause? That caused us to have to cost shift, because there's no way you can stay in business if you're losing $38.8 million to $40 million a year. You have to take that shortfall, if you will, and cost shift to -- to something else. So that's why we're hoping that you all in Washington will take a close look at that program.

Also, long-term care is of extreme importance to us. We have a shortage of long-term care beds here in Hawaii, and there are efforts, of course, to build additional beds. We actually have acute care beds being blocked right now, because we have no place to put long-term care patients that are in acute care beds. So I know long-term care is a very expensive to put long-term care patients that are in acute care beds. So I know long-term care is a very expensive program. I know it's also going to be down the road a little bit. But we cannot forget about long-term care. Home care -- very, very important.

Q Thank you, Rich.

We have with us this morning also Dr. Julia Froelich(?), who is not only the Director of the Blood Bank, but the chairperson-elect for the Hawaii Chamber of Commerce. And so she sort of, again, is a blending of the medical profession and the sense of business. So, Julie, would you like to share some thoughts with us this morning?

Q Yes, thank you. Perhaps I could just provide some additional information to take back -- and some of it in the area of cost. You mentioned earlier reexamining or opening up the 1974 prepaid health plan might provide some opportunity to reexamine in 1993 terms what does the basic package contain.

Another thing that it might also provide, which Jack alluded to earlier, is who shares the cost of the premium which is paid for the insurance, which we all support what it does for our community. And when the health plan -- 1974 plan was put in, it was meant to be roughly a 50-50 cost-sharing.

Well, a recent survey done by our Hawaiian Employers Council of about 250 companies representing all sizes -- 50 percent of them had under 100 employees -- showed that in actual fact, 100 percent of the employee cost is paid by about 80 percent of the companies that were surveyed. So I think when we talk about joint sharing of the premiums, that is another way of having the person who benefits -- all of us workers -- take responsibility for our role in using health care services if we are also contributing to paying for it in that way -- not so much as we talked about earlier as high deductibles, but actually taking part of the natural premium to a larger degree than it is

right now in the States. So there may be benefits in looking back at the plan beyond looking at a basic package in terms of 1993, but also a way that both the employer and employee once again, contribute and understand they each have a role in responsible health care.

MRS. CLINTON: One thing I want to be sure that I understand clearly is that although dependent coverage is not required under the act, there is a trend toward employers contributing -- now, do they contribute in the same ratio as they do for the employee coverage, or is a different ratio? And what do we do with children who fall between the cracks or who are in families of divorce, or, you know, some of the practical applications of not mandating dependent coverage in terms of making sure all children are covered? I really need to understand how that works.

Q -- as was stated by Dr. Froelich, probably 75 percent of employers pay 100 percent of the employee costs. On the dependents from our best studies is that two-thirds of employers pay for part of the cost of dependents -- spouses, children -- and that contribution is all the way from some nominal sum up to 100 percent. Probably half of employers pay 100 percent of all the costs of coverage for employees and dependents.

Typically, divorces, children, putting the responsibility to one of the spouses, that sort of thing, are provided for and are covered based upon whatever the arrangement that that family has. So I think we feel that there is coverage, it is provided for all of these kinds of situations.

MRS. CLINTON: That is one of the areas, though, that I think there may well be some differences we have to be aware of because the sort of Hawaiian tradition, which several of you have alluded to of covering employees, even before it was required, of having family businesses kind of growing up with the state's economy; perhaps a different set of attitudes might be in place here that you wouldn't find elsewhere.

And one of the issues that we have to be especially concerned about from the national level is, given mobility and given the needs of children, how to make sure that every child needs our, no matter who that child's parents is or where that child is employed. So I would appreciate, maybe not now, but any advice that you would have based on your experience, because I don't -- I don't know that we can count on the same level of voluntary support for dependent coverage in the rest of the country that seems to have developed here in Hawaii.

Q I wanted, maybe just to add to that, when we started the ship(?) program, Mrs. Clinton, we had the situation in which any dependents that weren't covered by the -- because if the employee so chooses, the dependents would have to be covered

and added into the care pool and in the community rating pool. They cannot be rejected, they cannot be risk adjusted and so forth.

But we weren't certain how many of those people might be out there. And we were heartened to learn that frankly our dependent coverage has turned out to be, de facto, almost universal. And that is part of the generosity that's built into the plan and it's become an expectation for employers to have to deal with that.

We would recommend heartily that dependent coverage be part -- a mandated, integral part of any employer mandate, that we not approach it on the national level, we need to just put the children, put the dependent spouses in if they're not covered and have it be a fair cost split with the employer and the employee. Because we can't afford to have those people we left out.

We've been very fortunate in Hawaii.

GOVERNOR WAIHEE: Okay, one thing, when we talked about uncompensated care earlier, which -- I didn't hear any mention about the fact that some of our -- a portion of our uncompensated care came from tourists and the Pacific islanders and aliens and -- do you have any statistics on that?

Q I don't, Governor, I don't have any statistics on those issues that you mentioned or those types of patients that you mentioned. But, yes, that is true -- whether they're visitors, whether they're homeless, whatever. They all do fit into that compensated care.

But having said all that again, our problems as a result of the Prepaid Health Care Act are nowhere near as great as they are on the mainland.

MRS. CLINTON: You mean, the total for Hawaii of uncompensated care in the hospitals is only $38 million? Is that what I understood you to say last year?

Q This past year, we had a shortage in just the Medicare and Medicaid what I understood you to say last year.

Q This past year we had a shortage in just the Medicare and Medicaid funding -- of approximately $38.8, $38.9 million.

GOVERNOR WAIHEE: Under compensated care would be a better way of saying it. (Laughter.) It's not really uncompensated care.

MRS. CLINTON: That is pretty remarkable, though, because, you know, I've been in lots of hospitals on the mainland

that have, you know, a third of that in one hospital because of under compensated care.

Q -- a $3 billion system that's not very good.

Q Thank you. In terms of the Board of Health, it's an advisory committee appointed by the Governor, and we have representation from all the Islands to be an advisory to the Director of Health.

And some of our issues -- we have been working together now about two years, some of us three years. And, I, personally, have been reappointed for another term. And some of our challenges have been to understand our role. And I think with the Health Director, his staff, we are beginning to find our niche and how we can best advise, quality advising, I would say.

One of the issues we took up was Hawaiian health, health for Hawaii people, native Hawaiians. And we were able to bring that to the forefront. We've had a minor setback, but I believe that working with our state legislature that those physicians that are needed in order to move that program forward will be carried out within the year. We're excited about that.

We went to Kauai about three weeks ago to hear some of the problems that even we were not aware of that are still going on and to see how well the health staff and other community workers have been working so hard, even with their own personal loss they have been able to carry on while the hospitals there -- they saved every patient with windows flying out, walls caving in without losing a single person. And I personally touched by that woman who was able to direct that kind of movement with the storm happening.

So, we are here to able to bring departments together so that we're working together interdependently with issues, with Health and Human Services -- State Health Department Planning Agency and some of the other departments that will be working on some of the same issues.

In terms of the grassroots, I'm involved in substance abuse -- agency that is building a residential facility for our people here that don't have adequate funds to get treatment. And the problem is a challenging one, but we feel that this community has responded through its legislature in order that those services are available to people that need them without regard to ability to pay.

Q I would share with you that I am your next-door neighbor because I live in California.

I've long been impressed with what you've been able to accomplish here and have felt for many years that there are important lessons that the rest of the country could benefit

from. I want to compliment the administration on its action today. This is the highest level of any administration that I know of that has expressed the kind of interest that you've expressed in what is going on here.

We believe that the ability to use the private sector to let market forces generate what should occur to provide high quality care at a reasonable cost for the entire population is exemplified by what you see here. We think the certain principles that I'm certain you will carry away with you -- those of having a standard benefit package is exemplified by what you see here.

We think the certain principles that I'm certain you will carry away with you, those of having a standard benefit package, those of having community rating, and those of having an employer mandate are three of the essentials. There are some other things that can be done to enhance it, but we greatly admire what had occurred here, and as I'm sure you're aware the American Medical Association's own proposal, Health Access America, which was developed in 1990 was largely based on what we saw in this community. And we think that there are many valuable lessons that we are quite certain you will take away and we applaud you for coming.

MRS. CLINTON: Thank you very much.

GOVERNOR WAIHEE: Thank you. I think we're just about to the end of our forum this morning. I want to thank all of you for participating, but before I do that and end the forum, I would like to invite Mrs. Clinton to ask any last questions she may have of any one here this morning or to make any statement that she may want to make at this time.

MRS. CLINTON: Well Governor, as you know, you and Dr. Luin(?) and other members of your administration have been involved in our efforts in Washington from the very first day. And we are very grateful for that kind of support and good advice. But I have often found that there is no substitute for actually listening to and being with people who are delivering what I read about in reports or what I hear about from visitors from Hawaii to Washington. And that's the way I feel this morning. I've taken a whole page of notes, I have some follow-up questions that we will be coming back to you with.

It is very exciting for me, personally, to be in a group of people who have worked together to help solve a problem that is a national one, but for which you didn't wait like every other state has to try to see what would happen coming out of Washington. But, instead, really took you own destiny in hand 20 years ago. And have built on that in a way that does deserve a lot of close attention from the rest of the country.

So we are grateful for what you've done and as several of you, including the Governor, have referred to earlier, at this moment in Washington the Department of Health and Human Services, at the direction of the President is reviewing your latest proposal in order to continue the kind of improvements that Hawaii is known for in providing health care.

So we're very excited by what you've done, what you're doing, and what you will be doing. And I'm so pleased that you're such a full partner in what we're trying to do for the whole country.

GOVERNOR WAIHEE: Well thank you very much. (Applause.)

Once again, on behalf of all the people here, we want to thank our dynamic First Lady for taking time out to be with us this morning. I also want to thank all of you for being present and for participating in this forum. Thank you very much. (Applause.)

END 10:34 A.M. (AHT)

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 18, 1993

REMARKS BY THE FIRST LADY

Woodstock, Vermont

MRS. CLINTON: Thank you. (Applause.) Thank you very much. Thank you for that kind introduction and thank you for holding this meeting in Woodstock, Vermont. It is a great pleasure for me to be back in Vermont and to have a chance to see some of you. And I hope later in the afternoon to have a chance to visit with some of the citizens here in this community.

I also want to thank Governor Walters, as the chair of the Democratic Governors Association, for inviting me to speak with you and with the governors today. And it is particularly fitting that this meeting would be held in Vermont, because it is a state that has done more than just talk about the importance of health care reform. It has been out front on this issue, and has put forward some of the most forward-thinking proposals that we have been able to review and analyze, that would move our country toward expanding coverage for all citizens and lowering costs. And it is no surprise that Vermont is in this position.

For years, Senator Leahy has been fighting to improve health care, and has particularly argued strongly about the role of states in improving health care and how imperative it is to move on reforming health care now. And I personally have benefitted a great deal from my relationship with Senator Leahy and the work that he has been willing to do with me. And I am very grateful for that.

And at the same time, it is always a pleasure to have a governor like your governor, Governor Dean, who fights hard from the perspective not only of a governor and someone who has to make these hard decisions, but for him, health care reform hits very close to home. As a physician, he has lived with the problems of today's patchwork system. He has seen the people who have been left out. He has dealt with the problems of a practitioner. He and his wife, Judy, stand out as examples of what the medical profession should be about -- people doing their best to care for those in need. And I've learned a great deal about this issue from Governor Dean, and I am very grateful for that.

MORE

Before I go any further on health care reform, however, I want to announce something of great importance to the state of Vermont. I was informed late last night by the Department of Labor that two emergency applications to assist dislocated workers here in Vermont have been approved. And I wanted to come and announce that today because there are hundreds of workers at IBM and at St. Johnsbury who would otherwise not know today that they were going to get some assistance when they have been laid off. (Applause.)

