

UNIVERSAL COVERAGE

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Universal Coverage-
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THE WHITE HOUSE

WASHINGTON

20 July 1994

MEMORANDUM TO THE PRESIDENT

FROM: Harold Ickes *HW*

SUBJECT: Additional talking points regarding health care for joint leadership meeting on 20 July

Based on the controversy and speculation by the press and others about some of your comments to the National Governors Association ("NGA") yesterday regarding mandates and the percentage of coverage, you may well be asked about your definition of universal coverage. Based on wire service accounts, you responded, in part, to a question from Governor Ben Nelson as follows:

"[A] couple of states... that are already at or above 90%, where they can imagine themselves reaching through various mechanisms 95, 96, 97% coverage."

* * *

"We are not going to get right at 100%, but we know that you've got to get somewhere in the ballpark of 95 or upwards so you can stop cost shifting...."

You subsequently stated to the press pool following your remarks to the NGA as follows:

"You cannot physically cover 100%. It's impossible. Nobody can do that. We don't cover 100% of the people in Social Security and it's universal. Social Security is universal. I want a universal program, but we can't physically get to 100%."

Talking Points

- It is critical that you send the right message today to reassure the supporters of universal coverage (on the Hill and elsewhere) that you have not changed your position on universal coverage.
- During the last month or so the press and others have been pressing for the Administration's definition of universal coverage. We have consistently said that universal coverage means a guarantee in the law of health benefits for every American that can never be taken away.

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Memorandum to the President

- You said nothing yesterday that you haven't said all along.
- Universal coverage is our touchstone.
- Even with a law requiring that every American receive health benefits, it is virtually impossible that every American will obtain health benefits. There are always some who won't come forward or who will otherwise fail to get coverage.

For example, Social Security is a universal coverage program but not every older American takes advantage of it. We were at 97% for many years and only recently reached 98% coverage under Social Security.

Likewise, every child is required to attend school, but unfortunately, there is not 100% attendance.

- You should avoid talking about percentages in discussing universal coverage for health benefits.
- But you have said all along that you are flexible on how to get to universal coverage.
- And you should emphasize that universal coverage will be phased in -- it will not be implemented overnight.
- Triggers: If pressed on a trigger mechanism and what will happen if the required percentage coverage is met, thereby precluding "pulling the trigger", you should emphasize that it shows the voluntary system is working well and will continue to increase coverage above the stipulated percentage in the law.
- Mandates: You have always said that you find it difficult to see how to achieve universal coverage without some mixed mandate system -- shared responsibility between employers and employees -- but if somebody has a better idea that will work, you will certainly consider it.
- Must work: Any system proposed for universal coverage must be workable.
- In addition, based on the evidence to date, proposals that don't achieve universal coverage with a system of cost controls don't seem to work. Cite the Catholic Hospital Study.

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JULY 23, 1994, FRIDAY

SECTION: IN THE NEWS

LENGTH: 1239 words

HEADLINE: PRESIDENT CLINTON'S SATURDAY RADIO ADDRESS

BODY:

PRESIDENT CLINTON: Good morning. Ever since Franklin Roosevelt, seven presidents of both parties have worked to reform our nation's health care system, to provide health coverage to all Americans. That's always been the goal: to make sure that hard-working middle-class families had the medical and the economic security they need to build good lives for themselves and their children.

Now, for the first time in more than a decade, the American people are again insisting that we reform health care, to contain cost and provide coverage for everybody. With your votes across the country in the last couple of years, you've told Washington in clear terms that you want guaranteed health security. And as your president, that's exactly what I've been fighting for.

It's more urgent today than it has been in years -- not only because America pays far more of our income for health care than anybody else, but because we're going in the wrong direction. Ten years ago, about 88 percent of our people had health insurance coverage. Today, it's below 83 and dropping. In the just the last five years, five million Americans have lost their health insurance.

But my clear and unchanged goal is universal coverage that will protect hard-working Americans. We've already come a long way in this debate. Both houses of Congress will soon begin their historic floor debates because, for the first time American history, committees of Congress have actually voted out bills that will guarantee coverage to all Americans.

Yet many interest groups are still fighting against it. Already over \$100 million has been spent by interests trying to persuade you to back away from real reform, trying to persuade you that it can't work. Fortunately, I think most people see through these ad campaigns. Eight in 10 Americans insist they still want universal coverage. And, fortunately, we've got an example of where it works.

In the state of Hawaii, where employers and employees share responsibility and all are required to purchase insurance, there is coverage for all workers and their families, and small business insurance rates are 30 percent below the national average. That's right. In a state like Hawaii, where everything else is more expensive than the rest of the country, health insurance is cheaper, because everybody does their part and everybody's covered.

Still, at this moment of decision, you're going to be bombarded with a last-ditch special interest media blizzard aimed at derailing reform and frightening you. That's why it's so important right now that you keep your focus on what matters most. How are we going to guarantee health security for all Americans? And don't let anybody convince you it can't be done. Every other advanced country has done it, and in our country one state's been doing it for 20 years now.

One of the things a lot of people will say to you is that we ought to have

some modified half-measures to make things a little better. Unfortunately, a lot of these half-measures may not work. Let's just take the case for insurance reforms. Here's why it won't work:

One of the proposed insurance reforms that all of us would agree with is that people ought to be able to buy insurance, even if someone in their family has been sick and has a so-called preexisting condition, and if they change jobs, they ought to be able to carry the insurance with them and not lose it. Here's why just doing that is not enough:

If you don't require everybody to have insurance, if you don't require universal coverage, that means low-risk individuals -- younger people, single people -- aren't necessarily included in these insurance pools, which means that the pool has relatively more sick people. Higher-risk insurance pools means that premiums go up for those that are current insured. What happens then? That means some more healthy individuals drop out because they don't think they'll get sick and small businesses that are on the margin of profitability, well, they also often drop out. That means the pool is even smaller, which means the risk is even higher,

which means that rates get raised again, which means even more younger, healthy people drop out and more small businesses drop out. It's a vicious cycle. To make matters even more complicated and tougher, when the uninsured low-risk people do get sick or have accidents, they still get health care, but it's too late, too expensive, at the emergency room, and very often they can't afford to pay for it themselves. So their costs get passed on from medical providers back through the insurance system back onto the Americans who are still paying insurance. And the premiums rise again. And again it becomes harder for working people to afford insurance.

A recent study by the Catholic Health Association demonstrates how all these forces work together to hurt the middle class. Every year, according to the Catholic Health Association, these limited reforms would pick \$27 billion from the pockets of working Americans and their families who do pay for insurance -- \$800 apiece for families earning between \$30,000 and \$40,000. Can you imagine the outcry if Congress tried to impose a direct tax of that kind on working families? But that's exactly what these non-universal plans will wind up doing.

Right now, we're hearing from the same kind of critics we hear from every time this country fights to help middle-class families with efforts like Social Security and Medicare. They say small business will be hurt by this. They say it's too bureaucratic, that it's too costly, that Americans will lose their choice. But the truth is this is not a government plan. It's private insurance for all Americans. We phase it in on a period of several years. There's less regulation than when it was originally proposed. Choice is protected. And we contain cost.

And, remember, most small businesses do insure their employees, and they pay 30 to 40 percent more for it than they would if they were buying in big pools like government or big business. Only Hawaii has required all small businesses to participate, and their rates are lower.

These are the kind of objections that we've heard every time we've tried to do something like Social Security or Medicare. President Johnson heard these objections during the Medicare debate until the very end of the vote. But 29 years ago next week, he was able to sign legislation creating a system that has helped hundreds of millions of older Americans and their families.

The American people made it clear then that they wanted reform, and today the pen President Johnson used to sign that legislation is mounted in a position of honor in the White House just down the hall from where I'm speaking. And if

you tried to repeal Medicare, members of Congress from both parties would never let it happen.

Your concerns and your voices have carried us this far in this historic debate. Now we have to keep our focus for a few more weeks so we can a battle that has been fought for 60 years. Together, America can join the ranks of other countries. America can do what we've needed to do a long time: create a health care system that guarantees health insurance for all Americans. And in doing that, we can make sure our middle class has a chance to keep growing for another generation of American children.

Thanks for listening.

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JULY 27, 1994, WEDNESDAY

SECTION: WHITE HOUSE BRIEFING

LENGTH: 3146 words

HEADLINE: REMARKS BY PRESIDENT CLINTON
AT A CEREMONY CELEBRATING THE ANNIVERSARY
OF THE AMERICANS WITH DISABILITIES ACT

BODY:

PRESIDENT CLINTON: (Applause.) Thank you. Thank you. Thank you. Thank you very much. Thank you. Thank you very much.
It is wonderful to see this sea of Americans here at the White House today. Senator Harkin and I were back there talking and he was beaming because he had so much to do with the ADA, and I was listening to the first lady and to Tipper and to the vice president give their fine speeches, and they were all so good I was wishing I could just sit there and not have to say anything -- (laughter) -- enjoy the day and welcome you here.
I thank especially the members of Congress who are here -- Congressman Hoyer, Congressman Fish, Congressman Major Owens, and Congressman Goodling -- (applause) -- thank you for being here, sirs.
Two who are not here because they are on the Hill working -- I want to mention Senator Kennedy and Congressman Jack Brooks, who worked so hard on this -- (cheers, applause) -- former Congressman Tony Coelho (sp), who has done a magnificent job as chair of the President's Committee on Employment of People with Disability. I thank all of the people who are here on this stage, and I want to say something today about the spirit of bipartisanship. I will say more later, but I would remind you that it would be wrong for the day to go by without pointing out that this bill was signed into law by my Republican predecessor, President Bush, and I thank him for doing that. (Applause.)
I'd also like to introduce three young people from Gallaudet University who are here who are part of one of our administration's most important initiatives and an illustration of why we have to keep working to open the doors of opportunity to all Americans. They are Jennifer Nasukowitz (ph), Amy Hopkins, and Madeleine Fredrickson (sp). I've asked them to stand. Stand up there. (Applause.)

They are completing their training to be participants in the first class of our national service program, Americorps. (Cheers, applause.) Beginning this September, they will be part of 20,000 young Americans who will be working to help to reclaim our sense of national community. They'll be working to help reclaim the natural beauty of the Chesapeake Bay, and together they'll be working to revolutionize our sense of what we can do together, and in return they'll get a little bit of help to continue their education.
You know, as the vice president said, when we went across this country and sought the opportunity to serve here, our slogan was "Putting People First." What that meant to me was pretty simple. As we hurtle toward the next century, as we come to the end of the Cold War, we owe it to our people to do some basic things. First of all, to try to create a world of greater peace and prosperity. That's what we've been about here the last two days with the king of Jordan and the prime minister of Israel. (Applause.) Second, to restore the American

economy. Third, to rebuild our American community with stronger communities, stronger families. Fourth, to empower all Americans to live to the fullest of their God-given abilities and to expect them to assume the responsibility to do so. (Applause.)

We are at a moment in history when our values, what we believe is morally right, and our interests, what is clearly good for us in a tangible, material way, are one. We do not have a person to waste, and that is why -- (applause) -- that is why we are here today to rededicate ourselves to an America where every man, woman and child can reach the fullest of their God-given potential.

Like every civil rights law in our history, the Americans with Disabilities Act is just that; it's about potential. It is not a handout. It stands for what's best in our heritage -- empowering Americans to build better lives for themselves.

In that tradition, I pledge as your president to see that this act is fully implemented and aggressively enforced in our schools, our workplaces, in government and in public places, for the benefit of all persons with disabilities -- the blind and visually impaired, the deaf and hard of hearing, persons with mental retardation, persons with mental illness, persons who are mobility impaired, all people who have problems that can be overcome. That's what this act is about. (Applause.)

MORE

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We must move from exclusion to inclusion, from dependence to independence, from paternalism to empowerment. (Applause.) Your future and the future of those whom you represent is at the heart of my vision for America in every aspect. Consider this. If our goals here at home are to restore our economy, to rebuild our American communities and to empower individuals, how can we achieve them unless you are part of all of them?

Look at the progress which has been made and look at where we have to go. In the last 18 months, we have passed a bill cutting the deficit by record amounts, reducing the federal government to its smallest point since John Kennedy was president, having three years of deficit reduction for the first time since Harry Truman was president, and it's produced 3.8 million jobs and a 1.5 percent drop in the unemployment rate; but we've got a long way to go. (Applause.) We've got a long way to go because millions of Americans with disabilities could be working and contributing if this society opened it to them. (Cheers, applause.)

We are working up here to strengthen our American community. Congressman Brooks today is back in the Congress working on the crime bill, which will put more police officers on our street and ban assault weapons and toughen sentences but also give our children something to say yes to. There are billions of dollars there to invest in programs to get kids out of trouble before they are too far gone. It will rebuild our American community. But how can we be a community if millions of you are isolated from our common life and our common purposes? We can never be an American community. (Applause.)

The secretary of education is working to implement the most important empowerment agenda of all, along with the Department of Health and Human Services and others. We are trying to implement a lifetime education system, starting with Head Start for all children who need it and going through lifetime learning for people when they change jobs in the workplace. But how can this work; unless you are part of the empowerment agenda of America, we will never be fully empowered. (Cheers, applause.)

So I say to you, if our job is to put people first, to rebuild the economy, to strengthen our communities, to empower our people, we cannot do that job

unless you walk every step or ride every step or get there however you can.

We need you. And without you, we cannot do it. (Applause.)

In this global economy, as the secretary of labor never tires of telling me, the only thing we have that people can never take away from us, is the mind and the heart and the spirit of our people. (Applause.) That's good news. It means the mind of our people and the spirit of our people can be used sometimes without lifting large weights, or doing great physical labor. It means we can open the possibility of employment to more people. But it also means, if we really want to win for all Americans, we must believe and act on the premise that we do not have a person to waste.