The two grants total $1,225,000 and they will assist approximately 800 dislocated workers. And I told Senator Leahy and Senator Jeffords and Congressman Sanders, all of whom I flew up with today from Washington, that the administration was very committed to continue the kind of economic efforts that it has started in Washington so that we could in the future see fewer of these kinds of abrupt changes that throw people out of work who have been working hard all of their lives. And what we hope to do is to have the kind of partnership with the states and local communities, with new leadership on the economic front in Washington that enables us not just to help dislocated workers, but to locate more and more people in jobs that will not be dislocated in the global economy that we are confronting. So I am delighted to be of assistance in announcing this grant to make it clear to Vermont that Washington does know where you are, Governor, and Washington cares about the people of Vermont. (Applause.)

Because, you know, our nation's competitiveness ultimately rests on the skills and talents of our people. And if we do not have a work force that is well-equipped and ready to go to work, to be competitive, then all the rest that we talk about cannot come to pass. And it is clear that health care reform is an economic issue as well as a human one. We have to be able to provide the kind of security with a good job and good health care benefits that people deserve to have. It is with that kind of security on a personal level that will enable people to make the kind of commitments to the future that we need them to make.

So this is an issue linking economic security and health care security that we have to talk about now and into the future as many times as we have the opportunity to do so, because we cannot separate the health care reform debate from the economic competitiveness position of our country, and we cannot let people live with the kind of insecurity that comes when they can show up at work one day and told that their company is shutting down that afternoon, and that whatever benefits they once took for granted will no longer be there. That has to end in America, and this is one of the ways we can do that. (Applause.)

Which is why it is so important that governors like those whom you see before you stay intimately involved in the health care reform debate. Because I know, from the 12 years of experience that my husband had as the governor of a state, that often that is where we find out what is really meant by national economic policy or health care policy, because bills can be passed in the Congress, but they have to be implemented at the state and local level. And so it is imperative that people with the kind of experience you see before you stand ready to advise, to experiment, to come up with the kinds of ideas that will enable us to have a national health care reform system.

Because imagine, if you will, seeing the health care reform issue from the eyes of one of these governors who is sitting here, just as my husband was for 12 years. He remembers what it was like to see the number of uninsured and underinsured people. He remembers what it was like, despite the best efforts of the states to try to control costs, to watch them continue to accelerate it. He remembers what it was like to try to deal with the budgetary pressures that were pushed upon the states by the human need underlying the expaNsion of Medicaid. He remembers what it was like to have businesses coming in to see him who were saying, we want to keep providing benefits because it's the right thing to do, But it becomes harder and harder every year. And he remembers what it was like, being on the receiving end of a bureaucracy in both the public and the private sector that second-guessed decisions, that peered over shoulders, that employed people not to deliver care but to check up on those who were. He remembers and he wants, therefore, to take that experience and put it to work along with these governors to make the changes he knows need to be made.

Because the problems are felt most clearly at the local level, we need a national partnership in reforming health care. It will require national solutions, but it will absolutely require states to be involved in implementing those solutions. States cannot solve the health care crisis on their own. No matter how innovative -- and we have before us today, the most innovative among our governors -- But they cannot on their own deal with what is a national problem.

So I'd like to take a few minutes to talk about the process we have undertaken to improve the country's health care system and to talk about the fundamental goals of our reform. First, as Governor Dean has already said, we tried to pull together from across our country people from every walk of life, every kind of experience, who knew what the problem was and had experienced it firsthand. We felt strongly that state government had to be represented in that process. Many of these governors and many others sent staff members to work with us, came in themselves to attend

meetings, gave us the benefit of their deliberations as they drafted legislation, worked with legislatures and with groups in their own states.

We have been meeting on a regular basis, and we have found, as you might guess, that our process has been improved because of the contributions from the state and local level. We've held more than 1,000 meetings with people who have a particular point of view on health care reform; because just about everyone in this country does have a stake in making sure we do it right.

And it's been interesting to me to see how willing people have been to put aside their own particular point of view to try to look at the whole; because it is unlikely we will or anyone could come up with a proposal that would satisfy everybody. Everybody will have to move a little bit in order to get to a point where the whole will be bigger than the sum of its parts. And many people have been willing to do just that in our efforts to craft this proposal.

We have also been working hard to educate ourselves, the American people, about what is at stake. When people understand how the health care crisis impacts on them personally, not just in terms of whether or not they have insurance, or whether their insurance this year costs the same as it did last year, or whether they fear losing insurance because of something beyond their control like a preexisting condition or their inability to change jobs, or even whether they stand scared on the precipice of the next health care disaster because they don't have insurance, but when they begin to see their personal situation in context with what is going on in the broader community, then we make real progress so that everyone understands how the pieces of this fit together. That's the kind of educational process that we are engaged in now that each of you is a part of.

It's important, as I walk down later this afternoon this beautiful street I rode up to come to this meeting, to know that as I will pass store after store after store, some of the people working in those stores will have insurance; down the block some will not. If a medical emergency happens later this afternoon, the person will be taken to the nearest hospital without regard to that. The person will then be given the care that is needed for that emergency, because it is not fair to say that people go completely without care in our country. They get care, but often only in an emergency, only when it's become more expensive than it should have.

And regardless of whether that person had the insurance to take care of that emergency, it will be paid for by those of us who do -- those of us who carry private insurance; those of us who

have employers who pay for it; those of us who have government assistance. That is one of the reasons why when one looks at a hospital bill you're sometimes struck by the fact that aspirin was charged to you for $20. It's not because it's worth $20, it's to take care of those people who were taken of who didn't have compensation.

Or when we think about what it's like for people who are trying to make job decisions, and they can't make them to use their best talents to be competitive because they can't leave a job where they have benefits.

And when people begin to understand how we are all in this together, how today is not at all secure with respect to what we will have tomorrow, then the education process really takes hold -- because the most important thing that I have found as I traveled around the country, no matter whom I have talked with, is security. That's what people want. Whether they think they have it now or whether they never have, they want the security to know that their primary and preventive health care needs will be taken care of and that their acute and chronic needs will be taken care of.

This is the key to what kind of health care reform we have to offer to the American people, because what we have to be able to say at the end of this process is that if we enact the President's proposal, those millions of Americans, nearly 40 million now, who do not have any insurance will have health security. Those millions more who have some insurance but not enough if the real emergency comes, will have security. And most importantly, the majority of us who do have some insurance, who feel that we have taken care of ourselves, through our own efforts or that of our employers, we can rest assured we will have it next year and the year after and the year after that. No matter who we work for, no matter how sick we might become, no matter who we marry or the state of the health of the child we bear, we will all be secure.

We have to make it possible for every American who works for a living, who pays the bills, who takes care of raising their families, who pay the taxes, that they do not have to fear going without insurance and health security. (Applause.)

You have before you governors who have taken impressive steps on their own in the absence of federal action, who have tried to meet the needs as they saw them in their own states. Governor Chiles from Florida has a health care reform act that will bring the promise of care to many Floridians who have never had insurance. You know here that Governor Dean's Vermont Health Care Authority is working hard to provide universal access in a way that makes the most sense. Governor Jones and Governor McWherter have been fighting for

better health care in their states and have come forward with comprehensive legislative proposals.

The national reform effort will bolster these efforts, will support them, will enable them because we will have a national framework within which the responsibilities of the federal government will be spelled out and the responsibilities of the state government. That is an issue that Senator Leahy has been working on for a number of years with my good friend, Senator Pryor from Arkansas -- to build up this kind of partnership between the national and state governments.

Once the new health care system is up and running, every American citizen and those who are permanent residents in this country will get a health security card. That card will guarantee all Americans a comprehensive package of benefits, no matter where they work, were they live, how old they are, or whether they have ever been sick.

The benefits package will emphasize primary and preventive health care because we have to begin to redress the imbalance that has been allowed to develop in our health care system where we had the most highly sophisticated health care available anywhere in the world; so that you could with great ease and comfort of mind know that you could get a heart bypass, but you could not be sure that you would be able to get your child adequately immunized. We need to reverse that. To not do anything that endangers the quality of the very top of our health care system, but to build up the base so that we can provide more services and save more money because we will allocate our resources better. (Applause.)

Second, we are going to make sure that with that health card that guarantees those benefits packages, we will be bringing costs under control. You see, every day what happens is that health care is priced out of reach of many Americans. Many of you have seen your own personal costs, your business's costs, your state's costs get driven out of sight. I know that Florida's health care costs, for example, have quadrupled in the last 12 years, and that is happening all over the country.

This forces us as individuals, as businesses, as states, and as the federal government to absorb more and more red ink. And it forces many segments of the health care system to shift costs wherever they can find those dollars. That's what leads to the $20 aspirin. All of us bear the burden and if left unchecked, health care costs will continue to hurt our families, bankrupt our businesses, and our state budgets, and drive the federal deficit ever and ever higher.

But there has been some innovative efforts at the state level to try to get a hold of costs. Governor Romer's program, Colorado Care, for example, confronts the cost problem head on, something the federal government for the last 12 years has never been able to do. We will learn from the efforts of Colorado and other states how best to control prices within the health care system, but it will be absolutely necessary as we move to a reform system to realize that if we do not control the costs, we cannot reach universal coverage and we cannot provide the kind of broad-based benefits packages that Americans deserve to have.

So we will have the rein in health care costs in several ways. We will have to get rid of incentives for doctors who do more tests and procedures. Instead, we will create a system that encourages cost-effective, high quality care where doctors and patients can again be at the center of the relationship, and where decisions can be made not on how something will be reimbursed, but on whether a doctor believes it is best for a patient.

We will have to reduce the bureaucracy and micro-management that absorbs billions of dollars out of our health care system, and that so many of you have complained about because it adds unnecessary costs. And we will have to tell health care institutions and providers that we all must learn to live within a budget. We can no longer write a blank check for health care in this country. (Applause.)

We will have to ask everyone -- workers, employers, doctors, nurses, other health care providers, hospitals -- to do their part. We'll have to tell every other aspect of the health care industry that it can no longer expect to be raising its prices and profits growing at two to three to four to five to eight times the rate of inflation. We're going to tell workers that if they do not do their part to be responsible users of health care, then we will never be able adequately to rein in costs. But we will also have to tell companies that do not cover their workers today and, therefore, drive up the costs for all those other companies that do, it is time, finally, for everybody in America to take responsibility. That has to be one of the keys to our future. (Applause.)

There can't be any more free lunch. There can't be any more free health care to which people feel they are entitled. There cannot be any more people who take advantage of the system and basically take a free ride. It is only fair that we all pay our share.

Now, Governor Roberts from Oregon knows that this is no easy task. But Oregon took this issue on anyway by asking employers to contribute for their workers' health care. And it means that

everyone will share the burden. It will be, therefore, spread more evenly across more people, which will enable all of us to have more security, a better functioning health care system, and lower costs.

And we're going to tell individuals who think they can get by without coverage because they're 25 and believe they're immortal, that when they have that terrible accident or unpredicted illness and end up in the emergency room or in the ICU and stick us with the bill, that we're not going to let that go on any longer. Everybody will have to contribute to the health care system, just like in many states they have to have auto insurance -- because nobody can predict when you're going to have that accident or you're going to have that illness, and it's time that everybody bears their fair share of the responsibility for taking care of those accidents and illnesses when they occur. (Applause.)

It is an absolutely critical part of this plan that people become responsible. Many of the problems that we are dealing with in Washington today have been made all the much harder because of years of irresponsibility at the federal level. It is time for us to go beyond partisan politics, to go beyond ideology and to say, responsibility is not a Republican or a Democratic or a liberal or a conservative concept. It is at the root of what it means to be an American, and we're going to start insisting upon it being present once again in this country. (Applause.)

Thirdly, we are proposing a wholesale reduction of the frustrating and wasteful paperwork that eats up the health care system. When you look, as Ira and I have, at the volumes of regulations that have been put into effect over the years, the stacks and stacks of forms, you ask yourself: Where did all this bureaucracy come from? And the short answer is, it came from everywhere. It comes from private insurers, it comes from the government. Forms were created to make sure forms were filled out properly. And it makes it impossible, often, for the most vulnerable people to get the care that they need. And it also has undercut the delivery of care. Because as the number of health insurance companies grew -- and today there are more than 1500 -- so did the number of forms. And the result is that, instead of a system in which patient care and doctor decision-making and nurse caring drive the system, paperwork does.

Most nurses now spend nearly half of their time filling out forms. Most physicians now spend an extraordinary percentage of their income contributing to the bookkeeping and accounting necessary to fill out forms. Patients don't know how to read these bills. They don't understand these forms. Those of us who have gone to school longer than we'd like to admit can't understand these forms.

And, yet, we are continued to be deluged by them because that is the excuse for not getting to the heart of the problem.

We now need to make it clear that what is going to count is quality outcomes, not paperwork processing. And if we do that -- (applause) -- if we do that, then consumers will see a health care system made understandable and easy. One insurance form for everybody; a report card for quality that is understandable so that choices can be made; no hidden fine print. And doctors and nurses will finally be able to do what they were trained and educated to do: keeping people healthy, not filling out forms.

And again, the states are paving the way. Governor Sundlund's "Right Track" program holds out the promise of coverage for all Rhode Island's children by streamlining so many of the programs that affect children. Governor Carnahan recognizes that providing responsive primary and preventive care can mean more than bringing children to health care providers, it means bringing the health care providers to the children. And Missouri's initiative to provide health care to children in schools will focus on making the state a primary care-giver for many children and eliminate a lot of the unnecessary bureaucratic maneuvering and cataloging of kids that goes on now.

Let's take a child as a whole person, figure out how to take care of that child. Don't divide them up into little pieces that fit into the welfare bureaucracy, the health bureaucracy, the child support bureaucracy, the education bureaucracy. That's what Missouri is trying to do. That's what this country needs to do. Because if we focus on preventive care and eliminate the administrative hassles that now exist, our reform efforts will work, and more children will be healthier.

Fourthly, this reform will focus on addressing long-term care. This is a problem that we need to get ahead of the aging curve on as soon as we can. States have a large stake in providing and paying for this country's growing need for long-term care.

Now, many will tell us to put off consideration of this issue and not to do anything. That's the way we got into all of these problems. Don't take on any hard issues. Don't expend any political capital. Don't make -- (gap in tape) -- and maybe the voters will just think you're doing a good job. We've got to put those days behind us. If we don't begin to address long-term care now, in four or eight years we will be so much further behind it will be an extraordinary financial and human drain for us to begin then. We have to make a start. And we need to do that by building up the infrastructure in the states so that people who wish to stay in their homes and out of institutions will have that option. And people who

need intermediary care, whether it is adult day care or congregate housing, will have that option.

As you know, individuals and families are too often bankrupt by long-term care. And it is not fair to make them make that choice between money or dignity. We need a system in which we give real choices to the elderly and the disabled. And if we have an administration and we have states that are willing to embark on this partnership together, we will create more options for community-based care, which is not only what people tell us they want, but is less expensive and will enable us to cover more people. So we will expand home and community-based care in this reform proposal so that people with severe disabilities will have access to a broad array of services, coordinated by a case manager, tailored to individual needs. And by expanding this availability of care, seniors and disabled citizens who can't manage on their own will remain in their own home or their own community as long as possible. (Applause.)

Finally, we will improve the availability of health care in underserved urban and underserved rural areas. It will not do us any good to have a health care reform system that holds out the promise of health security if it does not deliver. There are many parts of our country that have traditionally not had adequate access to health care. I don't need to tell Governor Walters or Governor King that a health security card alone will mean little to people unless we guarantee that the services they need will be available for them in even the most remote parts of America.

The President's plan will bolster these efforts by targeting funds for areas that are now underserved. It will strengthen the health care infrastructure in these areas by linking community-based centers to other hospitals and providers, and will offer incentives for the National Health Service Corps and other programs to encourage doctors to practice in remote parts of our country. That is one of the most cost-effective things we can do to encourage doctors and nurses and others to pay off their loans, to be forgiven for their loans, if they will go into areas that need their help. There is hardly a program that is more worthy of consideration than that, and it will be reinvigorated after being allowed basically to die on the vine over the last 12 years.

If we make sure that all of our people are covered by integrated delivery networks, like Governor Dean and others are talking about, then nobody, no matter where they live, will be without access to decent care.

For 12 years, these governors and those who served with them and before them have taken the lead in keeping health care on the agenda. Before my husband was elected President he worked with

the National Governors Association to craft a bipartisan approach toward health care reform. It is that kind of attitude we need to encourage not just at the state level, but in Washington as well.

We need to end the partisanship. We need to recognize the federal government does not have all the answers, that it needs to work with the states to solve the health care crisis. In order to do that, we need real leadership from the top. And that's what this President is willing to offer.

The federal government will establish the framework and set the standards, but it will be us to the states to tailor the program to meet those standards and offer the guaranteed benefits in ways that each state thinks will work best for that state. We cannot do this without that kind of partnership. And we need that partnership to continue that has already started so that we have the benefit of your advice and counsel.

There is no way that we can wave a magic wand or even pass a piece of legislation that will overnight solve all of our health care problems. Too many changes in attitudes and behavior are going to be needed. But we do know we have to take a comprehensive approach so that we look at all these problems at one time.

The President has appreciated the advice and help from the governors. We look forward to working with the governors in the weeks and months ahead, because we believe that with a health care reform plan that truly provides security for every American we will be on the way toward making it possible for this country to regain its economic leadership and it's competitive position because health care reform is part of the economic plan that the President has for America. One can not proceed without the other. Both together will not only secure security for each of us, but will ensure security and leadership for this country that we all love.

Thank you very much. (Applause.)

END

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript April 17, 1993

REMARKS BY THE FIRST LADY
AT HEALTH CARE BRIEFING

Great Falls, Montana

MRS. CLINTON: Thank you very much. I am so pleased to be here. I had other opportunities to come to Montana and visit. My husband and daughter and I had a wonderful night a few years ago in your Governor's residence, with then-Governor Schwendon*. And I am just so pleased to be back. And I've told anyone who will listen, I will take just about any excuse to return. So I hope you will give me that opportunity.

I am very grateful also for the invitation that I received from Senator Baucus to come to Montana. And yesterday Senator Baucus and Senator Burns and I were, at the invitation of Congressman Williams, in Billings. And I had an opportunity there to meet with citizens of Montana to talk about health care and came away impressed at the commitment and thoughtfulness that people are bringing to this very difficult issue.

And I'm particularly looking forward to hearing from those who will be making formal presentations and those who will be asking questions here this morning, because what I have found in my travels around the country is exactly what you have already heard from both of your senators and your congressmen, from your governor and your state senator and the chairman of Health Montana -- there is a great, deep yearning on the part of Americans to come together to reach a consensus to try to solve this particular set of problems that affects every individual, every household, every business, and every level of government. The whole dilemma that we are confronted with now with respect to health care is one that affects every single American.

I did not know until Congressman Williams told us this morning that people in Montana actually pay more for health insurance than people in any other country anywhere in the world. That is a fact that I wrote down and I will take with me. It is emblematic of the extraordinary problem that we are facing. The dimensions of that problem are one you in this state (gap in tape)

(gap in tape) -- figures approximately $940 billion. That is all of us -- individuals, households, businesses, all levels of government. That $940 billion is a lousy investment, because we don't even cover every American. When we compare ourselves with other countries that have tackled these problems ahead of us, they not only cover all of their citizens, but they do it at less of a cost. What we want is to come up with an American solution that leaves room for a Montana solution so that all Americans will feel they are part of solving this health care crisis. (Applause.)

We also want to being to re-instill individual responsibility into the system. We want people to be more responsible for themselves, for their families, for their own health care. (Applause.)

The President is looking at a system that will be a national framework with certain national guarantees that all Americans will be able to rely on, but with the kind of state flexibility that states like Montana need to have.

And I want to say a special word about rural health care. In Billings yesterday when we were listening to some of the people there talking about the difficult they face with the distances and the other problems of access here in this state, I said that we needed to coin a new phrase, that rural is something I'm familiar with in Arkansas, but we're talking hyper-rural or mega-rural here in Montana. (Laughter.) So we probably need to come up with yet another way of discussing the problems that you particularly confront.

But one thing I can guarantee you is that my husband believes very strongly in making sure that rural America is adequately cared for, that its need are taken into account. That's what he has grown up with in believing; the kind of problem that he has lived with, he's understands and he feels. And we are going to do all that we can to put in to place a system that rural America will not only be able to take advantage of, but be participants in helping to shape.

Because no matter what the proposals that the President sends to Congress are, we know we have no magic bullet. There is not an easy answer to this problem, which has grown up over decades. We will need the continuing consultation and help from citizens all over America through their local governments, through their state governments, to be able to make sure that what we see as a vision of quality, affordable health care for every American becomes a reality.

So I view this as the first of many conversations I would like to take part in on behalf of my husband and others who are

working to make sure that we achieve these goals. Because once we come with a plan we will all have a lot of hard work ahead of us to make sure that plan works.

And I'm really counting on a new spirit of cooperation and commitment in our country. I want again to feel that I'm living in the country that I took for granted and was raised in. I know that for some people, that sounds nostalgic and maybe unrealistic. But I remember very well, even though I grew up in a suburb and not a rural community, that everybody looked out for each other, that neighbors really cared about each other, doctors made house calls -- those kinds of things that seem like part of distance past. But you know, there was a connection among us then that I would like to see re-instilled in America.

Health care touches us at our most basic human experience level. There's nothing like the birth of a baby, or the death of a loved one. There's nothing like walking those long hospital corridors or going out and seeing the joy on a person's face when you tell them that everything is going to be all right.

That's how we really, at the very most basic level, understand what it means to be a human being; understand what it is about life that connects us from generation to generation; makes us reliant in a most fundamental way upon each other. We've gotten away from that. We've watched bureaucracies and paperwork and red tape and distance between people replace that human caring that needs to be at the root of any health care system. And we can't wave a magic wand and reverse time.

But we can try -- as you work here on Health Montana and as we work on trying to take this system and make it human again -- to remember what is really important in our lives and those moments when we are so dependant upon each other. That's what I hope: that in a few years we will not only have a streamlined system; will not only have a better distribution of health care professionals, and have more primary and preventative health care physicians, and nurse practitioners, and physician assistants; will not only have better access, but we'll feel better about ourselves. Not just because we're healthier, but because we're part of a community of caring again. And health care can be the start of that if we do it right.

Thank you very much. (Applause.)

END

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript May 4, 1993

REMARKS BY MRS. CLINTON
TO THE SENATE LABOR COMMITTEE

Capitol Hill

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, I think you've very well described what we think the advantages or some of the advantages of this kind of approach will be. It does build on the present system which for a lot of reasons -- (inaudible) -- as a better point to start then trying to -- (inaudible) -- what people have become accustomed to, move a lot of the players immediately from the system to try to impose something new and different, untried in America on our people. And I think that there is a real -- (inaudible) -- of building on the present system which is very important.

Paying into a central purchasing entity is the sort of basic concept of managed competition because in so doing you're not only maximizing bargaining power but you are also, we believe, minimizing administrative costs and waste. Because, in effect, what we have done in the last year is permit -- (inaudible) -- insurance companies to move from being insurers to being administrators, as many of them are. They administer the large plans, the self-employed companies or self-insured companies, they administer the small group and non-group insurance at a tremendous cost to the entire system. More importantly, at a particular burden to small businesses and individuals.

We believe nationalizing bargaining power and diminishing the administrative costs will save money within the entire universe of the health care system in both the public and the private sector. And there are lots of complex -- (inaudible) -- issues that we have been struggling with to be sure that the way that the concept is designed is, number one, workable; number two, understandable and produces the kinds of results we think will flow from it. I believe that we are at the point where we think that the savings that will be realized from moving toward this system will permit us to phase in the burden on small business over a reasonable period of time. We will also be saving small business money as we phase in and -- (inaudible) -- workers compensation and -- (inaudible) -- of health care particularly workers comp -- (inaudible) -- single biggest burden on many small businesses which we hear a lot about from small businesses.

We will be making insurance affordable for the smallest of businesses which now very often are priced out of the market because of their situation. We will be solving some of the problems that you and I heard about when we were together in Hyde Park in Boston of small businesses who couldn't even any longer afford to insure the families -- (inaudible) -- because of -- (inaudible) --

So, for all of those reasons we think that this is a system that will -- (inaudible) -- to -- (inaudible) -- the least costly way if you compare tax burdens, if you compare changes in the system, if you compare administrative costs on small business which I know is a major concern of everybody around the table.