(Applause.)

When I was first elected governor -- it seems like 100 years ago now -- but I back in the late 70's before the Americans with Disabilities Act came along, of the 50 or so people that worked in my office, three were blind. I got to the point where I didn't notice because they were just great employees. It struck me as crazy for them not to be part of a workforce they could contribute to. Today I have had the honor of appointing 44 outstanding people with disabilities to important jobs in our government, including Judy Heumann, who's here with me today, the assistant secretary for the office of special education. (Applause.) She had to fight for her first job as a teacher. She's fought for disability rights for her entire life. Now she's fighting for the future of every child in America.

I say that to make this a point. We have not appointed a single solitary person because of their disability. They have all been appointed because of their ability to serve the American People. (Applause.)

Why is this health care issue so important to this agenda?

There are many reasons. We are the only country in the world that's going backwards in health care coverage with an advanced economy. A few years ago, 88 percent of our people were covered; now we're down to 83 percent. In the last five years alone over 5 million Americans have lost their health insurance coverage. That is very troubling. We're spending too much money to get too little, throwing billions of dollars away on paperwork and bureaucracy every year so that we don't have the money we need.

Look at this cabinet behind me -- to fight drugs, to take care of veterans' health care needs, to build a transportation network for the 21st century, to spend on education and training programs, to spend on the needs of the poor, and to fight crime -- that's just the cabinet members behind me. Why? Because we are holding all spending flat while health care spending explodes -- not for new health care, more money for the same health care.

But most of all, it is a human problem. The other day in Western Pennsylvania, I was introduced by two women: one a mother of five children who had become ill, and she and her husband lost their health insurance, and all their children; the other, a 62-year-old woman who had been a dairy farmer all of her life -- seven-day-a-week work, no slacking in that business, and she finally had lost her health insurance at the time in her life when she needed it most. And if you look out at this sea of people and all those whom you represent, the fact that the health insurance system of America discriminates against millions of people because of their disabilities or because they have had serious illnesses or because they are too old, when they switch jobs or when their employer gets in trouble, and the fact that it is wildly discriminatory against small business, which is creating most of the new jobs in this country, but paying 30 or 40 percent for health insurance than those of us in government or working

for big businesses do -- all these things are keeping us from putting every person's talents to use, and especially -- especially the disabled Americans who could be in the workforce if their employers could afford to provide them health insurance. (Cheers, applause.)

The people who fought for the Americans for Disabilities Act understood that. They originally had health care reform in the act, and it had to be dropped because they knew that this bill would be delayed for years if it had to deal with the difficult, and complicated, and politically explosive issue of health care reform.

But I tell you, my fellow Americans, now is the time to act and to go forward and to finish the work that was done in the beginning six years ago. (Cheers, applause.)

AUDIENCE: Now! Now! Now! Now!

PRESIDENT CLINTON: Now is the time.

There are those who say, well, we can just reform the insurance laws and say everybody is entitled to insurance and everybody is entitled to take it from job to job, and subsidize the poor more. Let me tell you, if we do that, we will cut Medicare for the elderly, we'll do a little more for the poor in the short run, we'll do nothing to help people be part of the working middle class because what will happen is insurance premiums will go up, coverage will go down, small businesses on the margin will stop covering, and people who wish to be part of the working middle class will have fewer, not more opportunities over the long run to work and live to the fullest of their capacities. We do not want to create a system where the only way you can have health care is if you are poor and go on welfare, if you go to jail, if you go to work for a big employer, or the government, or you are wealthy. We want a system that covers everybody so you can be what you want to be.

Let me tell you that for over a year -- and in my case, as a citizen of this country and when I was a governor for now more than four years -- we have pursued every avenue, we have examined all evidence, we have solicited every suggestion for how to provide this kind of opportunity and security for all Americans. I have seen no one yet who has come up with a better idea than shared responsibility between employers and employees for private health insurance in our private health care system. It already works for most families, that's the way most families are covered, and in the state of Hawaii, it works for all families. In Hawaii, for 20 years there has been a requirement for shared responsibility for private insurance between employers and employees. And whenever I bring this up, people say, well, yes, Mr. President, but in Hawaii, everybody goes there because they want a vacation. It's sunny and people are healthier there. Everything is more expensive there so what difference does it make if health insurance is more expensive? Everything costs more.

Look at the facts: first of all, 20 percent of the people in the health system in Hawaii are poor, native islanders. Secondly, health insurance is the only thing in Hawaii that is not more expensive than any place else in America. It's 30 percent cheaper for small businesses than the average cost of health insurance in America because everybody pays and no one avoids their responsibility. (Applause.) And the people are healthier because they have primary and preventive care, like the first lady was talking about. (Cheers, applause.)

As has been pointed out, somewhat embarrassingly, to them, there are many American companies now in the forefront of the fight against universal

coverage who provide coverage to all their employees when they open businesses in other countries and they do just fine. And they can do just fine here, too. What is different about this moment in history? Well, I'll tell you what's different. For the first time ever, you have the American Medical Association

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FROM THE AUDIENCE: We're here! (Cheers, applause.)

PRESIDENT CLINTON: Thank you. Somebody was whispering, "What's different at this moment in history is the president's crazy enough to take on this fight." (Laughter.)

No; what is different? This time the American Medical Association, the American Association of Family Practice, the pediatricians, the American Nurses Association, the medical schools of the United States, the American Association of Retired People, the AFL-CIO, and an association literally, literally of hundreds of thousands of small businesses and many of the biggest businesses in the country, as well as a majority of the American people all have agreed that the best way to do this is to have employers and employees share the responsibility for buying private insurance.

Now, how are we going to do it? Let me say that I desperately want a bipartisan bill. I have reached out to members of the other party. This bill passed with a bipartisan majority. At one point, two dozen Republican senators supported Senator Chafee's bill for universal coverage, but every time I have reached out, they have moved further away. I feel like I keep reaching out -- I wish we were in a car and they would eventually run up against the door and have to come back to my way, because I keep reaching out.

Let me say that 22 years ago, 22 years ago a Republican president, Richard Nixon, and the incumbent -- one of the incumbent Republican senators from Oregon, Robert Packwood, offered a bill to require employers and employees to share the responsibility for private health insurance. If it was a good idea 20 years ago, it is a better idea today when things have gotten more difficult in terms of cost and coverage, and we ought to do it. (Applause.)

Now, let me say you heard the vice president with that quote from the Republican consultant saying let's send them home empty-handed.

We've done that a lot, you know. We've done that a lot. It took five years to pass the ADA. When I showed up in town here it had taken seven years until we could finally pass the Brady Bill last year. (Applause.) Seven years. Seven years. Seven years until we could finally pass the Family and Medical Leave Law, last year. (Applause.) Very important to you. Seven years until we could finally get the worldwide trade agreement that will add a half a million jobs in America between now and the end of the decade.

A lot of times, if you want bipartisan consensus on a tough issue, it takes forever, but I tell you, we dare not wait longer. For 60 years, presidents of both parties have known we should cover all Americans. We now see health care costs going up and the only government spending going up is in health care while we are desperately trying to bring this deficit down and invest in our future. And we know that in only five years, 5 million Americans have lost their coverage. We are at an historic moment. For the first time ever, there are bills on the floor of both Houses of the Congress that will give Americans health care. We must say we don't care about politics. There are Democrats and Republicans and Independents in this audience. There are people here today who voted for all three people who ran for president last time. I do not give a rip what your politics are, but I do want you to have health care so you can contribute to America's future. (Applause, cheers.)

(Chants of "Health care now.")

That's right. Let me say this. Let me say this. I love these chants, but

this is what often happens in our society, we're all here preaching to the saved. And I ask you. I ask you to go to Congress with a simple message, and to go back home to your community with a simple message. Let us discard politics, let us put people first, and let our focus be simply this: What will work? I have no pride of authorship, nothing would please me more than if somebody else's name, a hundred names, four hundred names, five hundred names in both Houses of Congress would be on a health care bill -- but we dare not do something which holds out false hope. Let's do what works. Let's complete the work of the Americans with Disabilities Act. Let's say to the whole world, this is one country that knows we don't have a person to waste, and we're going into the next century with all of our people, arm in arm. God bless you. Thank you very much. (Applause, Cheers.)
END

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JULY 29, 1994, FRIDAY

SECTION: WHITE HOUSE BRIEFING

LENGTH: 3789 words

HEADLINE: PRESIDENT CLINTON ADDRESSES UNITY '94 MINORITY JOURNALISTS CONFERENCE

BODY:

PRESIDENT CLINTON: Thank you, Connie. I want to add my congratulations to Nancy Maynard and to say hello to my friend Wilma Mankiller and to all of you in Atlanta at the Unity '94 convention.

I want to say a special word of congratulations, too, to the four minority journalists associations meeting together for the first time at this ground-breaking occasion. I must say that all of us have heard a lot about your meeting and are following it with great interest.

We're living in an extraordinary time, when people in America and all across the world are searching for common ground, for new solutions in a time of change. This has been a great week for America. The king of Jordan and the prime minister of Israel have shared a stage on the White House lawn, opened a new era of dialogue and cooperation between their people. At the same time, halfway around the world the president of Russia made an announcement that by the end of August, for the first time since the end of World War II, all Russian troops would be gone from Germany and Central and Eastern Europe -- a significant goal of our policy with Russia over the last year and a half. Over and over, we have learned from experiences like these that people can transcend great historical, political and cultural obstacles in the name of progress for humanity. And we've also learned that here at home the American people are our greatest asset as we try to meet the challenges of the coming century. All of us can take pride that we've helped Arabs and Israelis and other former enemies to bridge their own differences. But their examples must also inspire us to strengthen our own sense of community and to celebrate the rich diversity of the American culture.

The job of your associations is to see that more Americans of diverse backgrounds, races and ethnic heritage have an equal chance in journalism. It's also to make sure that the nation sees the faces and hears the voices of non-white Americans whose ideas and achievements too often are ignored. And my job here in Washington is to ensure that every citizen has an equal chance at the American dream. I've said it many times and I firmly believe that we don't have a single person to waste, that every person, no matter what his or her background, has an idea, a vision, an opinion, to share that can enrich our nation.

That's why I've been fighting to create new opportunities for people who work hard, take responsibility, try to make something of their lives. I believe everybody has something to give, and we have to make it possible for everyone to give his or her best.

One of my proudest accomplishments as president is the people I've appointed I've appointed to serve in this administration. If you look at the top positions in the White House and Cabinet today, you will see the most able, talented group ever assembled. These appointees also happen to make up the most diverse administration in the history of our republic. If you look at our

nominations to the federal bench, you will see that a higher percentage of them have been rated well-qualified by the American Bar Association than in any previous administration since these rankings began to be made.

Well, a majority of those appointees are also people of color and women -- not a minority, but a majority -- for the first time ever. None of these people were chosen because they were African American or Hispanic or Asian American or American Indian or because they were women. They were selected because they were the best qualified for the job. And they are proof that the American dream is still alive and within reach of those who choose to pursue it. Still, we can't ignore the burdens and barriers that prevent too many of our people from moving forward in their lives still today. It is our job to renew the American dream.

I sought the presidency because I was worried that our country was going in the wrong direction. The deficit was going up. The economy was on the decline. Washington was placing heavier and heavier burdens on the backs of middle-class Americans, and we were coming apart when we ought to be coming together. I believed then and I believe now that our job in this time is to restore the economy, rebuild our sense of community, empower individuals to take responsibility for their own lives, and put government on the side of ordinary Americans.

In just 18 months, we've begun to renew that American dream. Our economic strategy will produce the smallest federal bureaucracy in 30 years, and three years in a row of deficit reduction for the first time since Harry Truman was president, while providing tax cuts for 15 million working American families and millions of small businesses.

What's been the result of this economic strategy? Well, the economy has created 3.8 million new jobs. Inflation is the lowest in two decades. Just today we've seen more evidence that this strategy is working. Today's report shows that the gross domestic product of the United States grew at a very impressive rate of 3.7 percent in the last quarter, while inflation remained low. And more important, we're reaching out with greater energy and compassion to responsible working families who too often have to struggle to make ends meet.

Already, in just a year and a half, through the increase in the earned income tax credit, 15 million working parents have been able to get lower income taxes to encourage them to stay in the work force and to be good parents without having to go on welfare. We've made it easier for millions and millions of young people to get college loans by making those loans available with lower interest rates and more flexible repayment schedules. We've established more job training and school-to-work apprenticeships to help young people who aren't going to college find and keep good jobs. We've sought tax incentives and grant money to stimulate economies in needy areas through things like our empowerment zones and enterprise communities and new community development banks, reform of the Community Reinvestment Act, and by making low-income housing credits permanent.

Some of these achievements, to be sure, have come easier than others, but I knew when I asked for this job that progress would not always be easy and that we'd have to fight for the kind of change that we need. Very often it takes years to get things done -- the Brady bill, seven years; the Family Leave law, seven years; years for Motor Voter -- but these things are worth it because these things together and the efforts we are making have brought us to a pivotal, exciting moment in our history.

So we have not fixed the problem. I think we've taken a small step forward and we'll continue working 24 hours a day trying to increase that and, if it makes

sense, to try to go open that airfield in Kigali as well. There are a lot of other places that we are, as well, where we have mid-air refueling aircraft so we do not have to bring airplanes in to land, waste an hour refueling and then go on. So refuel much of the military air in the air to speed up the effort. Additionally, we've had an awful lot of good, need equipment onboard Army prepositioned ships. They usually are in and around Diego Garcia. On the day that the president gave us the mission, we ordered those ships to steam towards Mombasa because we have enough water purification equipment there, we have enough distribution capacity -- water distribution capacity there to meet all our needs. And so the first ships -- first two ships are going to land tomorrow in -- dock tomorrow in Mombasa. We have already forward-deployed C- 130 airplanes, CH-53 helicopters that can sling-load much of their equipment. And we're going to form -- if we're certain that the security conditions are right -- a very large ground convoy that will take the large oversized equipment overland into Goma. So starting about tomorrow and the next few days, we will have at our disposal an awful lot of the badly needed stuff for water purification, in addition to additional trucks that are needed over there, bulldozers and what-not. So that's another hop that we have established here. And we'll continue keeping it open because that's a good place to bring other humanitarian supplies in and then shuttle them forward.

If you just think about what's happened this week alone, it's been remarkable for our nation -- on the verge of an historic victory in the toughest, largest, smartest federal attack on crime in the history of the United States, not only making peace in the Middle East, but trying to bring more peace to the families and children of America. Just think for a minute about what this crime bill means for all of us as citizens, for us as mothers and fathers, husbands and wives and children. Look at the cost of crime to our economy, look at the cost of crime to our sense of community, to the idea that we are an American family, to our sense of personal freedom, the cost of crime to our efforts to empower every individual, including too many young people who are growing up in terribly difficult circumstances. Crime is holding too many of us back from reaching the American dream, splintering families, making people afraid of their neighbors, interfering with our children's education, robbing us of our literal sense of personal freedom. No matter what other goals we seek for ourselves and our families and our children, and for our country, we simply have to be able to live together with a shared respect for law and order and civility. The most important thing about this crime bill is that it creates a whole new way of thinking about how to deal with crime, one that doesn't pit one group of Americans against another, it doesn't ask us to make a false choice between tough punishment and strong prevention, it calls for a sensible balance between the two, it doesn't ask us to make a false choice between going after criminals and going after guns. It recognizes that those sorts of debates divided us for too long while more and more children were dying on our streets. The crime bill strengthens the police, our system of punishment, and our means of prevention. It will put 100,000 more police on our streets, a 20 percent increase in the number of police officers patrolling our neighborhoods. More police trained and properly deployed means lower crime and prevention. The bill includes a ban on assault-style weapons, something few people ever dreamed would be accomplished. It includes a ban on ownership of handguns by minors, it will send a strong message to criminals that behavior that is criminal and repeated will not be tolerated and that punishment will be tough

and swift, and it will invest \$9 billion in crime prevention over the next six years, something that law enforcement officers in every state and city asked us to do, so that we could give young people more safe places to go, more positive role models, more opportunities to fulfill themselves in healthy, constructive ways. And we have a program to make our schools safer so that our children can learn again in the absence of fear.

For six years, this crime bill was debated over and over again. Why is it about to succeed? Because after intense argument and disagreement, as majority of people were able to find common ground, they were able to put people over politics. Now I want Congress to put this bill on my desk within two weeks so that I can sign it before our children go back to school.

Now if you think six years was long enough to wait for a crime bill, and surely we could all agree that 60 years is far too long to wait while -- before Americans -- all Americans are guaranteed health security that can never be taken away. And health security, after all, is another crucial piece of the American dream.

Many people across our country know what it's like to dig and scrape all their lives to have the opportunities that you've been given and that you've earned. If you are like me, you actually know somebody without health insurance or somebody at risk of losing their health insurance. You know somebody whose coverage is so meager they avoid the doctor because it costs too much. You know people who are eager to work but are trapped in the welfare system because it the only way they can be assured of health care coverage for their children. We know these people because there are millions and millions of them out there, people who struggle all their lives and play by the rules so that they can move forward, make progress, build security for their families, only to be knocked off the ladder because of the pink slip, the catastrophic illness, or a simple change in jobs.

Indeed, we're moving in the wrong direction in our health care system. We're moving in the wrong direction when \$5 million hardworking people, people with jobs, have lost their insurance in the last five years. Indeed, there's a smaller percentage of Americans insured today than there were ten years ago. Ever since I began pushing for reform, I've made it clear that I was open to suggestions about how to achieve it. I've listened to concerns about the approach we originally proposed, and in response to what all kinds of Americans told us, I've agreed that we should modify that approach to make it simpler, less bureaucratic, more flexible, to do more for small business. But I remain committed, and I hope all of you will be committed, to giving every American health security, health that is guaranteed in law.

We must have a system, I believe, where everyone shares responsibility, a private system that works. That is certainly what the vast majority of Americans want because today the hardworking, middle-class Americans have that kind of coverage. Today we've moved a step closer to health care security. The House speaker, Tom Foley, and the majority leader, Dick Gephardt, said they would put forward a bill that achieves universal coverage and controls cost. They've met their goal and the goal of the American people in doing that. The House bill tells the American people that they have been heard.

It is simpler, more flexible, more sensitive to small business. Gone is the bureaucracy they didn't like. Protections for small businesses have been strengthened. The bill is being phased in over a longer period of time. All Americans can keep their health plan and their doctor, and everybody will have coverage.

We know from experiences across the country that this will work. We also know what doesn't work. We have seen in state after state that if you have insurance reforms that sound very good without expanding to universal coverage, what is usually going to happen is that the cost of insurance goes up and then people's options for health care or even the number of people with health insurance go down. But we also know from looking at the example of Hawaii that a private system of universal coverage, in which employers and employees share responsibility for paying for private insurance premiums, will not only control costs but will also lead to greater coverage and a healthier population. We know it can be done. After all, in Hawaii nearly everything is more expensive than anyplace else in the United States, but health care premiums for small business are 30 percent cheaper.

Now, after 60 years of waiting, after 14 years in which costs have been going up dramatically, after a decade in which more and more Americans are losing coverage instead of getting coverage, and most of those who lose their insurance are working people, it's time to say to every American, if you change jobs, if you get sick, if you're laid off, if your child has a serious illness, you will always be able to afford health care as a citizen of the richest nation on Earth.

Tomorrow I'm going to Independence, Missouri, to Harry Truman's hometown, to talk about health care. Harry Truman was a man of great decency and common sense and courage who believed that America that would be much stronger if every American had health security. He was right. And he fought hard for it, though he didn't succeed. And because he was right, president after president, presidents of both parties, have fought for that goal.

Well, now it's up to us to fulfill their vision and once again to renew the American dream. It's time to build on our economic progress, build on the success of the crime bill, build on the progress we're making toward world peace, and take this next critical step by passing real, substantive health care reform. That is the challenge our generation faces today, and it is our great opportunity. Thank you very much.

Q (Inaudible.)

PRESIDENT CLINTON: Undocumented workers would not receive under our plan a health security card unless they had jobs anyway so they got it because they were in the workplace. But under our plan we have a significant expansion in funds for public health units, which are open to all people today and where a lot of the vaccinations, for example, are done today. In my state, over 80 percent of our children, including even upper middle-class children, are vaccinated through the public health units. So what we attempted to do to deal with this clear and present problem in the United States is to have a substantial increase in funding for public health and to do outreach so that we can vaccinate all the children and give basic health services to the children who are within the United States.

Q (Inaudible.)

PRESIDENT CLINTON: Well, first let me say that I don't agree with the characterization there. If you look at the work that the Civil Rights Division of the Justice Department has done, it's been more active than any civil rights division in a generation, under the leadership of Deval Patrick. Look at the Dennys settlement. Look at a lot of the other issues in which they have been involved.

If you look at the work that Henry Cisneros did in highlighting and directly confronting the problems in Vidor, Texas, in public housing; if you look at the work that we have done in trying to involve at the grassroots level community

groups of minorities in things like developing the empowerment zone concepts, the community development banks, I think it is plain that this is an administration that is committed to stamping out racism -- both in a negative sense by standing up to it and in a positive sense by working to bring people together to overcome it. If you can think of anything else I can and should do, I would be glad to have your recommendations and your suggestions.

But the idea of stamping out racism, in my view, permeates everything I do -- when I try to give kids a better life, a safer street, a better future, and I keep telling the American people we don't have anyone to waste, we've got to have everybody in here together.

You know, one of the earlier questions referred to how the administration or what my opinion was about the way things were covered given the makeup of the press. I have been repeatedly criticized by various sources in this town for trying to be more diverse and trying to reach out and to achieve greater diversity, although no one has ever said that we couldn't have excellence and diversity at the same time. So I am trying to build the fight against racism into everything we do, both in a positive and negative sense.

But I will say again, if anybody there -- not just you, Dorothy, but anybody -- has any other suggestions about what I can do, I would be happy to hear them, and I will do my best to respond.

Q (Inaudible.)

PRESIDENT CLINTON: (Inaudible) -- that we have to achieve universal coverage. The fight now is over how best to do it. And what I have to tell you is that there is a big argument about whether it can be achieved in any way other than the way I have proposed. I will not sign a bill that I think makes a false promise to the people of the United States. We have got to sign a bill that achieves full coverage for the American people. If you don't do it, you can't contain costs. You can't give the breaks that small business needs over the long run. You can't achieve these things.

So, yes, if Congress passes a bill that is different from the one I originally proposed, would I veto it? It depends on whether it achieves full coverage. If it is a credible attempt to do that, then I'm open to it; but it must be a credible, credible bill to do that.

And that's the only thing I ask all of you to focus on now. Instead of letting the political rhetoric control this debate on health care, let us ask simply what will work. The other day -- let me just give you this in closing because this is very important, and if I don't achieve anything else today in this conversation that I've had with you, which I've enjoyed immensely, if I can achieve this, agreement with you on this, it would be something profound to me. This is a very complicated issue, health care. I have studied it for years and years. But the more complex it gets, the more you understand that in the end it comes down to some simple choices.

In every nation that has covered everybody, quality health care can be provided at lower cost than in the United States, the only nation that doesn't cover everybody. So what I ask us all to do, as others come forward with their ideas and bend over backwards to avoid what I think we should do, which is to require all employers and employees to take responsibility through private insurance, let us ask: Will it work? We are going in the wrong direction. We are losing coverage and exploding costs. I am not going to sign a bill that I think perpetrates these problems on the American people.

If someone else can figure out how to get universal coverage in a different way than I have achieved it, I would be open to that. I have not seen it yet.

That's why the American Medical Association, the National Medical Association,

the American Nurses Association, other physicians groups, and huge numbers of businesses and consumer groups have endorsed our approach. So that's what we ought to be doing. We shouldn't be trying to get ourselves into word games now about what mechanism is appropriate. The only test is what works. And I know my plan will work if we share responsibility and cover everybody.

Thank you very much.

Q (Inaudible.)

PRESIDENT CLINTON: And tell him I said hello, and thank you.

Q (Inaudible.)

PRESIDENT CLINTON: (Inaudible) -- and thank you, ladies and gentleman. Congratulations on your meeting.

END

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SECTION: WHITE HOUSE BRIEFING

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HEADLINE: REMARKS BY PRESIDENT CLINTON
AT THE HEALTH SECURITY EXPRESS "REFORM RIDERS"
WELCOME AT THE WHITE HOUSE

BODY:

PRESIDENT CLINTON: My fellow Americans, Congress has to decide whether it's going to listen to the insurance companies or to Jan Cox's last wish. (Applause.)

We all know what the problem is here. You've just ridden a bus across the country, seeing real people who are just working hard, making the best they can of their lives, wanting a decent break. Those of you who have had these kinds of personal experiences that Daniel and Carolyn and John talked about can't figure out why we spend more than anybody else on health care, cover fewer people than any other country, and get poor health results. It is because organized, intense, discreet, minority interests are doing very well on a system that costs more than any other country's and covers fewer people. And every time you try to change it, they say, well, the world will come to an end. Well, like Hillary said, we ran for this job, along with the vice president and Mrs. Gore, because maybe we could be the home office of the American Association of Ordinary Citizens, and that's what we wanted to do. (Cheers, applause.)

And every time we try to make a change, that's what they said. When we showed up here, the deficit was going up and the economy was going down. And I put together a plan, and I urged the people in the -- on the other side to work with me, and they said, no, if we go for this, the sky will fall, the economy will collapse, and so we'll all vote against it and call it a big tax increase. But the truth is the plan cut spending, raised taxes on the richest 1-1/2 percent of Americans, gave 15 million working people a tax cut, thanks to the secretary of education, gave 20 million American an opportunity to refinance their college loans at a lower interest rate, and lo and behold, it produced a drop in unemployment and 3.8 new jobs, and the sky didn't fall. Now the deficit is going down and the economy is coming up, but it's hard to overcome these organized, intense interests.

We had a different sort of a fight over the big trade battle last year over NAFTA. They said if you do this the economy will collapse, but lo and behold, the Congress, this time with a bipartisan effort, passed NAFTA, and we're exporting five times as many cars to Mexico as we were last year. They are our biggest, most growing market.

Change is hard up here because even though most members of Congress were once just like you, when they get up here they are a long way from home, and they know that you and the president are presented to the folks back home partly through the rhetoric and the money spent by organized, intense minority interests. And somehow, some way this fight has got to be about Daniel Lumly (sp) and Carolyn Moseley (sp) and John and Jan Cox. That's what it's got to be about. (Applause.)

It's got to be about my friend, Justin Dark (sp), sitting back there, and all

the Americans with disabilities who could be in the work force making money, paying taxes, contributing to our future if they could just get health insurance while they're in the work force -- (cheers, applause); all the nurses who hired on to help people get well and instead spend all their time calling insurance companies to try to figure out if this or that procedure can be done by the doctor in the first place.

Goodness only knows how many folks we employ in this country that would be working more productively in any other country. We have to put hundreds of thousands of people to work every day to figure out who is not covered or what's not covered in an insurance policy. Not anybody else in the world is spending their time and spinning their wheels putting people to work, asking them to spend their entire working life reading the fine print of insurance policies to see what is not covered. Can you imagine a more unsatisfying thing to do with your life? (Applause.)