SENATOR: -- (Inaudible.) --

MRS. CLINTON: That's a very good point, Senator. We have looked at -- (inaudible) -- exclusive contract have also been anticompetitive in another sense in addition to the -- (inaudible) -- they have kept other professional in addition to physicians out of the market. I mean they destroyed the -- (inaudible) -- They have basically prevented the use of a lot of -- (inaudible) -- without being overseen by a physician so that the whole thing has been a stark example of how out of control this system is because there's no budgetary discipline on it that people have to live -- (inaudible) -- and it is, unfortunately, the case that if one is a, say, a surgeon or an internist working in a hospital you don't pay much attention to what the radiologist or pathologist charges; that just goes on the bill. You don't even know what -- (inaudible) --

In managed competition with a budget, it's going to be the business of those internists and those surgeons to make sure their getting the best possible delivery of care from qualified professionals at a fair price, which is not now the case.

So, we think that the system itself will drive a lot of those contractual arrangements out of business. We are also of the belief that removing a lot of the anticompetitive state laws that currently help -- (inaudible) -- those monopolistic positions will help a great deal and -- (inaudible) -- additional ideas from the committee or from your staff, Senator, we would -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Let me back up, Senator, to try to explain what we are attempting to do.

We're attempting to get good figures on both the cost side and the savings side. And that has been the most difficult task that we have confronted because, as I have learned, even getting good figures -- (inaudible) -- is difficult within the federal government itself. Different agencies use different economic models -- (inaudible) -- and you know the rest. That they come up with very, very -- (inaudible) -- to what costs are.

We have been working very hard and I think will be able to show you figures that we think accurately describe what the costs will be for universal coverage, that means insuring the uninsured. It means giving drugs and long-term care to older citizens under Medicare. It means bringing up some benefits for the under-insured. It means increasing the public health facilities that we've got so we truly have access once we expand to universal care whether it is rural Kansas or inner-city -- (inaudible) --

And we believe that there will be some way of balancing that among the public and the private sector. What our best estimate is that on the cost side accomplishing all of that is somewhere in the area of $100 billion. And I don't want to be held to it and I hope nobody goes and holds a press conference about it because we want to give you the exact figures.

We are also working hard to do the savings side of it because the savings side really will kick in, in the first year. And, so, the net cost will be considerably less than $100 billion and will grow over time so that it is a $100 billion up front cost that will be quickly paid for, in a sense, by the savings that we think both the public and the private sector will realize.

I have been reluctant to say well I will tell you exactly because -- we've got Treasury, OMB, HHS and CRS -- (inaudible) -- all these people running these -- (inaudible) -- and when I tell exactly how much it is and how much real savings we think

we can get and how much of that real savings we think is -- (inaudible) -- I want to be able to -- (inaudible) --

But we believe we are looking at a wash. We think there will be $100 billion up front but with savings kicking in immediately.

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, I regret very much because I want to be as honest with both Republicans and Democrats as people who have different points of view as I can. So when somebody asks me a direct question I want to be honest and I hope this can be done in the spirit in which I offer it which is we continue to -- (inaudible) -- around the truth is. And, so, I agree with you because I do not want there to be a lot of loose speculation because I don't think that's fair to the American people. But on the other hand I don't want to look a senator in the eye who asks me a question and say I don't know, I don't have any idea. I want to be as honest as I can. But then I don't want to have to read about it in the paper the next day. That's my dilemma.

SENATOR: -- (inaudible) --

MRS. CLINTON: That's definitely true. You know, one of the things we are working toward being able to do, which I think helps answer your question, Senator, is we want when we get all of this down and we're ready to have everybody look at it, pick over it, we're going to lay all this out. And the Chairman's point is a very good one. What is the cost of doing nothing. We are going up $100 billion a year now and there's no end in sight. And we know that's a result of our inaction.

So, that laying it out on a matrix so you can make those hard decisions and you can answer those questions in town meetings is something we're going to try to -- (inaudible) --

SENATOR: -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, we believe that we can phase everyone in. And we're looking at trying to have as early a -- (inaudible) -- as possible. The administrative issues having to do with whether we deal only with children in uninsured families or children in the custody of a parent who is insured but another parent isn't. Those are just as complicated as trying to set up an administrative -- (inaudible) -- give a health card to everybody by day 30.

That is our present intention. I think that if we were -- (inaudible) -- population group I would share your belief that we have to start with children. I 'm hoping that we will be able, though, to phase in at least adequate coverage for everyone within -- (inaudible) -- assuming we get legislation within a relatively expedited period of two to three years after that.

And, you know, that's why we need to get these numbers right -- (inaudible) -- very specifically when we think different levels of care can be promised to different people in different parts of the country and all that -- (inaudible) -- make -- (inaudible) -- decisions.

I'm certainly open to suggesting to the President that in the event that those numbers don't work out that we start with the children.

Also, in the benefit package, we are stressing primary preventive health care because we think it will save us money. And we are enumerating the kind of diagnostic tests which we think are very important to people to have and we are enumerating by age the kind of -- (inaudible) -- clinical visits that we think children should be entitled to in addition to such things as immunizations.

With regards to special needs children, we think that phasing in the Medicaid -- (inaudible) -- will be a benefit to Medicaid disabled -- (inaudible) -- short -- (inaudible) -- because managed care -- (inaudible) -- been well done, has worked effectively for the Medicaid disabled adding much less cost than we currently have in the private -- (inaudible) -- or in the non-managed Medicaid system. So, we think that we will actually be able to cover more of our special needs children when we better manage the resources we are currently using, which is one of the very important reasons to try to get Medicaid into this system -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: In other countries, Senator, in countries with more -- (inaudible) -- they have a series of -- (inaudible) -- that children are expected to make and immunizations are part of those. And there is a level of primary care that is acceptable. For many of the people in the housing projects -- (inaudible) -- they don't have a primary physician. The emergency room is their primary physician which costs all of us money when they show up there.

We need -- I had -- (inaudible) -- meeting with representatives from the Catholic Hospitals Association the other day who were explaining to me one of their new models, which is to take people from emergency rooms to clinics which they run even if they show up at the emergency room. You've got to get them used to going somewhere where they begin to think primary preventive health care. -- (inaudible) -- immunizations then you've linked to ongoing care for the whole family instead of this -- (inaudible) -- event that may or may not happen to them.

And I think that's a very important part of this change in psychology.

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, this may be a -- (inaudible) -- you've got a lot of expertise -- (inaudible) -- but I think we have to look at ways of offering treatment with physicians in certain populations because we have a large number of mentally ill homeless. We now have the TB epidemic. All too often, the people, once they are treated, do not continue their treatment get very sick again and show back up at the emergency room where they then cost us a million dollars or whatever.

We have got to think through how we can have treatment with condition so that when people refuse to follow what our basic public health guidelines, we have some recourse. And I don't -- you know I think we have to think very dramatically about this. I mean we cannot let a TB epidemic spread in our big cities and we are on the brink of that in a number of cities. I mean I don't know if we have to look at sanitariums -- I'm not suggesting exactly what we do but we're going to have to take very strong public health medicine or we will never get ahead of the curve on the most difficult population that we're currently paying for and not really being able adequately to handle.

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, that is not something we have looked at directly. I know that Secretary Espy has been looking very

closely at the feeding programs. What we have looked at is what role nutritional and dietitianal kinds of -- (inaudible) -- and systems -- (inaudible) -- with our home-bound elderly and others who are in need of -- (inaudible) -- Let me follow up on that -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: And you're right, the payoff is tremendous. One thing we have looked at -- (inaudible) -- linking -- (inaudible) -- with some of the guidelines or requirements for what we want people to do when they are getting public assistance. -- (inaudible) -- -- (inaudible) -- but I haven't looked at -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Senator, we are looking at the long-term care with particular emphasis on home health care, health -- (inaudible) -- care, intermediary care. And we believe that we need to pursue those as alternatives -- (inaudible) -- not because, as you point out, at least 30 percent do not need to go to nursing homes. But we need an infrastructure of home-based intermediary care because or our exploding population. I mean it's 30 percent now the absolute numbers that that will represent in 10 or 15 years is growing by leaps and bounds.

So, that here again is one of those problems if we don't get ahead of it we are going to be paying dearly for it. And a number of states have done some very creative work in this. They've gotten some waivers. They've put some state money in; took long-term care. And they're beginning to have the very results you're talking about. They are keeping people out of nursing homes which, of course, saves them money which permits them then to cover -- (inaudible) -- people.

So, we are going to recommend that we take a good beginning on long-term care. We're not going to solve the long-term care problem by any means but that we begin to invest in some of the programs that have been proven at state levels in a number of states. That we free up some of the regulations that currently exist in the Medicaid system so that states can use that money more effectively. And, I believe we'll begin then to build an infrastructure for long-term care that will enable us to make additional decisions -- (inaudible) --

SENATOR: -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) -- They run an adult day care center and most of their patients are family members kept at home whose children or other caring relatives go out to work during the day. So, they bring their older relatives and they stay at the hospital, which when you think about it is a great location because you have on-site help should anything happen. You have a lot of trained personnel. But it costs $35 a day and for a lot of working families that is too much. So, there needs to be some kind of sliding scale with some reimbursable opportunity there. But look at what we do. We say to these families, well, you want to keep your adult parent home, it's going to cost $35 a day, we're not going to give you any help; go ahead and put them in a nursing home -- (inaudible) -- carry the whole -- (inaudible) --

SENATOR: -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) -- careful with what I say so I don't raise any speculation unnecessarily. We're going to have to see -- (inaudible) -- look at what we give you -- (inaudible) --

We are looking very hard at medical malpractice and are trying to construct a system that will do what medical malpractice was originally intended to do, which is to serve as a deterrent against negligent medical practice. I mean, that's the whole point behind it. And we are looking at a variety of approaches. We're engaged in intensive conversations with people from all over the country because this has been an area that's been left to the states. And those states have a variety of approaches to it. And we're trying to make sure that we have the best information about what really does work in what state -- (inaudible) --

But we do intend to address medical malpractice. That will be a -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: We have looked at that issue very closely for exactly the reasons that you just outlined. And even in urban areas, Senator, -- (inaudible) -- We have a 100 percent differential in medical costs if you compare, for example, Los Angeles with Rochester, New York or Miami with Rochester. And what we are trying to figure out how to do is that given where everybody is now and the fact that they are charging more in Miami then they're charging in other places and the like, how do we begin to try to get an accurate estimate of what medical costs truly are to try to move towards a more level playing field because those differences in costs, as best as we can tell, are there no matter whether you hold constant population characteristics, indices of wellness and sickness.

You go and you try to figure out everything that could possibly explain why they would charge so much more in one town than they would in others. To move too quickly toward some kind of level budget that tries to treat everybody the same, we don't think is practical. So, therefore, we do have to phase it in. And we have to have incentives for changing practice patterns because that's what's really at the root of a lot of difference in price.

That in addition to some of the disincentives that the federal government has imposed on rural areas. The difference in Medicare, for example, those are all the things we have to look at closely. So, we are planning on recognizing that disparity is there and our likelihood -- (inaudible) -- that we can move toward will be in the legislation so that they really are -- (inaudible) --

Now, with respect though to rural care we have to do some other things, some key things for people in rural areas. We have to build up their -- (inaudible) -- We're looking very hard at ways of doing that. And there are some very good ways of -- (inaudible) -- different personnel -- (inaudible) -- so that you don't need to have a physician on duty -- (inaudible) -- There are lots of things we can do that can help expedite better delivery of care in rural areas of your state while we move toward a more level budgeting field.

SENATOR: -- (inaudible) --

MRS. CLINTON: And for exactly the reason that -- (inaudible) -- point out. Because if we did a better job both examining and then curing the defects of our children, we not only help our children we save us all money. And, you know, we did the same thing in Arkansas, Senator, where we have the health department and volunteer doctors and nurses and dentists go out and examine these children. And I remember in one county we examined one day 154 children, and I think 128 of them had abscessed teeth. And they'd

never been to a dentist before. And I remember thinking to myself how on Earth can you expect them to learn anything in school when they've got these abscessed teeth.

So, it's not just health issues. There are a lot of other issues that have to do with education and the like. So, we're very -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: We are going to emphasize primary preventive health care. I wish we could pass a law that would make people have a better diet and exercise but I don't know that we could get that done. But we're sure going to try to get them to go to their physicians and to go to have exams where they can be told.

SENATORS: -- (inaudible) --

MRS. CLINTON: Yes, sir. Yes, sir.

Well, of course, we could also have you travel around and be a living example of what nutrition and exercise will do. If you'd be willing to do that, I could put you on the road. (Laughter.) -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) -- if we could wave a magic wand and lower medical costs -- (inaudible) -- we -- (inaudible) -- We are spending so much more over and above the CBI definition of inflation that that's what we're trying to achieve. We're trying to bring down the costs so that they are more comparable to what the national growth would be in most other -- (inaudible) --

What we've got to help the American people understand is that why should the health care system be immune from the market, from common sense expenditures that family, businesses and government should be making if they really cared about costs. And so we really are talking about different pots of money. It's going to go up about $110 billion if we just sit here, going up every minute that we sit here.

We think we can begin to stabilize it and then -- (inaudible) -- did this 20 years ago we were spending eight percent of GDP instead of where we now are spending 14 percent and rising. We've got to start -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Yes. My assessment is that we can stabilize it and we can -- and that's a huge savings -- (inaudible) -- that saves the money the Chairman was talking about. We don't then continue to 10, 12, 14 and 15 percent increases. We stabilize it and then begin to drive it down.

SENATOR: -- (inaudible) --

MRS. CLINTON: Right.

SENATOR: -- (inaudible) --

MRS. CLINTON: Right, that's what our goal is. And the other thing that keeps reminding -- (inaudible) -- is that while we sit it here it builds up $110 billion a year we haven't covered one more person and 100,000 Americans loose their insurance every month. So, it's not as though we are in even a stable situation -- (inaudible) -- frequent costs.

SENATOR: -- (inaudible) --

MRS. CLINTON: Well, -- (inaudible) -- Let's see what it would mean in terms of doctor's income. We say a doctor who makes $200,000 a year. Instead of next year making $212,000, $213,000 they might make $205,000 or $206,000. That's not a big tax cut if you look at it from the American people's point of view -- (inaudible) -- margin between the inflation increase and what we consider medical hyperinflation saves this country a bunch of money. It saves a lot of companies a bunch of money in the short-term -- (inaudible) -- in acute care and the first thing we have to do is stabilize our vital signs, stop this absolute hemorrhaging of money that's going out. --(inaudible) -- and then let the competitive system work so that we can begin to give it a better balance and deal with the problems -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Well, it's a voluntary -- if the drug companies and AMA and others that we will hold our prices to inflation-plus whatever it would be -- you've got the federal government, you've got the state government, you've got insurance companies, you've got lots of other uncompensated care -- (inaudible) -- we know that.

So, that what we will actually get will probably be a little worse than that. Even -- (inaudible) -- if we don't then follow with a system that works we will see the same thing that always happens when you take off that kind of -- (inaudible) -- people make up for lost time. We've got to construct a system in which that making up for lost time can't occur because you've got all these checks and balances -- (inaudible) --

The other thing, too, Senator, is that we -- (inaudible) -- administrative -- (inaudible) -- to do what they do in Germany, for example. In the German government -- (inaudible) -- when their health care percentage of GDP went from 8.1 to 8.3. So, they had mechanisms in place to immediately -- (inaudible) -- and negotiate with plans and negotiate -- (inaudible) -- position so that they could begin to try to cut it back because they didn't want it to get out of control.

You know, we don't have anything like that in place right now. So, I think that's the reason why people look at this closely and come back with some kind of short-term cost controls preferably of a voluntary nature or stand-by authority, if that's what we can work out with the -- (inaudible) -- of the economy. But even there -- (inaudible) -- not everybody will participate -- (inaudible) --

SENATOR: -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) -- hospitals from working together. -- (inaudible) -- everything we can to encourage collaboration and cooperation among different sectors of the medical community. -- (inaudible) -- opposite end of the problem. Senator Metzenbaum talked about -- (inaudible) -- often times monopolistic practices that the inside of hospitals pretty much determine who is going to be able to be radiologists, for example, and how much they'll be paid. So, we have to deal with this on both ends -- (inaudible) -- We have to open up the competitive process but we have to do it in a way it doesn't unfairly penalize people who are cooperating together.

And that's one of the reasons we need -- (inaudible) -- I would argue because within a budget those decisions will realistically be made. In the average health plans we're looking at there will be a number of hospitals cooperating. They will have to take on -- maybe they'll take on a different population basis but just as likely they can take on different specialties and they can take on different kinds of high-tech equipment. And they have to be free to do that. So, we're going to change these laws.

SENATOR: -- (inaudible) --

MRS. CLINTON: Yes, removing some of the -- (inaudible) -- kind of prohibitions that stand in the way --

SENATOR: -- (inaudible) --

MRS. CLINTON: Yes. And preempting some of the -- there is a state antitrust law. There are -- (inaudible) -- and we're having -- (inaudible) -- antitrust division we're getting -- (inaudible) -- coming up with some specific proposals.

SENATOR: -- (inaudible) --

MRS. CLINTON: Let me check on that, Senator, and I'll get back to you on that. I don't know. Do you have a suggestion on that?

SENATOR: -- (inaudible) --

MRS. CLINTON: In fact, I think that -- (inaudible) -- whole antitrust section of the legislation will be is a series of -- (inaudible) -- for certain kinds of activities that -- (inaudible) -- would encourage better health planning and better cooperation among health -- (inaudible) --

Let me get the latest -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: I don't know, sir. I'll find out.

SENATOR: -- (inaudible) --

MRS. CLINTON: Yes, we are considering that. We think that that has a lot of -- (inaudible) -- removed the burden, the -- (inaudible) -- or the onus -- (inaudible) -- the individual position for negligent acts not for both negligence or malicious -- (inaudible) -- those are beyond the pale. But for the kind of -- (inaudible) -- that happens it also provides, we think, a deterrent effect that would enable the health plan to be -- (inaudible) -- supportive of peer review and peer discipline.

SENATOR: -- (inaudible) --

MRS. CLINTON: That's right. That's exactly right. And I think that we're talking a lot about this with physicians groups to see what their feeling about it is.

SENATOR: -- (inaudible) --

MRS. CLINTON: Not if you also mandate arbitration. You have to go through a mandatory -- (inaudible) -- resolution that you have to go through before you can even think of getting into -- (inaudible) -- I think it will do two things. I think it will eliminate many, many cases from the courts and I think it will also -- (inaudible) -- it will enable these decisions to be made at the lower level cases that are now not -- (inaudible) -- by anybody. You know, there are a lot of people who have got minor problems that they

don't get any recourse for so this will be a way of helping them because they will be in the system.

SENATOR: -- (inaudible) --

MRS. CLINTON: That's exactly right. I mean what we want to do is to encourage physicians and hospitals to do a better job policing themselves. And -- (inaudible) -- our ultimate goal is to minimize malpractice. We don't want to have to remedy it, we want to try to prevent it as much as possible. And that's why we're trying to focus on what we can do to change the culture in which medicine is practiced so that we get more encouragement on people being willing to -- (inaudible) -- take on their colleagues and being willing to band together and say we don't want to practice with this person. Right now there's very little incentive -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: We think, Senator, there are two ways that are built into the system. One is that-- (inaudible) -- in such a way that rural areas will be -- (inaudible) -- as urban areas. It may be that the physician -- (inaudible) -- becomes an employee of an HMO if he stays in -- (inaudible) -- because that HMO is responsible for the population in -- (inaudible) -- Right now we're losing a lot of physicians out of rural areas because they're not linked to an integrated delivery network. They're out there on their own. They pick up the phone and they refer to a specialist they went to medical school with but they're not part of a continuum of care.

And I think that we actually believe that much of what they -- (inaudible) -- about this, Mayo is setting up satellite clinics and contracting with rural physicians and they're all part of the Mayo network. But they are still in their same office on the same Main Street in Strawberry. I think that's going to be a boon for rural areas.

-- (inaudible) -- delivering health care, I think, is just -- (inaudible) -- There is now very good work being done in extremely rural parts of Texas, for example. An interactive video, -- (inaudible) -- in your -- (inaudible) -- network of care will enable them to be multiplied many times over.

So, I am very sensitive to rural health care issues because of my own experience in Arkansas and travels that I've done with you and others. And I honestly believe this is going to be a big net plus for rural areas. I am actually more concerned about the under-served urban areas than I am about the under-served rural areas. I am more concerned about how we're going to deal with the TB epidemic in a reasonable way which -- (inaudible) -- health -- (inaudible) -- I think rural health care is actually going to benefit from this.

SENATOR: -- (inaudible) --

MRS. CLINTON: Yes, we -- well, I hope that we're making progress. I consider this whole research -- (inaudible) -- but I know, for example, that you and Senator -- (inaudible) -- hearing about -- we were laughing at how relatively minor adjustments in terms of the federal budget -- we could literally find a cure for a lot of neurological diseases by the turn of the century, which would, of course, save us billions of dollars -- (inaudible) -- to do that. So I think that language is one -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) --

SENATOR: -- (inaudible) --

MRS. CLINTON: Oh, no, no. -- (inaudible) --

SENATOR: -- (inaudible) -- (laughter) -- portion of these individual plans a person has -- (inaudible) -- and how that trust fund -- appropriately -- (inaudible) -- airline tickets -- That would give us -- (inaudible) --

SENATOR: -- (inaudible) -- apprehension -- in spite of the fact that they are -- (inaudible) -- bothers me here just a little bit -- (inaudible) -- all of this talk about how we're going to do this and do that -- don't lose sight of the fact that our there today -- (inaudible) -- we're at Miami or maybe in Philadelphia, there are places that -- (inaudible) -- and there's a reason -- government and politicians -- the issue of geographic disparity. The importance of you mentioned the word -- (inaudible) -- very, very important. But thinking beyond dollar targets -- (inaudible) -- so that we can demonstrate -- (inaudible) -- they'd be a lot better off or to -- (inaudible) -- performance target is going to be -- hopefully that will get community such and such that are high priced today and --(inaudible) -- The bottom -- (inaudible) -- because you and I could -- everybody here can say -- (inaudible) -- high quality care for a -- (inaudible) -- start with the whole -- (inaudible) --

MRS. CLINTON: What we -- (inaudible) is a lot of different models and -- (inaudible) -- be sure that you don't -- (inaudible) -- maximum amount of competition and responsibility so that they can help create or -- (inaudible) -- not so that they can -- (inaudible) -- what we're looking towards is an atmosphere at the state level that frankly does permit some experimentation so that we can watch each other and see how they -- (inaudible) -- because the tragedy of the Mayo Clinic is that there aren't very many imitators. Now if it works so darn good, got high quality at low cost why don't we have 10,000 of them? The reason is because we've never had a system -- (inaudible) -- Mayo brothers who did it against tremendous opposition when they first started and called socialism and you know all of that. And there's no incentive for people to go in that direction. We're hoping that in this new endeavor there will be adequate to create that kind of high quality for care -- (inaudible) -- and that really is the idea between a common health -- (inaudible) -- is basically invite people to serve the market that they have so that it might be in some states you have three or four different population areas and in another state only one or two given the size of the population.