Lee Brown, the -- our drug policy leader -- do you know why he's here today? Because if we could pass health insurance for all Americans, it would include drug treatment for all Americans. (Applause.) Now he's a policeman. He spent all of his life trying to lower crime and fight criminals, be tough on law and order, but he learned as a police officer that a lot of people are in trouble with drug and alcohol abuse, and they need treatment. And we've saved billions and billions of dollars. And it's not like we don't know what to do.

Twenty years ago Hawaii said, "Everybody here is going to get insurance, we're going to have employers and employees cover their health insurance." And if you've never been to Hawaii, I hope you get to go someday, it's a wonderful place, but everything there is more expensive than anyplace else because it's way out on a island somewhere -- everything except health care, where the premiums for small business are 30 percent below the national average because everybody pays and no one runs away. And everybody is covered. (Applause.)

And you ought to be taken care of whether you are a young man riding a motorcycle in the prime of your life, or a young woman giving yourself to nursing, or a man following a religious mission to work at a Christian radio station, or any other thing. It just ought to be that way.

We have a consensus in this country on universal health care. What we do not have is a consensus among people elected to represent the American people on making the tough decisions necessary to get universal health care. (Applause.) There are lots of things like that in life. Much of us, including me, would like to be thinner, but we don't diet. (Laughter.) A lot of people would like to be stronger, but they don't lift weights. In the end, it comes down when you've got to do something that everybody wants to do, but it's not easy to do, the people that hired on have to make the decisions.

And the members of the United States Congress hired on, just like I did. We didn't say, "Vote for me in a representative form of government and I will make all the necessary decisions to solve the problems of the country except those that are difficult, controversial and make people mad." (Cheers, applause.) That was not the deal. And you need to hang around this town and you need to tell your stories because the questions that I get asked are, well, what about this detail or that bill or who's up or who's down?

I say I have answered my question. My question is am I for you or not? Answer: Yes. (Cheers, applause.) Secondly, second question, did I offer a plan to solve your problems? Answer: Yes. (Applause.) Third question, was I willing to meet people who had different ideas or better ideas more than halfway? The answer is yes. (Applause.)

These bills provide for a longer phase-in. They give less orders, fewer orders, and they give more options to small business. They give a better financial

break to small business. They are less bureaucratic. We have listened to the American people, and Congress has presented bills to do that. They've bent over backwards to recognize that the American people want options and they don't like to be told to do anything. I don't blame them. Nobody likes that. But the conservative thing to do is to ask everybody to carry as much of their own load as they can, and then for the rest of us to help.

Those who are opposed to universal coverage say we've got a whole class of people we're not going to ask to carry any load at all, and we'll ask everybody who's already doing their part to do even more. I think we have the conservative position, my fellow Americans, the responsible position. Everybody should do what they can, and then we'll help those who need more. (Cheers, applause.)

I just want to ask you to remember this. Make this debate about John and Jan Cox, about the story Carolyn Mosely (sp) told, about the dreams of the future, teaching our children that Daniel Lumley (sp) has, and about the personal stories that are here in this audience and all across America. Don't let it become part of some rhetoric, hot air process, conflict, interest group deal. And say a simple word. We have moved. We have reached out to people of different views and different parties.

This is not a partisan issue. I don't have any earthly idea what political party these three people are in or who they voted for for president, and I do not care. I want them to have health care. (Cheers, applause.) You make the debate about them and remind the Congress that, just like the president, they signed on to represent ordinary Americans, to make the tough decisions, and not to walk away.

And this is a decision America has walked away from for 60 years. President Truman three times asked the American people to get the Congress to solve this problem, and the Congress said no. President Nixon 23 years ago asked the Congress to require employers and employees to split the difference and cover with private health insurance all Americans.

Now, it's been long enough, folks. I know we're supported to deliberate up here. (Laughter.) But we have now deliberated through three generations. (Laughter, applause, cheers.)

THE CROWD: (Chanting.) Health care now! Health care now!

PRESIDENT CLINTON: Pass it now for them and for you! God bless you all! (Applause.)

END

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HEADLINE: Text - Clinton Press Conference on Rwanda, Health Care

GUESTS: Pres. BILL CLINTON;

HIGHLIGHT:

President Clinton holds a press conference and answers questions about Rwanda, Haiti, health care and estimations of his presidency.

BODY:

ANNOUNCER: This is an ABC News Special Report, a presidential news conference. Now reporting from Washington, Ted Koppel.

TED KOPPEL, ABC News: Good evening. The White House would like us all to know that this is President Clinton's 75th press conference. If you have the sense that you may have missed a few of those, you're almost certainly right. President Clinton has answered a lot of questions from a lot of reporters, but when it comes to full dress, prime time press conferences with all the accredited White House correspondents, there have been only two previous ones. Tonight marks the third. Needless to say, this is not his favorite forum.

High on the president's agenda this evening will be health care, the crime bill, and probably an effort to focus a little more attention on his administration's achievements. What's on the minds of the assembled reporters? Well, here's ABC's White House Correspondent, Brit Hume. Brit?

BRIT HUME, ABC News: Ted, the president is almost certainly going to be asked about two other issues, one of them being Haiti, where the U.N., as you know, has authorized the United States and other member countries to use all necessary means to topple the military dictatorship if it comes to that. The president is likely to be asked about whether he will seek a similar authorization, as President Bush did before the Gulf War, from Congress. White House officials have been saying in recent days that the president has all the legal authority he needs, so we're interested in knowing whether he will seek that anyway. And he's also certain to be asked about the Whitewater hearings and Roger Altman.

TED KOPPEL: And as the president comes now toward the podium, I should point out he is going to begin with a statement before he starts taking questions. Here then with his third White House press conference, President Bill Clinton.

Pres. BILL CLINTON: Good evening, ladies and gentlemen. Tonight I want to speak with you about crime, health care, and the progress of our national economic strategy.

As I have said so many times, the central mission of this administration, renewing the American dream, requires us to restore economic growth, rebuild American communities, empower individual citizens to take personal responsibility for their own futures, and make government work for ordinary citizens again. We are making progress.

Remember - we are about now a year from the time when Congress passed our economic recovery plan. I remember then that our opponents said if that plan passed, the sky would fall, unemployment would go up, the deficit would explode. Well, they were wrong. Look at the facts. We cut \$255 billion in spending, raised tax rates on only 1.2 percent of the wealthiest Americans, cut taxes for 15 million working families of modest incomes, made 90 percent of our small businesses eligible for a tax cut, and 20 million Americans available- or eligible to refinance their college loans at lower interest rates. Now the deficit is going down three years in a row for the first time since Harry Truman was president. We've got almost four million new jobs, very low inflation, a 1-1/2 percent drop in unemployment.

There were other skeptics later who said the sky would fall if we passed the North American Free Trade Agreement. They, too, were wrong. We can see this year that automobile sales, for example, in Mexico- to Mexico are growing at five times the rate of last year, and our trade with Mexico is growing more rapidly than that with any other country.

And while I know an awful lot of people are still hurting, the road ahead looks good. According to Fortune magazine, for the first time in a decade, all 50 states will expand their private economies next year. Let me say that again. For the first time in a decade, all 50 states will experience economic growth next year. None of this came without a fight, and now we're involved in two more historic fights. The first is on crime.

We have a chance to pass the toughest, smartest crime bill in the history of the United States after six years of bickering over it. Let me remind you of what that bill will do. It will put 100,000 police officers on the streets of our communities - a 20 percent increase. It will make 'three strikes and you're out' the law of the land. It will ban deadly assault weapons and handgun ownership by minors. It will provide tougher sentences for violent criminals and more prisons to put them in. And we've listened to police, prosecutors and community leaders who tell us that they need much more for prevention programs to give our young people something to say 'yes' to as well as something to say 'no' to. Believe it or not, there are still special interests here in Washington trying to derail this crime bill, but we are fighting them and the American people will win this fight, too.

Still, the recovery we are building, the communities we are trying to make safer, the individual citizens we're trying to empower to compete and win in the global economy - all of these people are at risk unless and until we reform health care. Our system still costs too much and covers too few. It is actually going in the wrong direction. In the past five years, five million more Americans have lost their health insurance, almost all of them working

people and their children.

We're fighting for health care reform not just for those who don't have health insurance but for those who do have it and who could use it - lose it because they have to change jobs, because someone in their family gets sick, because they simply have to pay too much for it. They deserve better and we're fighting to see that they get it.

We want to guarantee private, not government, insurance for every American. The plan I originally proposed has been changed and much of it for the better. The proposals before Congress are less bureaucratic. They're more flexible. They provide more protection and support for small business. They contain a reasonable phase-in time, over a period of years, to make sure we get it right. No bureaucrat will pick your doctor. You can keep your own plan or pick a better one. This approach controls government spending but relies on competitive forces in the free market to restrain the growth of private health insurance premiums. Much of it has changed for the better. But one rock-solid principle remains - private insurance, guaranteed, for everyone.

We know it will work. For 20 years Hawaii has required employers and employees to split the cost of insuring all employees. People still pick their doctors there. Health care is getting better there. The economy is doing well there. And almost everything in Hawaii is more expensive than it is here on the mainland, except for health insurance, where small businesses pay health insurance costs that are on average 30 percent lower than they are in the rest of America.

Now, after 60 years of trying and 18 months of sometimes-trying debate, the question of guaranteeing coverage for all Americans has come to the floor of the Congress and will be decided in the next few weeks in a few critical votes. The votes will be soon, and they will be close. I want to urge the American people to tell their senators and congressman to put aside partisanship and think of the American people and their fundamental interests and needs. We have an historic opportunity. We dare not pass it up. This is a fight for the American people we also have to win.

TOM RAUM, Associated Press,: Mr. president, in January you waved a pen and said you would veto legislation that didn't guarantee every American private health insurance that could never be taken away. Now you've indicated you will support a Senate bill that does not guarantee coverage and sets a goal of 95 percent, leaving millions of Americans uninsured. Are you now revising your veto threat? And doesn't the fact that you indicated you support this less-ambitious Senate plan make it harder for House members to go along with the bill that's more like your original proposal?

Pres. BILL CLINTON: Well, first of all, I disagree with your characterization of the Mitchell bill. I believe it will achieve universal coverage for all Americans, and that is the one criteria I have set out. What the Mitchell bill says is that, if you make a dramatic amount of progress in a short time - that is, if you move from where we are not at about 83 percent of coverage up to 95 percent in a few years - that is evidence that we can achieve full coverage in the near future without requiring insurance to be bought. That is what that bill says. If it is deficit-neutral and if it is passed in the way that it is, I believe it will achieve full coverage, because what the bill also says is,

if we don't make that amount of progress in a few years, there will be a requirement on the Congress to provide for full coverage and, if the Congress doesn't act, then automatically employers and employees will be required to purchase insurance. I believe it does meet the objective that I set out in the State of the Union Address, and I would sign it.

Mr. RAUM: What about the second part of the question, Mr. president? Doesn't it make the fact that you have now indicated support for a less-ambitious Senate bill - won't that make it harder to persuade House people to go along with a stronger bill?

Pres. BILL CLINTON: Well, what the Mitchell bill does is to put the employer requirement at the end of the process, rather than at the beginning. And Senator Mitchell is convinced that that is the most ambitious bill he can pass but that it meets the requirement. And it says to the people who have not been supportive of our approach, 'Look, we'll try it in a competitive way first, and if that doesn't work, then we'll have a requirement.' I think the same debate is going on in the House. My own view is that the questions now should shift to the members of the other party, to the congressional Republicans. At one time, when we started this debate and I said I wanted universal coverage, many members in Congress stood up and clapped of both parties. At one time, there were two dozen Republican senators on a bill to give universal coverage to all Americans. They have all abandoned that bill. We have reached out to them, as was our responsibility to try to work together in a bipartisan fashion, and every time we have done it, they have moved away.

So the questions now should shift to them. Are we going to cover all Americans or not? Are we going to have a bill that provides health care security or not? If you don't like our approaches in the Senate and the House, what is your alternative? That's what I hope we'll see.

LORI SANTOS, United Press International: Mr. president, on Haiti, you finally received the approval of the United Nations to launch an invasion if necessary. Why do you need a green light from the international community and not from the American Congress? Will you ask lawmakers to take it up?

Pres. BILL CLINTON: Well, first, let me say that I agree with the resolution adopted by the Senate today that the action of the United Nations should not be interpreted as an approval by Congress. It has no impact on what Congress would do. Second, let me say I think all Americans should be pleased that the United Nations has stated with a strong, firm voice that includes many voices from our own area that we should keep on the table the option of forcibly removing the dictators who have usurped power in Haiti and who have trampled human rights and murdered innocent people.

Now, let me remind you all of what our interests are there. We have Americans living and working there, several thousand of them. We have a million Haitian Americans in this country who have family and friends there. We have an interest in promoting democracy in our hemisphere. We have an interest in stabilizing those democracies that are in our hemisphere. For the first time ever, 33 of the 35 nations in the Caribbean and Central and South America are governed by popularly-elected leaders, but many of those democracies are fragile. As we look ahead to the next century, we need a strong and democratic Latin America and Central America and Caribbean with which to trade and grow.

So those are our fundamental interests.

I would welcome the support of the Congress, and I hope that I will have that. Like my predecessors of both parties, I have not agreed that I was constitutionally mandated to get it, but at this moment I think we have done all we need to do because I don't want to cross that bridge until we come to it. We have kept force on the table. We have continued to move it up as an option as the dictators there have been more obstinate. But it is premature, in my judgment, to go beyond that now.

Rita?

RITA BRAVER, CBS News: President Clinton, a number of political analysts, including some who are quite friendly to you, have said that the focus on the Whitewater affair has both undercut public confidence in you and also in your ability to get your programs through Congress. Do you agree with that? And what impact do you think Whitewater has had, particularly with the hearings this week?