You would have to be willing to cover this million people or this geographic areas. It could mean you take the high paying as well as the low paying or the racially and ethnically diverse combination and you would have to be willing to abide by certain quality standards, offer the benefits package -- but that's how you piece all that together, there would be a certain amount of discretion. -- (inaudible) -- they had a couple of different ideas. They were going, for example, to the minority dental community in New Orleans and asking them if they would essentially become contracting physicians so that they could cover that population that they -- (inaudible) --

In other parts of Southern Louisiana they were setting up satellite clinics that they themselves would run but they would administer all of that and everybody would be a part of the integrated delivery network. -- (inaudible) -- health plans -- (inaudible) -- we do want to require that there be a fee for service options available in every specific area now. But that will require some differences in the way that they deliver medicine in order for them to be cost effective. So the accountable health plans would have to be some broad federal requirements, so we want some variety. Now, for example, -- (inaudible) -- I wouldn't be surprised if the purchasing coop in San Francisco gave some -- (inaudible) --

acupuncture with probably a -- (inaudible) -- facility as a participant when they need to -- (inaudible) -- Well, acupuncture won't be an option in Arkansas, but it would be for the Chinese-American community of San Francisco. So those are the kinds of varieties we want to encourage -- (inaudible) -- follow the -- (inaudible) -- on setting those -- (inaudible) -- but there will be a number of plans families -- (inaudible) -- and what the typical responsibility -- is to take the Kassebaum plan which would be a plan, for example, that you as an existing HMO would come an say, here are the services we are offering in this basic medical package and we can guarantee we will serve this population that you require us to serve because we've got contracts or clinics or whatever and here's what we're offering. Now, the Jeffords plan might come in and what we are is not an HMO, we are a network of fee-for-service physicians and we think a lot of people in this area would prefer to have a total fee-for-services instead of an HMO system particularly the elderly people, but we know we can manage it because we've got these kinds of guidelines. So there will be a number of plans that can be certified as being eligible. Then when it becomes the enrollment time -- I mean, I have as an employee made my contribution, my employer has made the contribution. I then enroll in a plan.

You know, Senator Durenbeger was saying that federal employee benefits plan gives you this wide variety of plans to go with. There are problems with it but it's analogous to what I will do now as citizens. I don't have to -- if my employer issues a notice that says, my brother-in-law, Joe, is a doctor in this health plan, I like to be free to go there and I don't have to -- (inaudible) -- I can go into any plan I chose. And then the next year, if I'm not happy, because maybe the plan I chose hasn't got it's act together and so when I go to the physician I wait three hours whereas my sister down the block can go on a different plan, she gets in, she gets better care, feels more satisfied, I'll join this one. And you know that's the way to --

SENATOR: -- (inaudible) -- I just wanted to add -- myself, Pete Domenici and others. I think the key here -- (inaudible) -- I think the key to Tom's question about what's going to happen out in the rural areas -- (inaudible) -- yes, I mean, -- (inaudible) -- run into a lot of doctors who feel like they've lost their power to make -- (inaudible) --too greedy to try and make a lot of money. You could run into a lot of people who feel like they've been excluded -- (inaudible) -- health care physicians -- (inaudible) -- the key to me is what -- (inaudible) -- in terms of whether or not the network -- whether or not somehow this would be -- the relationship to these -- (inaudible) -- whether or not networks -- (inaudible) -- independent of -- (inaudible) -- gobbled up by large insurance agencies. -- (inaudible) -- huge chain -- (inaudible) -- you don't really have the sort of choice that you say you have. -- (inaudible) -- some large chain. -- (inaudible) --

MRS. CLINTON: I agree with that and I have spent a lot of time talking to a lot of people who know a lot more about all of this than I do and most recently had a long conversation with several people from the -- (inaudible) -- Hospital Association who -- (inaudible) -- president -- two years -- seemed to pretty much include an integrated delivery -- (inaudible) -- and from their perspective, as well as mine, we believe that will create more opportunity. Now, will there be -- we will have to guard against abuses, will we have to guard against shoddy people not delivering what they're supposed to deliver and how many -- (inaudible) -- yes, we probably will. And we have to do this, we have to create competition in systems where there was none, where we have to make sure -- (inaudible) -- but if we -- (inaudible) -- we are going to create employment in health care community, number one; we're going to be taking care of people but we're going to be asking these people to pay for it for a change instead of uncompensated -- (inaudible) -

-and I think we're going to inspire a variation among big networks that they will actually learn something from. And that is what -- that is my hope.

Now, some of the large insurance companies are very supportive of this plan because they believe that they know how to manage care and then they will have a big piece of the market -- you know, some of the criticisms that you and others have rightly voiced about the what the net result will be. But -- (inaudible) -- that country in which there are so many different approaches to the -- (inaudible) -- that I really believe if we let individuals states have enough flexibility to encourage different kinds of a -- (inaudible) -- health plan, we're going to see some real variety and we're going to find out what works. And I don't know any other way to really move towards a good universal system that delivers high quality care in a short-term -- (inaudible) -- to come up with different approaches. So that's the basic, you know, answer to your concern that it's going to be dominated. Right now, we've got Medicaid and Medicare run by the government and we know there are problems there but what we're trying to do is to set up a system where we avoid that on the front end and where we learn from it.

SENATOR: -- (inaudible) --

SENATOR: -- (inaudible) -- unless some of you want to respond, I think we're about out of time.

SENATOR: -- (inaudible) --

MRS. CLINTON: -- (inaudible) --

SENATOR: -- (inaudible) -- and all that.

MRS. CLINTON: I agree with you -- (inaudible) -- We're still looking at this -- this is my personal feeling that I really believe that we need to move toward -- (inaudible) -- as soon as possible means -- (inaudible) -- it would be a tragedy if Medicare stayed outside of this system and this system was working and really holding -- (inaudible) -- health care but in Medicare because we hadn't gotten a handle on it was still growing at this huge hyper-inflation rate. So, I think we need to move -- and I think we've got a very good argument in offering a -- (inaudible) -- and long-term care to seniors -- (inaudible) -- that their interests are well taken care of.

SENATOR: -- (inaudible) --

SENATOR: I think we're all enormously grateful, I think all of us want to try and find ways to -- (inaudible) -- and help particularly the time barrier -- (inaudible) -- (break in the tape) -- meet with Mrs. Clinton on the health care issue. All Americans understand that health care reform is necessary. The administration understands it, the Congress of the United States understands it. And we know that there are billions of men and women and children across this country that are not covered and they need the peace of mind of being covered. And there are millions of Americans who are working and they are just a pink slip away of not having any health insurance and they need the peace of mind of being covered. The administration's program is going to give the insurance a code that do have health care -- (inaudible) -- better health care program.

And -- (inaudible) -- last -- of the administration's program is that at last there will be an important effort to cut back on the increase and doctors bills and hospitals bills and -- (inaudible) -- I think all of us on the committee understand -- this is the Republican and Democrat alike -- that there is a necessity to cover all Americans and that it is -- (inaudible) -- necessity that we have a containment of the costs. It's clearly differences on how best to get there but I think speaking for all of us we feel that

Mrs. Clinton is certainly been available to listen at recommendations and suggestions and respond to many of the ideas brought by the members of the committee, Republican and Democrat alike, which is really reflective of what the concerns -- (inaudible) -- America have been in contact with all of us over the period we've -- (inaudible) -- this issue. The time I've been in the United States Senate there has never been -- (inaudible) -- a major responsible figure on a public policy issue that's been as available or as acceptable as Mrs. Clinton has been to all Americans, as well as to the Senate and the Congress and that is something that all of us are very grateful for of her.

Today is just a continuing process for the better understanding about the directions the administration programs and we are enormously grateful to Mrs. Clinton for the two hours that she took with us answering every type of question that all of us had -- (inaudible) -- direction this administration needs to go. -- (inaudible) --

SENATOR: -- (inaudible) -- Senator Kennedy said. We have worked for some time on -- (inaudible) -- I too -- (inaudible) -- Mrs. Clinton's dedication, endurance and perseverance. She has extraordinary patience in listening to all of us give our thoughts on what direction they should go. And -- (inaudible) -- all of us -- (inaudible) -- President Clinton has said one of our top priorities -- (inaudible) --

MRS. CLINTON: I want to thank Senator Kennedy, Senator Kassebaum and the other Democratic and Republican members of the committee who met with me who very eloquently expressed their points of view and their wide range of interests. This particular committee has a number of interests that we talked about in depth relating to the research to something that has great health care benefits if pursued, the concerns that were expressed also about professionals who deliver health care and how we can get a better mix so that we are not relying just on specialist but have a much broader range of primary preventative health care professionals, quality issues about how to be sure that every American no matter where that American lives in the urban areas or rural areas can be secure in knowing that he or she will have access to quality health care.

I was -- as always I'm very impressed by the expertise, the experience and the insight that various members offer to me on this complex issue and I want to thank them.

SENATOR: Thank you.

Q Mrs. Clinton, -- (inaudible) --

Q Step up to the mic --

Q -- (inaudible) --

SENATOR KENNEDY: -- I think that Mrs. Clinton has stated repeatedly they're doing cost assessments as well as savings that will be achieved by this program and has spelled out parameters of those -- and those are -- (inaudible) -- parameters to our committee. And I would assume -- the bottom line figures are going to be available and they'll be discussed by the members of Congress. We talked as well and cut the cost of doing nothing -- and that would be about $150 billion a year if no steps are taken. The best estimates now are about $700 billion is the next four and a half years and we take no steps at all and that doesn't buy us one more band-aid and it doesn't cover the children who are not covered. It doesn't cover workers who are not covered and the 65 million Americans who are under-covered. So I think it will be important that we finally are able to assess the total savings and the costs.

Q Did you talk about -- (inaudible) --

Q What kinds of cost control are you talking about?

MRS. CLINTON: We talked a lot about how we could try to control the exploding growth in costs in the health care system. Various senators expressed the ideas that they had. A number of the senators with whom I just met have introduced their own health care legislation in the past and they're very knowledgeable about the different methods available to control costs. But I think all of us are agreed that that's one of the primary reasons we're engaged in this is to look for the most successful way that we can to try to control the growth and then bring it down to the affordable.

Q Will they be mandatory or voluntary?

MRS. CLINTON: We didn't talk about that.

THE PRESS: Thank you.

Q -- (inaudible) --

MRS. CLINTON: There haven't been any decisions made --

Q Thank you all.

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript May 26, 1993

REMARKS BY THE FIRST LADY
AT SEIU

MRS. CLINTON: This must have been some concert in here -- (inaudible). (Laughter.) I'm just probably grateful I wasn't here in the beginning. (Laughter.)

But I am very honored to be here, and honored to be introduced by President Sweeney. There is not anyone whom I have met in the months that I have worked on health care reform who is more knowledgeable, more committed, and more convincing about the needs of change than President Sweeney.

I also want to thank all of you, because in this room are health care workers and health care leaders. And many of you know from the front line why this campaign for health care reform is long overdue. (Applause.) You see it every day. And I remember so well during the Democratic Convention the sign that read "Affordable Health Care For Families." That was a good slogan then and it's a good slogan today. (Applause.)

You have kept health care reform on the national agenda, never wavering. Everywhere I went during the campaign and since, I have seen signs held up by many of you and your colleagues. The health action teams have been there everywhere we have gone. And the reason it's been so significant is because your constant presence speaks volumes about what is at stake.

If the people who are caring for our fellow citizens in hospitals and nursing homes and so many other settings understand so well why we need reform, you can lead the way for so many of our other citizens who understand what is at stake. This is a debate not just about reforming our health care system; it is a debate about setting the direction for our country. We have to change the way we provide health care not just because of an economic issue -- but it is a very big one; not just because it's an individual human issue -- but it is. You see it every day. But because at this point in our history, this country can no longer stand alone among its major competitors of industrialized countries in the world and not provide health security -- (inaudible). (Applause.)

You know better than most the problems facing you and me and every other American. You know that one out of every four of you in this room risks losing the health insurance you now have, in the next two years. Just stop and think about that. You are in this room among the insured, by and large. And yet you can't be secure that you will have your insurance. Every year, millions of Americans are on the brink of losing their insurance and two million a year do. They may lose it for a month or two or six months or a year before they find a way back on to some insurance rolls. They may -- usually do -- pay a lot more to be able to get back to being insured. And every month, 100,000 Americans don't make it back on those health insurance rolls.

Just think of how you will feel because you have seen this in your work. All of us know personal examples of people who are in between insurance, were laid off, were let go, found the cost too high. And it was just at that moment in time that fate struck. It was then that the child got sick. It was then that the parents

faced some terrible tragedy. It was then that they needed insurance, and they didn't have it anymore.

And then, when they tried to go back to get it, maybe they got a new job, maybe they were brought back to work after that layoff, that they found the employer's cost-cutting rules had changed policies on them. Not only had costs gone up, but now preexisting conditions stood in the way of being insured. That child was a problem. That spouse with the illness couldn't even be covered, or, if covered, only at a very high cost.

Think about what millions of insured Americans go through every month. And think about how many more of us are no longer secure, we can no longer take for granted that we are employed and our employer provides insurance, that it will always be there for us when we need it. We also no longer can count on insurance covering us in the event that awful accidents or unpredictable illness without grave financial cost and even the prospect of bankruptcy.

Security is what this health care debate is all about. Can your family find peace of mind? Can you, or your child, or your parents get the quality of care when you need it most? That's what we have to be focusing on every single day. We have enough insecurities in our world today. We see it all around us. Americans who work for a living, who pay the bills, take care of raising their families should not be burdened by the insecurity of now knowing whether they will have health insurance. (Applause.)

Those of you who are on the front line with health care workers have a tremendous amount at stake in health care reform. You know that better than I. You see it every day -- your job, your livelihood, the quality of your workplace. But you know more about the problems in our system than most of your fellow Americans. And I ask you to talk about those problems with the people you see. Talk about it at the coffee shop, at the supermarket or at church or at dinner. Make sure that what you see every day in a system that is not a system any longer, in which people fall through the cracks through no fault of their own, make sure that comes alive for everyone you reach.

Talk about the hard choices you see being made. People being discharged from hospitals with prescriptions in their hand that they cannot afford to fill. (Applause.) How, when they try then to self-prescribe for themselves by saying, well, I'm supposed to take four of these, but I can only afford to take one of these, maybe that will help -- how they end up back in the hospital, which costs us all and the insured more money. (Applause.)

Talk about the time you spend filling out forms instead of taking care of people -- (applause.) You know better than any that a paperwork hospital and a paperwork nursing home and a paperwork doctor's office is growing four times faster than a hospital -- (inaudible) -- (applause.)

Make a little experiment sometimes. Collect up blank copies of all the forms you have to fill out. Okay? Take them and show them to your friends and neighbors. Hold them up and say, if you look at all these forms -- (inaudible) -- 1,500 different insurers and the government, they all ask for about the same kind of information, but you have to fill them all out individually because they won't take somebody else's form. Talk about the hours and waste and inefficiency that causes to you. I'd rather have those of you who are front-line health care workers making sure that I and my family and yours get better instead of dotting every I and crossing every T. (Applause.)

And one of the promises of health care reform is we're going to eliminate the ridiculous paperwork and administrative -- (inaudible) -- (applause.) Talk to your friends and neighbors about what you see every day in terms of price gouging, cost shifting, unconscionable profiteering. Explain how you see the system is being -- (inaudible) -- and ripped off because it has no real discipline -- (inaudible) -- (applause.)

Part of the reason we are in this spiraling cost explosion which makes it impossible for us to feel secure that we will be insured even if we currently are, because too many -- (inaudible) -- people have made too much money off of eliminating opportunities for caring for people instead of expanding them. We need -- (applause) -- to get back to a system that values added -- (inaudible) -- the quality of care that is available to every American. And we need to have a budget for our health care system just like we budget everything else, so that people will know their primary responsibility is to take care of people, not to enhance the profits of all -- (inaudible) -- (applause.)

You are also, though, consumers of health care. And we want to make you better informed consumers. We want you to be able to choose your health plan, not to be required to choose only the health plan offered by your employer but to make real choices. We want to give you good information so that you can make good consumer choices among health plans.

Most people have health insurance that they don't understand as well as the car they drive. (Applause.) (Inaudible) -- car than you do for your health insurance. And I wouldn't want to embarrass myself or any of you, but I bet we couldn't really explain everything about our health insurance policy to each other if we tried. We don't get the information in understandable forms. We cannot comparison shop. We can't make good decisions that may be right for my family but wouldn't fit your family. So we need a system that promotes consumer awareness, information and choice.

The system that will be proposed will do all of that. Because among the absolute bedrock principles that we want to abide by is consumer choice as much as possible within the health care system. You know, the surest way to get an institution or an individual to change in business is to walk away when you are -- (inaudible.) Right now, we can't do that in most instances. In a new plan, every year you'll be able to comparison shop and join the plan that you think is best for you. And that will send a very good messages to those plans you do not choose to join that they had better change to get your business. An educated consumer in a health care field is one of the surest ways of controlling costs and maintaining quality. And we intend to have Americans be educated consumers and make good decisions for their own health -- (applause.)

We want security for every American. We want to control the costs in the system so that we can reallocate the money that is there so it could be used for taking care of people. We want to ensure quality and give you good information so that you can be judges of the quality of your health care. We want to give you choice among health care plans so that you can decide what is best for your family based on the comprehensive benefits package that will be available to every American. And then you can decide if you want fee for service like you have now, if you want an HMO like you have now. Do want a particular kind of service that may be available in one plan but not in another? You will be able to make those kinds of choices.

Now, is this going to be easy? No. The status quo exists because there are people who benefit from it. There are interests who see the same statistics and hear the same stories that

we do; who meet people who are afraid they're going to lose their insurance or who through no fault of their own already have, but they -- (inaudible) -- just the price of doing business.

We have to be willing to commit ourselves to these fundamental values about what the American health care system should be founded on. We have to be willing to take on every special interest group. We have to be willing to stand up and say we are going to put the American people and their health first. (Applause.) We have to be willing -- (inaudible) -- what will be a very hard-fought battle over changing this -- (inaudible.)

And you know as well as I do that there will be many arguments marshalled against reform. The strongest will be that if we change it could get worse. It's sort of hard to imagine the cost going up $100 billion a year, with millions of people at risk of losing their insurance and a 1.2 million every year losing it, with it costing more and more and delivering less and less; it's hard to imagine how these proponents of the status quo will be successful with that argument. But don't ever underestimate their capacity to confuse the issue, to scare people, to use tactics that will be very difficult to -- (inaudible.)

But we have a lot of arguments on our side. You know you can be the leader in getting this argument across, because we know that if we do nothing, we will not stand still, we will go backwards. We know if we do nothing, there will be people who will continue to profit from our existing system -- (inaudible) -- will go without care, have to postpone care, be bankrupt by obtaining care.

So I ask each of you to continue what you have begun. Stand up for the kind of health care system that makes sense, that will save money, will eliminate fraud and abuse, will focus on quality, will provide a choice, and will in the long run make this country and everyone in it more secure and healthier. If the debate is fought out on those terms, then by this time next year, I will be getting ready for the celebration -- (inaudible) -- President meeting and signing this. (Applause).

Thank you.

END

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript April 17, 1993

REMARKS BY THE FIRST LADY
AT HEALTH CARE BRIEFING

Great Falls, Montana

MRS. CLINTON: Thank you very much. I am so pleased to be here. I had other opportunities to come to Montana and visit. My husband and daughter and I had a wonderful night a few years ago in your Governor's residence, with then-Governor Schwendon*. And I am just so pleased to be back. And I've told anyone who will listen, I will take just about any excuse to return. So I hope you will give me that opportunity.

I am very grateful also for the invitation that I received from Senator Baucus to come to Montana. And yesterday Senator Baucus and Senator Burns and I were, at the invitation of Congressman Williams, in Billings. And I had an opportunity there to meet with citizens of Montana to talk about health care and came away impressed at the commitment and thoughtfulness that people are bringing to this very difficult issue.

And I'm particularly looking forward to hearing from those who will be making formal presentations and those who will be asking questions here this morning, because what I have found in my travels around the country is exactly what you have already heard from both of your senators and your congressmen, from your governor and your state senator and the chairman of Health Montana -- there is a great, deep yearning on the part of Americans to come together to reach a consensus to try to solve this particular set of problems that affects every individual, every household, every business, and every level of government. The whole dilemma that we are confronted with now with respect to health care is one that affects every single American.

I did not know until Congressman Williams told us this morning that people in Montana actually pay more for health insurance than people in any other country anywhere in the world. That is a fact that I wrote down and I will take with me. It is emblematic of the extraordinary problem that we are facing. The dimensions of that problem are one you in this state (gap in tape)

(gap in tape) -- figures approximately $940 billion. That is all of us -- individuals, households, businesses, all levels of government. That $940 billion is a lousy investment, because we don't even cover every American. When we compare ourselves with other countries that have tackled these problems ahead of us, they not only cover all of their citizens, but they do it at less of a cost. What we want is to come up with an American solution that leaves room for a Montana solution so that all Americans will feel they are part of solving this health care crisis. (Applause.)

We also want to being to reinstill individual responsibility into the system. We want people to be more responsible for themselves, for their families, for their own health care. (Applause.)

The President is looking at a system that will be a national framework with certain national guarantees that all Americans will be able to rely on, but with the kind of state flexibility that states like Montana need to have.

MORE

And I want to say a special word about rural health care. In Billings yesterday when we were listening to some of the people there talking about the difficult they face with the distances and the other problems of access here in this state, I said that we needed to coin a new phrase, that rural is something I'm familiar with in Arkansas, but we're talking hyper-rural or megarural here in Montana. (Laughter.) So we probably need to come up with yet another way of discussing the problems that you particularly confront.

But one thing I can guarantee you is that my husband believes very strongly in making sure that rural America is adequately cared for, that its need are taken into account. That's what he has grown up with in believing; the kind of problem that he has lived with, he's understands and he feels. And we are going to do all that we can to put in to place a system that rural America will not only be able to take advantage of, but be participants in helping to shape.

Because no matter what the proposals that the President sends to Congress are, we know we have no magic bullet. There is not an easy answer to this problem, which has grown up over decades. We will need the continuing consultation and help from citizens all over America through their local governments, through their state governments, to be able to make sure that what we see as a vision of quality, affordable health care for every American becomes a reality.

So I view this as the first of many conversations I would like to take part in on behalf of my husband and others who are working to make sure that we achieve these goals. Because once we come with a plan we will all have a lot of hard work ahead of us to make sure that plan works.

And I'm really counting on a new spirit of cooperation and commitment in our country. I want again to feel that I'm living in the country that I took for granted and was raised in. I know that for some people, that sounds nostalgic and maybe unrealistic. But I remember very well, even though I grew up in a suburb and not a rural community, that everybody looked out for each other, that neighbors really cared about each other, doctors made house calls -- those kinds of things that seem like part of distance past. But you know, there was a connection among us then that I would like to see reinstilled in America.

Health care touches us at our most basic human experience level. There's nothing like the birth of a baby, or the death of a loved one. There's nothing like walking those long hospital corridors or going out and seeing the joy on a person's face when you tell them that everything is going to be all right.

That's how we really, at the very most basic level, understand what it means to be a human being; understand what it is about life that connects us from generation to generation; makes us reliant in a most fundamental way upon each other. We've gotten away from that. We've watched bureaucracies and paperwork and red tape and distance between people replace that human caring that needs to be at the root of any health care system. And we can't wave a magic wand and reverse time.

But we can try -- as you work here on Health Montana and as we work on trying to take this system and make it human again -- to remember what is really important in our lives and those moments when we are so dependant upon each other. That's what I hope: that in a few years we will not only have a streamlined system; will not only have a better distribution of health care professionals, and have more primary and preventative health care physicians, and nurse practitioners, and physician assistants; will not only have better

access, but we'll feel better about ourselves. Not just because we're healthier, but because we're part of a community of caring again. And health care can be the start of that if we do it right.

Thank you very much. (Applause.)

END


HRC
Speeches

Speech

Hillary Rodham Clinton
Remarks for Disney Children's Day Forum
20 November, 1993

I am so glad to be here with all of you today. And I would like to wish you (one day early) a Happy Children's Day. When I was growing up, we would always ask why, if there was a Mother's Day and a Father's Day then why wasn't there a Children's Day? We always got the same answer: "Everyday is children's day."

But the results of the poll that we have been discussing suggest that this answer may no longer be right. It suggests that young people today face challenges and anxieties that most people in my generation could never have imagined. Of violent crime, poverty, divorce, drugs, finding (your)selves without health insurance. It suggests that you do not possess the sense of security that is a basic necessity of childhood and a fundamental right of every American.