Pres. BILL CLINTON: Well, I would think first of all that in the last couple of weeks it should have been very helpful to the administration because we have seen three reports, one from the special counsel, Mr. Fiske, who has said that there was absolutely no violation of the law in any of these contacts, and then two - one of the Office of Government Ethics, and one by Mr. Cutler, the White House counsel - saying that no ethical rule was violated. Secondly, we have been fully cooperative, as we always said we would be. So, from my point of view, we've done all we could.

Now, I can't say what the impact has been. All I can tell you is that I said we would cooperate fully and we have. I have said repeatedly that I did nothing wrong, and I didn't. And I have continued to work for the welfare and the interests of the American people. Almost all - I've watched none of these hearings, I've not kept up with them. I've been working on jobs, and health care, and the crime bill, and peace in the Middle East, and doing the things I was hired to do by the American people. They will have to make up their minds, when all the dust clears, what they think the impact of it is. But I'm convinced we're having a very productive time, I think we'll get this crime bill. We have health care bills providing universal coverage on the floor of both houses of Congress for the first time in the history of the republic. No president since Harry Truman has been able to do that, and many have tried, including president Nixon. So I feel good about the progress we're making, and that's all I can worry about. I've got to get up here every day, and go to work, and try to help the American people.

Karen?

KAREN BALL, 'New York Daily News': Mr. President, Roger Altman ran into a real buzz saw in the Whitewater hearings and even some Democrats are questioning his truthfulness. Does he have the credibility to continue as number two at Treasury? Are you going to ask for his resignation?

Pres. BILL CLINTON: Well, let me say, first of all, he spoke with the Senate committee for more than ten hours yesterday. That's a very long time. And he answered all of their questions. He then spoke for several hours with the

House committee today. In that he admitted that he had not given all the information to them in a timely fashion that he should have, but he said repeatedly that he had not willfully misled them. I would like to emphasize, first of all, I do not countenance anybody being less than forthright with the Congress. There have been many people, including people that are not particularly friends of our administration, who had talked about how we have been much more cooperative with these investigations than previous administrations have been. That's what I told the American people I would do, and that is what I have done.

But, if you look at the facts - let's go back to the fundamental facts - there was no violation of the law, there was no violation of any ethics rule. The Secretary of the Treasury has pointed out that Mr. Altman has done a superb job in his position. He was critical to the passage of our economic program that produced almost 4 million jobs in 18 months. He was important in the passage of our trade initiatives. He has done a good job there. The secretary of Treasury has confidence in him and so do I. And I think he has now answered all the questions that the Senate could possibly have about an incident that involved no violation of the law and no violation of ethics.

Yes?

KEN WALSH, 'U.S. News and World Report': Mr. President, to come back to Haiti for a moment, you mentioned a number of American interests that we have in Haiti, but what is - involves national security that's at stake? Is there anything in Haiti that involves our security that would require us to go in and invade the country?

Pres. BILL CLINTON: Well, first of all, I think our security is caught up in whether the people in this hemisphere are moving toward democracy and open markets and observation of the rule of law. And, when one country in our hemisphere on our back door has an election, votes for a leader, that leader is deposed by people who murder, who kill, who rape, who maim, who throw the human rights monitors out, who now won't even let people leave who have been approved for leaving, it seems to me that if you look at the possible ramifications of that on other countries in the Caribbean and in Central and South America, that is where our security interest is.

I can tell you that as I was calling other nations to get them to help in the safe haven project, to be willing to take some Haitians who leave, that is the thing that other leaders mentioned to me over and over again. 'We know that many of our democracies are fragile, but we're moving in the right direction. We don't want to see Latin America take one more wrong turn. We're moving right, we want to stay right. And I think that is profoundly important to us.'

Andrea, and then-

ANDREA MITCHELL, NBC News: Mr. President, in just another few weeks we will know whether North Korea has transformed more fuel rods into weapons grade plutonium. What are the consequences if North Korea does make more weapons grade plutonium? And are you prepared to carry out that threat?

Pres. BILL CLINTON: I think I can do no better than to reiterate what I have always said, that North Korea's fate is still in its own hands, it must decide

what it's own future should be. I think at this time, when North Korea has shown a willingness to stop reprocessing and to stop refueling and when our talks are about to begin again next Friday, we should take the facts as we have them and keep working for progress.

This is an issue which is very important to the long-term security of the United States, the question of a country that belongs to the non-proliferation regime deciding to become a nuclear power, the prospect that nuclear capacity could be transferred either by design or by accident to other countries or to rogue groups. This is a very serious thing for our long-term security, and we have spent a lot of time to make sure we are firm and deliberate. But that firmness, that deliberateness, has led to these talks, which were interrupted when Kim Il Sung passed away. We start the talks again on Friday. The agreement the North Koreans made is still holding about refueling and reprocessing. I think we should focus on that now and keep working for a satisfactory conclusion.

Gene?

Have you any confidence that we will know whether they violate these agreements?

Pres. BILL CLINTON: Yes, I believe that. I have no reason to believe that we will not know if that agreement is violated.

GENE GIBBONS: Mr. President, as you pointed out in your opening statement, the economy has been growing. Last week we saw the peace agreement - or the framework for peace agreement between Israel and Jordan. Yet, your approval rating continues to slide in the polls. To what do you attribute that? Is it the message? Is it the messengers? And a related part of that question - Has Leon Panetta made any recommendations to you for changes in the White House to improve things here?

Pres. BILL CLINTON: Well, first of all, I'm not the best judge of that. Maybe I'm just not as good a talker as you folks thought I was when I got elected president. Maybe there's so much going on it's hard for anything specific to get through. Maybe it's partly a function of the times in which we live. Whenever we move from one historic era into another, where we - at the end of World War I, at the end of World War II, moving into the Cold War, now at the end of the Cold War moving toward the 21st Century, our people are filled with a mixture of hope and concern. Also every American is genuinely concerned about something now, whether it's their economic circumstances, their health care, insecurity over crime, concern about what's happening to the fabric of our society with so many children out of wedlock and so many families breaking down. There's something gripping the concern of most Americans. And, when people have these balances going on - hope or fear - it is sometimes difficult to get through with the hope and progress. I can't worry about that. All I can do is to show up for work here every day. And, as I said today to the folks who rode buses, try to make this the home office of the American Association for Ordinary Citizens. And, if I keep doing that, I think that the future will take care of itself. My only concern is to continue to be able to be effective and that's what I will work for.

Brit?

BRIT HUME, ABC News: Mr. President, on health care there were indications on

Capitol Hill today that time is now becoming an important factor - there's a need to get legislative language; there's a need to various budgetary estimates - and that it may be very difficult before the end of this month. Are you prepared now to insist that Congress remain in session and not take its recess until there is action in both houses?

Pres. BILL CLINTON: Well, my belief is that Senator Mitchell has done enough work on his bill and that the House bill has been out there in its basic framework so that the recess will probably have to be delayed, but could still occur. I do believe that they should and will stay here until they can take action on those bills - each house on its own bill. I believe that will happen, and I think that's a good thing because that's a way of their putting the American people first, which is something I think should be done.

Dan?

DAN BALZ, 'Washington Post': A two-part question on health care - When you put your own health care plan forward, you said you wanted to build on the private insurance industry. The House bill that Congressman Gephardt has put forward could turn control of almost half the health care system over to the federal government. Why do you support that approach as opposed to your original idea? And secondly - Is Senator Mitchell's bill your new bottom line - your new minimum? If there is anything less than that coming out of the Senate, would that draw a veto?

Pres. BILL CLINTON: Let me answer the second question. My goal has been what it has always been. I want a system that will take us to universal coverage. If it takes a few years to get there, that's fine with me, we don't want to mess it up. We want to have the chance to continue to work and strengthen the program along the way. In the case of the House bill, as you know, I have always thought that we ought to allow every American to buy into the Federal Employees Health Insurance Bill, which is essentially a private plan. The House bill offers a Medicare program, if you will, like the senior citizens buy into now, but only if people decide not to buy private health insurance. So it still has a preference for private health insurance, and I think that is consistent with what I think we should do. I still believe the best thing to do is to build more on the system that most of us have now.

Peter?

REPORTER: Which of those do you favor, the Mitchell approach or the Gephardt approach?

Pres. BILL CLINTON: Well, I'm not going to get into being a legislator. My job is to try to keep the American peoples' eye on the ball and to try to keep the members of Congress working together. What I favor is now for our friends on the other side of the aisle, and all of the Democrats to get together, think about the interests of the American people, and come up with a program that solves the problem.

Let me just say, if I might, just stop for a moment and say I think it is terribly important in this debate, when these issues tend to be complex and detailed, to keep our eye on the central reality here, which is how do we solve the problem?

I asked two of the people that rode those buses to come here tonight, I want them to just stand up. David - Daniel Lumley and John Cox. And let me answer your question this way. Daniel Lumley was a young man who lost his arm riding a motorcycle. He wants to be a school teacher, he wants to be a public servant, he wants to know that he'll always be able to get health insurance when he works, even though he has a very apparent preexisting condition. Like millions and millions of Americans with disabilities, he can work and do fine, and pay taxes, which releases the burden on the rest of us if he can get insurance.

John Cox left his job with health insurance and went to work for a Christian radio station because he thought it was his mission in life to do that. He thought he was covered by health insurance, and he thought his employer was paying it, and he wasn't. When his wife came down sick, because they didn't have health insurance, even though he was working, they didn't go to the doctor. They just talked to a doctor over the phone for months and months. Finally she became so ill they had to see a doctor at an emergency room. By that time she had cancer that had progressed to the point when it could not be fully treated. He took this bus ride across the country when his wife was dying because she wanted him to. She died during the bus ride, he buried her two days ago, and he came up here today to be with us.

My answer to you is, if the program works for John Cox and for Daniel Lumley, I'll be for it.

WOLF BLITZER, Senior White House REPORTER: Mr. President?

Pres. BILL CLINTON: Wolf?

BLITZER: Mr. President, if I could ask you a specific question on these Whitewater hearings, which I know you're not watching but many of us were watching until 2 o'clock in the morning last night. One of the problems that Roger Altman, the deputy Treasury secretary, seems to have is that he didn't recuse himself or step down as chairman of the Resolution Trust Corporation because he feared that there could be some sort of appearance of a conflict. He had decided to step down but was talked out of it by Bernard Nussbaum, your former counsel, and other White House aides. That seems to be the source of a lot of problems that he has. And Josh Steiner, the Treasury chief of staff, says that you and the first lady were furious that Roger Altman told a New York Times editorial writer about this decision before you learned about it.

What was so bad about his decision to recuse himself if there was nothing that he could have done to interfere in the RTC investigation of Madison Guaranty Savings and Loan?

Pres. BILL CLINTON: First of all, I never would promote anybody interfering in any investigation. I welcome this investigation. And it will vindicate what I have been saying all along. I had no problem with Mr. Altman deciding of his own independent judgment, in consultation with his superior, the secretary of the Treasury, that he ought to recuse himself. The only thing that upset me was I did not want to see him stampeded into it if it was the right thing to do. I just wanted the decision to be made on the merits. I think it's a pretty simple, straightforward position I had and I think it was the right one.

George?

GEORGE CONDON, Jr., Copley News Service: Mr. President, Atlanta Braves owner, Ted Turner, last week called on you to intervene with government arbitration to head off a baseball strike. Now that your Labor secretary has met with both sides of the talks, do you see any government role in this matter? Do you see anything you personally can do to head off the strike?

Pres. BILL CLINTON: Let me say first of all just as a life-long baseball fan, I suppose I have a greater interest in this than maybe a president even should. I mean, the prospect of seeing records that are 30 and 40 years old broken, for those of us who like the offensive as well as the defensive side of baseball, I mean this is an exhilarating thing. I think it would be heartbreaking for the American people if our national pastime didn't get through this whole season. And it's a great opportunity for these young players and what they can become.

Secondly, the secretary of Labor, as you pointed out, did meet with the representatives of the players and the owners, and we discussed what could be done and tried to facilitate a better communications between them. There may be some other things which can be done, but at this time the situation is sufficiently delicate that I think we need to leave it at that. If we can play a constructive role we will. We do not want to play a destructive role. We all hope that somehow the strike can be averted.

Mara?

MARA LIASSON, National Public Radio: Mr. President, there are many Democratic members of the House, your allies, who disagree with you, they don't believe that Senator Mitchell's bill is a universal coverage bill. Are you ready to tell them that you think that Senator Mitchell's bill is the best that can possibly come out of Congress this year?

Pres. BILL CLINTON: Well first of all, let's remember how a bill becomes law. [laughter] I mean, a bill - it's very important. Senator Mitchell has to find a majority for a bill that can pass the Senate. Then there must be a majority of people supporting a bill that passes the House. The Senate task is very hard because, except on the budget, a tiny minority, 41 percent of the Senate, can keep any other bill from even coming to a vote. He has a difficult task. Then the bill goes to a conference and a final bill will come back and will be voted on in both houses. We have seen many times how a bill passes the House, a bill passes the Senate, a final one comes out that's different from either one. We don't know what will happen.

Let me tell you what I hope will happen. What I hope will happen is that these - that the debates on the floor of the Senate and the House will be widely publicized, heavily watched, and that the debate will grip the imagination of ordinary American citizens who themselves may not be part of any discrete interest group, and that there will be a climate in the country welling up, as I believe it is now, for action that works, that solves the human problem. I believe George Mitchell, as many of the senators pointed out, in a situation which every time he tried to do something, the members of the other party moved away from a position they had previously had. Normally in a bill - when a bill becomes law, if you take one position and the people in another party take another, you move toward them, they move toward you, you work out an

agreement. Here is a case where we had 24 senators of the other party committed to universal coverage, and they have all abandoned the plan they were originally for, and as he has moved toward them, they have moved away. In that environment, I think he has done a fine job with a bill that I personally believe will achieve universal coverage, and that's all I can say. It is my opinion that it will work.