Nothing illustrates the ills of our society more clearly than what you, our children are saying. Something is wrong when children do not feel safe in their own neighborhoods. Something is wrong when six in ten children say they know someone who has been beaten up or threatened with a knife or a gun. When nearly one in five children have brought a gun to school or know someone who has. I would say that these statistics are horrifying, but even that doesn't begin to describe how I feel.

We hear a lot about the challenges facing adults today. And these are hard. But when I hear your concerns, when I think about the challenges you face, everything else pales by comparison.

It is not enough just to recognize the problems you (our children) face. We have to solve these problems, and we have to start now.

That is why President Clinton has made a firm commitment to our nation's children and families. We have introduced a tough new crime package to get more police officers on the streets and cut down on gun violence so that you will not have to be afraid to walk to school or play in your streets. We have introduced to Congress a comprehensive national education reform program so that all of you can enjoy the opportunities that a good education brings. We have created a plan for Health Security that guarantees comprehensive health care coverage to <u>all</u> children. We have signed the Family and Medical Leave Act so that people will never again have to choose between caring for a family member and their job.
You are why this Administration is fighting so hard to rebuild America. Because our children should not have to worry about joblessness or homelessness or hunger. Because you deserve the right to dream and to see your dreams come true.

But we know that government alone can not fix everything. Every family and every parent has to assume the responsibility for the most sacred trust that they are given: the nurturing and care of the next generation. We must prepare our children for the future and we must make sure that their future is bright. Families need to spend more time together. We need to listen to one another. We need to love and support each other.

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	To Hillary Rodham Clinton from Mandy Grunwald re: Women's Leadership Forum Speech (1 page)	09/07/1993	Personal Misfile

COLLECTION:
Clinton Presidential Records
First Lady's Office
Melanne Verveer
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FOLDER TITLE:
HRC Remarks/Statements [2]

2013-0534-S
ry1576

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

cc: Maggie Williams

THE WHITE HOUSE

June 15, 1993

Mr. Mark Katz
382 Central Park West
Apartment 8T
New York, New York 10025

Dear Mark:

I am glad that I had the time to read through your lines several times before I gave the speech at the University of Pennsylvania. It took me awhile to say them without laughing.

Thank you so much for coming to our aid on such short notice. I am grateful to you for both your wit and your willingness to help.

Sincerely yours,

Hillary

Hillary Rodham Clinton

Advertising & Communication Think Tank

Mark Katz
Resident Scholar

fax
mark katz

Memo to Maggie Williams
Evelyn Leiberman
From: Mark Katz
Date: June 23, 1993
Subj: post-Carville remarks

Thanks again for procuring a ticket for me to the Carville Roast and arranging for me to meet the First Lady. I enjoyed the few minutes I spent with her and watching her deliver the material I worked with you to prepare. (I whispered the Mary Matelin/David Gergen line to a number of people at my table. They all laughed and agreed it should not have been cut.)

As you know, I enjoy the work I've been doing for the White House and the First Lady and I am still in the process of working with the DNC to put together a contract that will allow me to continue. I'd like to ask you a favor in regard to that: would you be kind enough to send a letter to Kiki Moore and/or David Wilhelm to tell them of the success of the recent work I've done for Mrs. Clinton on the roast and the Penn speech and your interest in working with me in the future. I would appreciate that very much.

Speak to you soon.

called + said y Kiki called, Mag moved recommend

382 Central Park West, 6ST New York, New York 10025 212-865-0738

Even though I was on my way to someplace completely different tonight, I couldn't resist the opportunity to say a few kind words about my soulmate, the debonair, the dapper, - the man who makes my heart go pitter-pat - James Carville

On a night when so many people are going to be saying some pretty nasty things about James, I thought it was really important to be here to make sure that I got the first really good shots in.

People who don't know James think he tries very hard to be eccentric. But those who know him best know he's actually trying hard to be normal.

James looks great. James is only wearing a tux tonight because his good jeans are at the cleaners.

Mark katz

File - Speech

Now that James is a success in Washington, he is celebrated as an eccentric. Poor Paul had to put up with him when he was just crazy.

But Paul Begala is actually the beneficiary of all James' famed weirdness. Because when you talk to Paul alone for a while, you wind up asking yourself "this is the normal one?"

People who know James well know that the most influential book he ever read was To Kill a Mockingbird. But few people know that when he checked it out of the library, he thought it was an instructional manual.

You may have read that while kidding around before his Saturday radio address, the President tested the microphone by announcing that he was appointing James Carville as his nominee for the Supreme Court. It was like that old Reagan joke, only this was a bigger bomb than just atomic.

But James didn't know the President was kidding. By 2:30 that afternoon, he had just completed his first Souter attack ad.

I don't know. I just can't see him sitting on the bench. Standing on it, pacing up and down it, knocking it over -- yes. But sitting on it? No.

Somebody told me that James is the founder of the Andy Griffith Rerun Fan Club here in Washington but I didn't believe them. Then I saw an attack ad running on Nick at Night slamming "the Donna Reed Show"."..... Yea, it turns out Donna Reed wants to export jobs overseas.

James you and I have shared some of the most stressful and wonderful moments I have ever known and the friendship that we forged in those frenetic months will always be our bond.

I have never met anyone else like James Carville. And I hope Bob Dole never does either.

6/16 draft

Carville roast material

People who don't know James think he's tries very hard to be eccentric. But those who know him best know he's actually trying very hard to be normal.

Only James could walk into a campaign full of Rhodes Scholars and get away with a slogan like "it's the economy, stupid."

We all know that James is fascinated with the characters of the Andy Griffith show. James uses that show about wholesome, normal Americans living a sane and sound life to help him understand the world around him. It's just another example of James' reliance upon opposition research.

I have never met any else like James. And I hope Bob Dole never does either.

Paul Begala
Now that James is a success in Washington, he is celebrated as an eccentric. Poor Paul had to put up with him when he was just crazy.

Paul didn't know James in his earliest days as a campaign strategist. If he had, Paul would have pulled all his hair out also.

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###

You know, James spent some time in the Marines. You know the slogan for the Marine Corps -- "we do more in a morning than most people do all day." Well, I've seen James at work. And he does more over breakfast than the Marines do all morning.

There are some who question whether it is appropriate for a president to seek the advice of paid political professionals. I ask them this: If a criminal has a right to a lawyer, why doesn't a president have a right to a spin doctor?

James looks great. JI

(1) James is only wearing a tux tonight because his good jeans are at the cleaners.

One of the reasons James chose to come on the Clinton campaign was the chance to be in Arkansas. It's not very much different from Louisiana, especially compared to Washington. In Arkansas, James was like a Connecticut Yankee in Bill Buckley's court.

(7) Somebody told me that James is the founder of the Andy Griffith Rerun Fan Club here in Washington but I didn't believe them. Then I saw an attack ad running on Nick at Night slamming "the Donna Reed Show." ..... Yea, it turns out Donna Reed wants to export jobs overseas.

Why is it I identify James more closely with "my Favorite Martian?"

But (4) Paul Begala is actually the beneficiary of all of James' famed eccentricty. Because when you talk to Paul alone for a while, you wind up asking yourself "this is the normal one?"

(5) People who know James well know that the most influential book he ever read was To Kill a Mockingbird. But few people know that when he checked it out of the library, he thought it was an instruction manual.

###

Intro

I couldn't Resist

Even though I was on my way to someplace completely different tonight the opportunity to say a few kind words about my soulmate the debonair, the dapper, the absolutely ~~sexy~~ — the man who makes Mary's heart go pitter-pat — James Carville.

6/17 draft

Carville roast

Intro.
James has picked Bill and I up so many times when we've been down. So I felt obliged to come here -- on a night when people are going to be piling on him -- and make sure that I got the first really good shots in.

Because these roasts are really a way to express your love and admiration for a friend. The rules, as I understand them, are the more you humiliate the person, the more love you express. So James, I've put together a few thoughts so you would know just how deeply the President and I care about you.

This evening, we are sure to hear so many different ways and reasons why James is one of the most unique people any of us have ever met.

Remarks
Those who don't know James well think that he's tries very hard to be eccentric. But those who know him best know he's actually trying very hard to be normal.

This is as close as James comes to mainstream. He looks like he fits in tonight -- handsome and smiling and wearing a sharp tuxedo. But the only reason why James is wearing a tux right now is because his good jeans are at the cleaners.

No, I have never met any one else like James. And I hope Bob Dole never does either.

James is the most successful Democratic strategists since.....[long pause] James is a very successful strategist.

There aren't many people who could walk into a campaign full of Rhodes Scholars and get away with a slogan like "it's the economy, stupid."

Of course, now that James is a success here in Washington, he is celebrated as an eccentric. Poor Paul Begala had to put up with him when he was just crazy.

Paul is actually the beneficiary of all of James' famed weirdness. Because when you talk to Paul alone for a while, you wind up asking yourself "this is the normal one?"

You may have remember a few months back when the President was kidding around before his Saturday morning radio address. He tested the microphone by announcing that he was appointing James Carville as his nominee for the Supreme Court. It was like that old Reagan joke, only this was a bigger bomb than just nuclear.

But James didn't know the President was only kidding. By 2:30 that afternoon, James had completed his first Souter attack ad.

I don't know. I just can't see James sitting on the bench. Standing on it, pacing up and down it, knocking it over -- yes. But sitting on it? No.

When I first heard that James is the founder of the Andy Griffith Rerun Fan Club here in Washington, I didn't believe them. Then I saw an attack ad running on Nick at Night slamming "the Donna Reed Show." Yea, it turns out Donna Reed wants to export jobs overseas.

James is absolutely fascinated with the characters of the Andy Griffith show. He says he uses that show about wholesome, normal Americans living a sane and sound life to help him understand the world around him. It's just another example of James' reliance upon opposition research.

Those who know James well also know another profound influence upon his life was when he read To Kill a Mockingbird as a small boy. But few people know that when he checked it out of the library, he thought it was an instruction manual.

And of course tonight, you are bound to hear a lot about James well-documented romance with Mary Matelin. Like everyone else, I used to raise my eyebrow at the thought of James consorting with a known-Republican. Because there is always the risk of divulging important party secret to a person squarely on the other side of the ideological fence. It just didn't seem right. But then I remembered that if it weren't for Mary, we would have never met David Gergen.

Even though I was on my way to someplace completely different tonight, I couldn't resist the opportunity to say a few kind words about my soulmate, the debonair, the dapper, - the man who makes my heart go pitter-pat - James Carville ,

doesn't he?

James looks great, James is only wearing a tux tonight because his good jeans are at the cleaners.

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I have never met anyone else like James. And I hope Bob Dole never does either.

Conclusion

So now I leave it to the rest of this distinguished panel to discuss, dissect and deride the many quirks and peculiar qualities of James Carville.

James, you and I have shared both some of the most stressful and most wonderful moments I have ever known and the friendship that we forged in those frenetic months will always be our bond. Because in the countless hours Bill and I have spent with you, I have come to realize what makes you so unique is what makes you so valuable, as a thinker and, more importantly, as our friend.

Thank you James, and thank you all. Good night.

Advertising & Communication Think Tank

HRC doing opening before dinner starts — surprise walk-on guest 5 min needs intro + some kind of closing

Mark Katz
Resident Scholar

Memo to Maggie Williams
From: Mark Katz
Date: 6/16/93
Re: Yet more Carville material

Please let me know what you can and cannot use. I have people putting in bids for the leftovers.

I've also attached the edited selection of material previously sent.

***

Like everyone else, I used to raise my eyebrow at the thought of James consorting with a known-Republican. Because their is always the risk of divulging important party secret to a person squarely on the other side of the ideological fence. It just didn't seem right. But then I remembered that if it weren't for Mary, we would have never met David Gergen.

I read once where James said after the Doggett race, he said he was depressed because he felt he was a "loser" at 40. James, I want you to know something: at the age of 40, you accomplished something very few people in the current administration have done. You reached the age of 40.

James is the most successful Democratic presidential strategists since.....
James is a very successful strategist.

382 Central Park West, #6T New York, New York 10025 212-865-6738

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6/16 draft

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