KATHY LEWIS, 'Dallas Morning News': Mr. President, strictly from a management standpoint, given the conflicting recollections of the various members of the Treasury Department team, do you believe that they can continue to work together effectively?

Pres. BILL CLINTON: Well, the management of the Treasury Department is under the jurisdiction of the secretary of the Treasury. All I can tell you is the important thing for the American people is the Treasury Department has worked very well. Nearly every American - nearly every expert in this town believes that it has worked very well across a whole broad range of issues, and that the secretary of the treasury has done an absolutely superb job in both domestic and international economic arenas, with the support of his team. The management questions are things that he will have to resolve, but I will say again there was no violation of the law, there was no violation of the ethics rules, the errors which were made have been acknowledged, and questions have been answered at extreme length. I think that is a very good thing.

TED KOPPEL: Well, the president nearly back for one more question there, but he'd taken about 30 of them already, covering a wide panoply of issues on foreign and domestic issues. The foreign ranging from Haiti to North Korea and Syria, the domestic ranging from Whitewater and health care to the baseball strike. We will be back in just a minute or two. When we return, we'll be joined by the Senate Minority Leader, Bob Dole, and we will go live to Port-Au-Prince, Haiti, to speak with the president of the Haitian Senate.

[commercial break]

TED KOPPEL: The president's press conference went so long that we do not have time to go to Haiti right now to talk to the president of the Haitian Senate. We'll be doing that a little bit later tonight on Nightline. But joining us now live from Capitol Hill is the Senate Minority Leader, Bob Dole. You've got a beautiful prop there next to you. Might as well go to it right away, senator.

Sen. ROBERT DOLE (R-KS), Senate Minority Leader: Well, this is the Mitchell bill, the Clinton-Mitchell bill, we just had delivered to us about an hour ago. It's about 1,400 pages, it weighs 14 pounds, and this is what we're supposed to explain to the American people in a matter of the next few days, and it's going to be very, very difficult.

TED KOPPEL: The president has made it pretty clear that he expects you and the House to stay there until you get it done.

Sen. BOB DOLE: That's not a problem with me, unless rumors are true in the House, where there's some indication that they might not vote until after the recess. Now if that happens in the House, then I don't think the Senate should proceed. We ought to have the same opportunity to go home and visit our constituents about this most important bill in the last 20, 25 years.

TED KOPPEL: The president associated himself during his press conference with your vote today on Haiti. One hundred senators said in effect, 'Well, we're not going to do what the U.N. says. He's going to have to come to Congress.' And he suggested he was willing to do that, but not now.

Sen. BOB DOLE: Well I wasn't quite clear. I mean, it seemed to me that he was- he didn't he would come to Congress. He said he agreed with the resolution. Obviously, U.N. approval is not congressional approval. I think he first has to make the case to the American people. He didn't make it tonight. There's no American lives threatened in Haiti. There's no real national interest in intervention in Haiti, and that's why we think he should come to Congress before we risk American lives and then also start occupying Haiti for who knows how long.

TED KOPPEL: Senator, it sounded- I think if you read between the lines, as though there was something less than a wholehearted support for Roger Altman as deputy Treasury secretary. What did you hear?

Sen. BOB DOLE: Well, I think he did what he probably should have done. Roger Altman is a good friend of his and has been a long-time supporter. I don't run around saying people should resign, but I do think somebody wasn't totally accurate in their testimony, particularly in the Senate Banking Committee. I watched about three hours of that testimony last night.

TED KOPPEL: Senator Dole, forgive me for jumping in. We're fresh out of time. You're going to be nice enough to join us also a little bit later on Nightline. I look forward to that.

Sen. BOB DOLE: Right.

TED KOPPEL: And I would also like to draw your attention to Turning Point with my colleague, Diane Sawyer. Tonight, they'll be doing their program on inside the Branch Davidian Compound - Waco, the Untold Story. I'm Ted Koppel in Washington. For all of us here at ABC News, good evening and we'll see you later, I hope.

ANNOUNCER: This has been an ABC News Special Report.

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August 4, 1994

Transcript # 820-4

TYPE: Live Report

SECTION: News; Domestic

LENGTH: 407 words

HEADLINE: Clinton Talks to Press About Haiti, Health, Whitewater

GUESTS: Pres. BILL CLINTON; Sen. ROBERT DOLE (R-KS), Minority Leader;

BYLINE: GENE RANDALL

HIGHLIGHT:

President Clinton told a press conference that he would welcome congressional support of the Security Council's military option in Haiti, but he said he won't make that a condition for military action.

BODY:

ANDREA ARCENEUX, Anchor: Good morning and welcome to Daybreak. With the debate entering a critical stage in Congress, President Clinton continues pressing for Democratic health care plans. With the latest or with more on the president's news conference last night, here's CNN's Gene Randall, live at the White House. Good morning, Gene.

GENE RANDALL, Political Correspondent: Good morning Andrea. It was only the third time since becoming president that Bill Clinton had taken a news conference into television's prime time. And though questions about the Whitewater hearings got their share of the spotlight, the president's focus was health care reform and his support for a pair of Congressional proposals, one a Senate plan that falls short of the president's initial goals including universal coverage.

Pres. BILL CLINTON: We want to guarantee private, not government insurance for every American. The plan I originally proposed has been changed and much of it for the better. The proposals before Congress are less bureaucratic, they're more flexible. They provide more protection and support for small business. They contain a reasonable phase-in time, over a period of years, to make sure we get it right.

Sen. ROBERT DOLE (R-KS), Minority Leader: With all due respect to Senator Mitchell, he's my friend, I applaud him for putting a bigger bill together than the president's. It's got a lot of big government in it, it's got 17 tax increases in it. It's got a lot of mandates in it. It's not a good bill. It's sort of a government run health care system.

RANDALL: On Whitewater, the president said last night he was not watching the televised hearings. Asked about his embattled Deputy Treasury Secretary, Roger Altman, Mr. Clinton said he still has confidence in him. On Haiti, Mr. Clinton indicated if he makes a decision for an invasion, while he would welcome the support of Congress, it would not be a condition for the use of force. And in response to a question about why he has so few formal news conferences, Mr. Clinton smiled and said, 'That's been a mistake, and I plan to change that.'

Gene Randall, CNN, the White House.

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LANGUAGE: ENGLISH

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SHOW: NEWS 6:28 am ET

August 4, 1994

Transcript # 599-1

TYPE: Package

SECTION: News; Domestic

LENGTH: 545 words

HEADLINE: Clinton Defends Reform, Altman in Press Conference

GUESTS: Pres. BILL CLINTON; Sen. ROBERT DOLE (R-KS), Minority Leader; Pres. CLINTON; Sen. PHIL GRAMM (R-TX);

BYLINE: IRV CHAPMAN

HIGHLIGHT:

President Clinton took the offensive yesterday at a press conference, pushing for compromise on health care. But he was forced to defend Robert Altman when questioned about firing the Treasury Deputy.

BODY:

STUART VARNEY, Anchor: The White House last night tried to rewrite the headlines.

DEBORAH MARCHINI, Anchor: Faced with damage from the Whitewater hearings and plummeting approval of the President, it put on a show. President Clinton's third prime time news conference covered topics from North Korea to Haiti. But the clear reason for the president's appearance was to push for health care reform. It's a pocketbook issue which helped him win the presidency and he staked his reputation on providing health coverage for every American. More than the president's own credibility is at stake, so is the fate of congressional Democrats in November's elections. But to win passage of a health reform bill, the president has clearly had to make more and more compromises. Irv Chapman reports.

IRV CHAPMAN, Business News Correspondent: The president began the day rallying support for health care reform, though his own plan had been through the Capitol Hill meat grinder. He ended the day explaining why the proposal, much modified by Democratic leader George Mitchell, to match the realities of Senate politics, still meets his demand for guaranteed private insurance for every American.

Pres. BILL CLINTON: I think he has done a fine job with a bill that I personally believe will achieve universal coverage, and that's all I can say. It is my opinion that it will work. Senate Republican leader Bob Dole afterward showed a copy of the Mitchell Bill, 1400 pages, promising his own shorter health bill by the end of the week.

Sen. ROBERT DOLE (R-KS), Minority Leader: -pre-existing condition affordability. Why don't we go ahead and do those things? That's what I say to the President, we can't, if he says we've got to have everything. It may mean we'll do nothing. Why don't we take care of these 20 or 30 provisions that Democrats and Republicans agree on. CHAPMAN: Mr. Clinton was asked if the Whitewater investigation was reducing public confidence and therefore his ability to promote health reform and other proposals.

Pres. CLINTON: I've watched none of these hearings, I've not kept up with them. I've been working on jobs and health care and the crime bill and peace in the Middle East and doing the things I was hired to do by the American people.

CHAPMAN: The president minimized Roger Altman's role in not providing information to Congress in a timely fashion, as he put it. He's done a superb job as number two official at the Treasury, still has Mr. Clinton's confidence. That, a Senate Banking Committee Republican said, that will change.

Sen. PHIL GRAMM (R-TX): And I have no doubt the president will reach the right decision and the right decision is going to be that Mr. Altman is going to have to leave.

CHAPMAN: The president insisted he welcomes the Whitewater investigation and took the testimony so far as evidence that he and his administration did nothing illegal, or unethical.

Irv Chapman, CNN Business News, Washington.

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AUGUST 24, 1994, WEDNESDAY

SECTION: WHITE HOUSE BRIEFING

LENGTH: 3756 words

HEADLINE: CHICAGO B'NAI B'RITH INTERNATIONAL CONFERENCE
REMARKS BY PRESIDENT CLINTON
VIA SATELLITE FROM THE WHITE HOUSE

BODY:

PRESIDENT CLINTON: (Applause, cheers.) Thank you. Thank you very much, President Shiner (sp), distinguished guests, ladies and gentlemen. Thank you for that very warm greeting. And I certainly can identify with the tension of waiting for election results to come in.

I'm very glad to be with you today, if not in body, then very much in spirit. It's an honor to address the international convention of an organization that has done so much for our country. I understand that, along with delegates from 40 of our 50 states, there are among you representatives from 36 nations. I want each of you to know this country's gratitude for the extraordinary work B'nai B'rith has performed since its founding in 1843. Your tireless dedication to community service, health, education and housing for the elderly and your staunch opposition to bigotry of any kind long ago earned our respect and our thanks.

Allow me to add my voice to the chorus saluting Kent Shiner (sp) as he steps down after four distinguished years as your president. Kent joined Hillary -- or hosted Hillary and me at the Jefferson Memorial last October when B'nai B'rith celebrated its 150th anniversary. I admire anyone who survives and thrives for a full term as president. So congratulations to you, Kent, on a job well done. (Applause.)

This is a remarkably exciting time both at home and abroad for issues of particular concern to B'nai B'rith and to me. At home, we're on the verge of winning the fight to make our streets safer for law-abiding Americans. We're closer to the day when health care will no longer be a privilege for some but a right for all. Our economy is recovering, over four million new jobs in the last year and a half. We're moving in the right direction at home. Abroad, we've witnessed progress in one year toward peace in the Middle East that can literally take our breath away. And let me say a few words on these subjects. This past weekend, Democrats and Republicans in the House of Representatives joined in an unprecedented effort to set aside the petty concerns of partisan politics and acted quickly to address the real concerns of real people about crime.

Not only did they pass a crime bill that the American people desperately want and need, but they showed the bipartisan spirit and good faith we desperately need here in Washington to make this national government work again.

Now the Senate has a chance to follow suit to pass the toughest, smartest, most bipartisan crime bill in our nation's history, a bill built on bipartisan roots of the crime bill that Republicans and Democrats in the Senate passed late last year by a vote of 95 to 4. This bill is centrist and bipartisan to its very bones -- 100,000 new police officers, billions more for prisons, "three strikes and you're out," prohibiting juveniles from owning handguns, a ban on deadly

assault weapons, and much needed and working crime prevention programs, and a massive cut in the federal bureaucracy to pay for these crime-fighting efforts. That's right, we're reducing the federal bureaucracy to its smallest size since the Kennedy presidency and putting all the savings into a trust fund to pay for the crime bill.

These aren't Democratic or Republican ideas, they're common sense solutions that the American people support because they can really make a difference against crime and violence now and in the future. For six years the American people have waited while Congress debated a crime bill, even as they watched the average violent criminal go free in just four years. It's time to act now. This is about keeping faith with the millions upon millions of American families who work hard, pay the taxes, obey the laws and don't ask very much from our government, but they do want to raise their children in a country that is safe and secure. The American people don't want a criminal justice system that makes excuses for criminals. They also are tired of a political system that makes excuses for politicians. It's time to put away the excuses, the blames and the politics and join forces to pass this crime bill now. And I urge all of you to call your senators without regard to party and tell them just that. (Applause.) For many years now, B'nai B'rith has been a leader in providing health care to all kinds of Americans.

When I spoke to you at the Jefferson Memorial, I described the hospital you opened in my hometown of Hot Springs, Arkansas, some 90 years ago. The (Leo N. Levy ?) Hospital still cares for hundreds of people every year without regard to their ability to pay. That same generous spirit should animate our national health care system.

After 60 years of trying, we're closer than ever to providing health security for all Americans. For the first time in our history, both the House and the Senate are considering comprehensive and effective health reform measures. These efforts are long overdue. Health costs are too high and rising too fast. Coverage is actually shrinking in America. Millions in the middle class are losing their insurance every year, many of them for good. There are 5 million working Americans and their children who don't have health insurance today who had it just five years ago.

Meeting this challenge requires more from us than politics as usual. This, again, shouldn't be about politics or special interests; it should be about putting the interests of our families, our nation and our future first. I believe we can do it if we will leave aside ideology and partisanship and follow the example that the House did Sunday in passing the crime bill. To do it, we'll have to join together, to stand up to some intense pressures to guarantee that every American has solid, affordable, private health insurance. Every other major advanced country has done it. It's time for America to do the same. Lastly, let me say I know you share the joy that I feel in the progress that's been made toward peace in the Middle East. For more than four decades, Americans have identified with and supported Israel's struggle for survival and acceptance in a hostile region. Now, after so much bloodshed, so many lost opportunities, Arabs and Israelis are reaching out to each other to settle their differences through conciliation, compromise and peaceful coexistence. Some of you were on the South Lawn of the White House to witness the historic handshake between Chairman Arafat and Prime Minister Rabin, and some of you joined us in the Rose Garden when King Hussein and the prime minister showed the world what war and peace can mean in the Middle East.

I hope and I believe that the time is not far off when we'll see a comprehensive peace in the region, a peace that binds Israelis, Palestinians, Jordanians, Syrians and Lebanese so that all their children can know a better future. The

United States has been proud to serve as a full partner in the search for peace -- not by imposing peace or making life and death decisions for others, that must be the responsibility of the leaders and the people of the region; rather, our role is to facilitate negotiated compromise and to underwrite reasonable risk-taking, and that is exactly what we've done.

I applaud the bold steps that Israel has taken, and I salute the courage of the Arab leaders who have stood up to the scurrilous charge that they are somehow selling out the Arab cause by securing for their own people a future of peace, prosperity and hope. Now we must demonstrate that the international community supports this courage and ensure that the people of the region realize the full benefits of these peace-making efforts. At the same time, we have a right to expect that all the participants in the peace process live up to the commitments they've made. In this regard, it's heartening to hear from many Palestinians their genuine desire for democratic elections, representative government and transparent and accountable institutions -- these things they need and they deserve nothing less.

As we move ahead in the peace process we need to keep in mind some basic principles. First, peace must be real, not just the absence of war but a qualitative change in the relations between Israel and its neighbors; full diplomatic ties, an end to the boycott, open borders for people in trade, joint economic projects. And it would be inconsistent with real peace for any of the parties to host or sponsor those who reject accommodation with Israel, especially terrorist groups.

Second, peace must be secure. The parties themselves must reach agreement that provides for mutual security. In the case of the Israel-Syria negotiations, this administration, following consultations with Congress, stands ready to participate in the arrangements these parties reach. And just as this administration has acted to sustain and enhance Israel's qualitative military edge, so too it will help to compensate for any strategic advantages Israel may choose to give up for peace.

Finally, peace must be comprehensive. We will work hard to achieve breakthroughs in the Syrian and Lebanese tracks, and when we do, we'll also expect the wider Arab and Muslim worlds to normalize their relations with Israel. Let me emphasize here that we're committed to bringing the Arab boycott of Israel to an end now. (Applause.) First of all, the boycott harms American companies and it has no place in the peace process. Through the Gaza/Jericho Accord and the transfer of authority elsewhere in the territories, the Palestinians have entered into a new economic relationship with Israel. Continuing the boycott harms not only Israel but the Palestinians as well. At the same time, the Washington declaration affirms that the abolition of all boycotts is the shared goal of Israel and Jordan. With serious progress being made on the Syrian negotiating track, retaining this relic of a bygone era cannot possibly be justified. The boycott must be ended. (Applause.)

Building peace is extraordinarily hard work.

We know that the dark forces of hatred and terror remain deeply entrenched. In recent weeks, terrible attacks against Jews in Argentina, Panama and England have underscored the heinous acts some will commit to undermine this peace process. Among you today are members of those communities, including Joseph Herrari (sp) from Panama, who lost a nephew on the plane that was bombed from the skies over his country.

Mr. Herrari (sp), I pledge to you and to everyone else in the room we'll do all that we can to help bring the perpetrators of this crime and the other crimes to justice. (Applause.)

Our policy is clear: to weaken and isolate those who reject a more peaceful

future for the peoples of the troubled region. The two key obstacles of that future are Iraq and Iran and the radical groups they continue to support. In the case of Iraq, we must maintain the international consensus in favor of strict sanctions. This clear expression of international will has compelled Saddam Hussein finally to begin to cooperate with U.N. weapons inspectors. But the true nature of Saddam's regime remains clear. Relief workers and weapons inspectors face constant harassment and intimidation. Terrorism plagues the Iraqi people. Witness last month's tragic death of a prominent Shi'ite leader, the summary executions of bank managers, and the recent assassination of an Iraqi dissident in Beirut by Iraqis accredited as diplomats. Baghdad still refuses to recognize the sovereignty and borders of Kuwait, and the regime continues to destroy the lives of the marsh Arabs of southern Iraq. These facts serve as reminders of why we must and why we will maintain the sanctions. Of equal importance is our effort to contain Iran, the world's leading state sponsor of terrorism. We pledge to work with like-minded countries to meet the challenge of Iran's support for terrorist groups, its efforts to acquire weapons of mass destruction, and its campaign to subvert moderate regimes that have opted for peace. We must do this. We call upon all our allies to recognize the true nature of Iranian intentions and to help us convince Tehran that we will not tolerate rogue behavior.

Now, let me conclude on a happier and more positive note. It's been said that, unless a person is a recipient of charity, he or she should be a contributor to it. Your work through B'nai B'rith gives life to that generous thought. So this week, as you reflect on your wonderful acts of community service and plan new ones, let me once again express the gratitude of our nation for all you've done and all that you will do.

Thank you very much. (Applause.)

MR. KENT SCHINER (President, B'nai B'rith): Mr. President, you can hear by the applause the acceptance of those words that you gave us, words of hope, words of peace. Let me take this opportunity to thank you. In the past you have graciously thanked B'nai B'rith for our contributions to the community. This afternoon it is my turn to thank you for what you have done to promote world peace, particularly in the Middle East, and for your efforts to address the problems of health care and crime. We thank you. (Applause.)

As you know, Mr. President, we have members in 51 countries around the world, and we have a few here that would like to ask you a question. May I ask the first one to identify himself and ask his question.

Q Mr. President, I am -- (name inaudible) -- president of B'nai B'rith of Argentina. At this convention there are delegates from Panama, Argentina and Great Britain, three countries which recently suffered, witnessed the terrorist attacks committed by international terrorists. The recent bombings in Buenos Aires, Panama and London, not to mention the World Trade Center in New York City, indicate a global wave of violence directed against innocent citizens. What is your administration actually can do and will do to combat this threat domestically and internationally?

PRESIDENT CLINTON: Let me tell you what we are doing. First of all, you can see from the results of our efforts to solve the World Trade Center bombing case that we are very aggressive in pursuing these cases. We are intensifying our international cooperation, working with Argentina, Great Britain and Panama and other countries to try to help resolve who did these terrible acts of terrorism and apprehend the perpetrators. In addition to that, we are increasing our cooperation through intelligence and law enforcement services with countries throughout the globe to try to prevent such acts from occurring in the first place.

So we're trying to intensify our efforts at prevention and intensify our efforts at catching people when they do these terrible things. And I think we will have some considerable success. But we must not be naive. There are a lot of people who have a big vested interest in the continued misery of people in the Middle East, the continued anxiety of Arabs, particularly Palestinians and others, and they hate the fact that peace is winning converts and making progress. So as we move through the peace process, if we continue to have success the enemies of peace will continue to look for opportunities to make innocent people pay the price so that they can continue to make money and accumulate political power on the human misery that has dominated the Middle East for decades. So they'll be there, but we are doing what we can and we are putting more resources into the effort to stop them before they do and to catch and punish them if we're unsuccessful in stopping them in the first place. (Applause.)

MR. SCHINER: Thank you very much.

Q Good afternoon, Mr. President. My name is Janet Wiseberg (sp). I'm from Saint Louis, Missouri. I'm a house care consultant. The B'nai B'rith board of governors passed a resolution in April of this year that would guarantee that all individuals or families are assured adequate and affordable health care coverage, provide home and community-based services, and assure coverage for those with preexisting conditions.

B'nai B'rith applauds your efforts and the first lady's efforts for placing health care reform as an urgent matter on the American agenda. It is our understanding that the proposal put forth by the so-called "mainstream" group of senators has gained much support and has gutted the Mitchell bill, cutting the home and community-based long-term care by 85 percent. Despite the fact that your bill and the Mitchell bill did not include means testing, it is my understanding that the mainstream group has recommended a stringent means test making home and community-based services available only for those who fall with 150 percent of poverty. The most distressing development is that the mainstream group has eliminated coverage for prescription drugs.

Sir, my question is, at this critical juncture in the debate, what is your commitment to home and community-based long-term care, no means testing, and prescription drug coverage?

PRESIDENT CLINTON: Well my commitment is just as broad as it ever was. I think the provision of the prescription drugs, the long term care, is very important. But let me inject a little political reality here. The real problem is that we have members of the United States Senate, including some people who have been very good friends of B'nai B'rith, who are walking away from what is the only known way to provide universal coverage, control cost increases in the out years, and still generate enough money to provide these services, which is simply to require all employers and employees to provide insurance and then provide discounts to those who can't afford to pay the full cost. Once you say we're giving up on the requirement that employers provide health insurance and their employees help to pay for it, even in five years or six years from now, in the so-called hard trigger that Senator Mitchell advocated, once you walk away from that then you find the Senate basically getting into taxes and government regulation to try to raise a huge amount of money from people who are already paying for their health insurance and already have good health insurance to go throw it at people who have insisted on not being asked to do anything on their own in the hope that they can induce them with somebody else's money to do something they ought to do anyway.

And that leaves less money for prescription drugs and long-term care. Now that's basically what's happened.

This whole debate has been mischaracterized. I think that our position is the

essentially conservative one where we simply ask everybody to do their part, since they are benefitting from the health care system, and buy private health insurance, and then help them if they can't afford to buy at the full price. But everybody is asked to do something.

The so-called moderate and conservative people are trying to find ways to raise money from people who are already doing their part to basically overly subsidize people who don't have insurance and employers who could afford to pay and don't in the hope that they can plead with them to do something that they are unwilling to require in the law. And that is the nub of all of our other problems.

If you are asking me where I am, I am still where I always was. I will do my very best to provide it. I talked to a member of the Congress today who needed some long-term care at home for an ailing parent. We need to do this; we need it desperately. But I would urge you to talk to the members of Congress in both parties who've been your friends and ask them to look at the real world instead of the kind of ideological box that they have put themselves in and do something that will work.

The main thing we must do is we must do something that will work, and it will be better not to do anything at all than to adopt a program that would actually increase costs of health care and reduce coverage. That's what we don't want to do. (Applause.)

Q Hello, Mr. President, I'm Irving Silver, Mobile, Alabama, chairman of the B'nai B'rith Center for Public Policy. We certainly appreciate the role played by your administration and the Congress and for the part they have played in helping to bring about and support the Washington Declaration signed by Israel and Jordan. We are especially pleased by the confidence-building measures already taken by King Hussein and Prime Minister Rabin to advance the relationship between their two countries.

On the other hand, Yasser Arafat and the leaders of the Palestinian authority continue to dampen the agreement between the PLO and Israel by negative actions and statements. What is the administration doing, Mr. President, to impress upon Arafat and the PLO, the PLO leadership that its agreement with Israel can only succeed if it accepts the spirit as well as the letter of its provisions?

PRESIDENT CLINTON: Well, we're telling him just what you said, and we're doing it on a regular basis. The secretary of state is in constant contact with Mr. Arafat, we are working with the PLO people. We understood all along that because they had never actually run a country before and operated a government in all of its manifestations, with all of its problems, that there would be more difficulties here, operational difficulties in making the agreement actually work. But we are working hard on that, and we are also trying to provide assistance and support, as well as pressure, when that will help to get them to do what they are supposed to do.

We've also been very blessed in having a group of Jewish American and Arab American business people who are working together and are prepared to make some investments in those areas if we can get the PLO to -- in a position where they can actually effectively and implement this. So I believe that the biggest problem is one of capacity, and I think that the limited capacity is undermining the question of will from time to time. We just have to keep the pressure on and also have to keep working practically to increase the capacity for this agreement to be implemented by the PLO.

Thank you. Thank you. (Applause.)

MR. SCHINER: Again, Mr. President, on behalf of the half million people and members who affiliate with B'nai B'rith in 51 countries on six continents, we thank you for your warm greeting and your important message. Thank you very

much, Kent. Thank you. (Applause.)
END

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BODY:

PRESIDENT CLINTON: Good morning. For most Americans this Labor Day weekend is our last chance to catch our breath before the hustle and bustle of the fall. I'm on vacation with my family, and many of you may be driving to the beach or the lake for the last long weekend of summer. Maybe you're planning to do some back yard -- back to school shopping or have a back yard barbecue for your family and friends. Or perhaps you're one of the unsung heroes of Labor Day -- the police officers, the health care workers -- who have to be on the job this weekend.

Whether you're working or relaxing, let's take a few minutes to remember the story of Labor Day and what it says about the promise of American life. One hundred years ago America created this national holiday to honor our working men and women. One hundred Labor Days later, it's founders would be proud to know that the vast majority of our working people have lifted themselves into the great American middle class. We didn't do it with handouts, but by working -- hard working, smart working. The American way is to offer opportunity and challenge people to make the most of it. We have a unique partnership between government, business, labor and individual citizens. It's given us the public school system, the state universities, collective bargaining, the G.I. Bill, to name just a few. All partnerships that have given Americans the tools to build better lives for themselves.

For the past two decades, however, more and more people have had a harder time achieving the American dream. Too many Americans have found themselves working longer and harder for stagnant wages. Crime and terrible social problems have rendered our quality of life more tenuous. Global economic competition and serious, serious problems at home have really complicated our lives. The American people have suffered and, for too often and too many ways, the national government has ignored these problems or even made some of them worse. We have actually managed to quadruple our national debt in the decade of the '80s, while reversing and declining in our commitment to invest in our people and our economic future. I ran for president because I think our nation's mission at the close of the 20th century must be to keep the American dream alive in the 21st century. We need a plan for the future that puts our people first, that has a partnership that creates opportunity, insists on more personal responsibility from our people, and enables us to rebuild our communities. We face tough challenges. And change is always hard. The status quo has always had powerful friends. But the families we honor on Labor Day deserve better. Last year we began to put into place this strategy for the future, beginning with an effort to renew our economy and put our economic house in order, with the biggest budget deficit reduction package in history, including \$255 billion in spending cuts, tax increases for the wealthiest one and a half percent of Americans, and tax relief for 15 million working families with children, to encourage them to keep working and not fall back into welfare.

We pried open new markets around the world for American workers with NAFTA, a world-wide trade agreement, new openings to Japan and the rest of Asia, serious efforts to sell American products -- everything from airplanes to apples. While we cut spending, we actually invested more in the life-long education and training that our people will need in the global economy, from head-start to apprenticeships for young people who don't go on to college, to constant job training opportunities for people once they're in the work force. The friends of the failed policies of the past -- the people who raised taxes on the middle class, lowered them on the wealthy, reduced investment in our people and exploded our deficit -- they predicted this economic strategy would fail. They said it would produce disaster. But, instead, in just 19 months, our economy has created more than 4.2 million new jobs -- 93 percent of them in the private sector. Yesterday we got more good news; we reached 2 million new jobs this year, and the year still has four months to go. And that total includes 135,000 new manufacturing jobs created this year. For the first time in 10 years, manufacturing jobs have increased for eight consecutive months. In addition, 20 million young Americans are already eligible to re-finance their college loans at lower interest rates with longer repayment terms. And we're going to have three years of deficit reduction for the first time since Harry Truman was president, creating a more stable future for our children. Restoring opportunity, honoring work and family and community; that's what this administration and our mission are all about. A big part of that is personal security. And all of you saw that as the debate over the crime bill unfolded in the last several weeks. We have reduced the size of the federal bureaucracy by over 270,000 over the next six years and taken all that money to give it back to local communities to make children and families safer -- 100,000 more police, more prisons, longer sentences for serious offenders, the programs to help young people have something to say "Yes" to, to prevent crimes -- drug courts, boot camps, education and job training programs, jobs and activities for young people, and a ban on juvenile ownership of handguns and on assault weapons. Again, there was bitter opposition. The status quo had powerful friends, but the American people and the American future won. In everything we do, we must honor work and family and community. That's why we're fighting for health security for working Americans by providing universal coverage and controlling costs, why we're working to reform the welfare system, to help people move from public assistance to productive jobs, and why we're changing the unemployment system to a re-employment system to help people continuously get the training, the counselling, the information they need about new jobs. Our work won't be done until all Americans enjoy the dignity of work, the security of world-class skills, and the opportunity to build a life for themselves and their children that is better. That can only be done by taking a new direction, not a government which says we can do alone, and certainly not a government that sits on the sidelines, but one that works in partnership with business and with our individual working men and women and their families. On Labor Day -- Monday -- I'll be visiting with workers at a shipyard in Bath, Maine, where that partnership is taking place, where labor and management have made a uniquely American covenant with themselves and with their government -- with themselves to share the responsibility and rewards for the company's success, and with their government to take a little help to move from a defense-based economy to prove that they can compete and win in a global economy that involves far more than defense. Those shipyard workers in Maine exemplify the best in the American spirit -- the understanding that, when we pull together for the common good, we are unstoppable. This Monday, Labor Day, you will see that spirit all across our country -- in

Milwaukee at the Labor Day parade, and Little Rock at the Old Time American Union picnic. In Michigan, as they have on every Labor Day since 1958, you will see tens of thousands of people walking the five miles across the Mackinac Bridge, connecting the state's upper and lower peninsulas. Next Sunday in Washington, D.C., there will be a special Labor Day mass at the National Shrine of the Immaculate Conception, to bear witness to the timeless truth that work gives structure and meaning to our lives and is divinely ordained.

Whatever you're doing this weekend, I wish you all the best for yourselves and your families. I thank you for listening and for your dedication to our country.

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Universal Coverage

PHOTOCOPY
PRESERVATION

BACK TO THE FUTURE

From "A Decade of Health Care Reform," published in *National Journal* on April 30, 2004:

At 11:45 P.M. on Oct. 6, 1994—after months of rancorous debate and just 15 minutes before Congress was to adjourn and head home to face the electorate—the American Good-Enough-for-Now Health Care Reform Act passed. The vote in the House was 284-149 (and two abstentions); in the Senate, it was 79-20, with one Senator absent because of a heart attack sustained during a protracted filibuster.

Enactment of an incremental reform measure had been something of a foregone conclusion since earlier in the year, when the chairmen of three House committees were able to eke out only slim majorities on their panels for legislation that would guarantee health insurance coverage to all Americans. A Senate committee defeated similar legislation by five votes.

A comprehensive reform bill was "simply too much of a burden on small business and the American taxpayer," said Rep. Kent Afford, the critical vote on the House Committee on Large and Popular but Expensive Entitlements. It was Afford, a southern Democrat then embroiled in a tough Senate race, whose opposition to the Democratic leadership bill was widely seen as a turning point in the debate.

AGENHCRA (pronounced *agon-hicra*)—as it became known—took a targeted approach to what ailed America most. Or, to be more accurate, to what ailed middle America most.

Middle Americans, Congress wisely noted, were largely happy with their health insurance and afraid of messing with it. In fact, the main thing that bothered them was that anyone with a hangnail risked being turned down for health insurance as a bad risk, or charged astronomical sums for it. Bad health, after all, can strike anyone, and even the insurance industry recognized that this "cherry picking" was not making for a good image.

And so, AGENHCRA required insurers to take all comers. And they couldn't charge the old or sick an arm and a leg for their policies either—henceforth they could charge only an arm.

Individuals and small businesses could join what would be called People's Insurance Purchasing Cooperatives to pool their risks and their purchasing power, thereby diminishing the extra premium that small employers once had to pay. The self-employed could take tax deductions for 100 per cent of their insurance costs. And for the poor and uninsured, there was the promise of a new network of community health centers, financed by cuts in the medicare program for the elderly and the medicaid program for welfare recipients. Insurance forms were streamlined, malpractice suits were banned. Waste, fraud and abuse were to be eliminated.

The relief among middle Americans was palpable. On Jan. 1, 1995, a million people who had previously been denied coverage because of poor health deluged the offices of health insurers from coast to coast. The coverage was expensive, but most of these bad risks weren't poor, and they were happy to pay.



Peter Kuper/INX

But the flood of sick people into the system forced insurers to hike their rates to small businesses and individuals by 50 per cent more than they had intended. That caused hundreds of thousands of relatively young, healthy Americans to drop their coverage. Worried insurers complained about "reverse cherry picking" by consumers and doubled the next year's planned premium increases.

The individuals and small businesses who remained in the purchasing cooperatives didn't notice the rate hikes right away: Pooling had lowered their rates significantly the first year, and the second-year rate

increase persuaded many of them to switch to lower-priced health maintenance organizations (HMOs).

In the meantime, HMOs discovered that they could make fabulous profits by getting lean and mean. That meant not only getting efficient, but also finding ways to turn away the uninsured. Doctors used to be able to take charity cases and pass along the costs to paying patients; now, though, they had budgets to meet and could no longer play Robin Hood.

And there were still plenty of uninsured people. Although the number dropped initially from 37 million to 36 million, most employers of low-wage workers found that buying insurance coverage was still uneconomical. Without help from their employers, lower-income people could not afford coverage. The unemployed were out of luck, too.

Uninsured people could go to the new community health centers and affiliated public hospitals. But these facilities were overwhelmed, with six-hour waits in the emergency rooms and three-month waits for office visits. With medicare and medicaid reimbursements slashed, many private doctors refused to see poor elderly people and welfare recipients; these patients showed up at the clinics, too.

Liberals proposed additional spending for the clinics, but the 1998 Don't-We-Already-Pay-Enough-for-Those-People Budget Act included no new spending for them. Deficit hawks noted that the budget for the clinics had grown at four times the projected rate. "I think we all want to provide a safety net for the truly needy," said Afford, by then a Senator and oft-mentioned candidate for President. "But we also live in an era of limits."

There were a few predictable horror stories—such as the Hispanic woman who died in childbirth on the lawn of a Miami hospital. Several Members of Congress proposed requiring health plans to treat charity patients. But the business community balked, saying that would lead to higher prices for insured patients and their employers. In the end, state governments had to raise taxes to keep the clinics afloat.

It wasn't until the millenium, when the purchasing cooperatives collapsed under the weight of their high-risk clientele and recession swelled the ranks of the uninsured by millions, that middle-class Americans took to the streets to demand universal health care coverage.

Sen. Afford dropped his presidential bid, retired from the Senate and joined a prestigious Washington law firm. ■

Catholic Health Association

Healthcare Reform Issue Paper No. 5

**Reform Will Fail
Without Universal Coverage**

Prepared by:

**Catholic Health Association
of the United States
Division of Government Services
Washington, D.C.
202/296-3993**

July 27, 1994



**THE CATHOLIC HEALTH ASSOCIATION
OF THE UNITED STATES**

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REFORM WILL FAIL WITHOUT UNIVERSAL COVERAGE

Incremental healthcare reform will leave most of the uninsured without coverage. In a recent study for the Catholic Health Association, Lewin-VHI concluded that insurance market reforms would cover only about 1.1 million of the nation's 37 million uninsured. When subsidies are added for low income populations -- as in Representative Jim Cooper's "Managed Competition Act" -- only about 40 percent of the currently uninsured would be covered.¹ The Congressional Budget Office came to a similar conclusion about the Cooper proposal, estimating that 24 million persons would remain uninsured in 1996 (**Exhibit 1**).²

Without universal coverage, managed competition will fail. Specifically, insurance market reforms and partial subsidies in an approach like the Cooper proposal will:

- **Drive up premium costs**
- **Destabilize insurance markets** and make insurance unaffordable for many businesses and families
- **Undercut managed competition** as plans and providers compete by avoiding the uninsured rather than becoming more efficient
- **Impair indigent care providers** by eroding cross-subsidies for the uninsured
- **Exacerbate access problems** for the remaining uninsured

This paper discusses each of these problems in turn.

1. Drive up premium costs

Lewin-VHI concluded that insurance market reforms coupled with subsidies--as in the Cooper proposal--would increase average annual insurance premiums for families already insured by \$260. This is because the people who will opt to buy insurance as it becomes more available under a non-universal reform approach are those who are most likely to need it -- that is, persons who are already ill or more likely to become ill because of their age or health status. Young and healthy people, on the other hand, will tend to forego coverage. The result will be higher average premiums for the overall insurance pool.

"This increase in overall average premiums," concluded the Lewin-VHI study, "is largely averted under a program of universal coverage... This is because a universal coverage plan would require all individuals to participate in the insurance pool including healthier individuals who receive little health care."³ Universal coverage, reported Lewin-VHI, would increase average family premiums by less than 2 percent, or about \$78 per year.⁴

CBO also noted this problem in the Cooper proposal, projecting that insurance premiums would be higher than under the President's proposal, even assuming an identical benefit package.⁵

These projections are consistent with actual experience in New York State which recently implemented insurance market reforms without universal coverage. Community rating, combined with mandatory acceptance and other key reforms in the small group market, resulted in a 19 percent increase in premiums for small firms, and an 18 percent increase in average premiums for individuals.⁶

2. Destabilize insurance markets and make insurance unaffordable for many businesses and families

This is the ironic impact of expanded insurance availability without universal coverage. While many people will gain coverage under insurance market reforms, others will find rising premiums unaffordable. Signs of this impact are already evident in New York. As of January 1 1994, according to state insurance department data, 25,477 fewer people had insurance in the individual and small group market than when community rating and other reforms took effect 9 months earlier. That represents a 1.2 percent decline in coverage.⁷

The Lewin-VHI study noted that this dynamic can destabilize insurance markets and render the potential success of non-universal approaches to reform tenuous at best:

Universal coverage reduces consumer exit and entry into health insurance markets because if people can move freely in and out of the system, the healthy will tend to avoid insurance coverage until they become ill...To the extent this issue is not addressed in a reform proposal,

premiums are driven up, encouraging more people to become uninsured.⁸

The result is an upward "premium spiral" as illustrated in **Exhibit 2**. Especially troubling is the implication of this dynamic for the small businesses that currently provide insurance to their workers. Employer-based coverage has already declined in recent years, but with non-universal reform there is a significant risk that even more small businesses will find premiums unaffordable.

3. Undercut managed competition as plans and providers compete by avoiding the uninsured rather than becoming more efficient

The goal of managed competition is to create a "level playing field" among plans and providers. Consumers are then made more sensitive to costs, placing pressure on plans to become more efficient in order to attract enrollees. But without universal coverage, the easiest way to lower costs will be to avoid the uninsured. Managed care plans will increasingly seek physicians and hospitals without the "hidden tax" associated with the medically indigent. Providers, in turn, will come under tremendous pressure to avoid the uninsured.

This problem is exacerbated by government underpayment for Medicare, Medicaid, and other government programs. According to the Prospective Payment Assessment Commission, Medicare pays hospitals only about 93 percent of costs, a figure that does not reflect the most recent round of Medicare cutbacks.⁹ Similarly, Medicare pays physicians an average of 59 percent of what private insurers pay, and state Medicaid programs pay on average 73 percent of Medicare rates.¹⁰ Providers that continue to serve these populations will face an escalating and unfair competitive disadvantage under managed competition.

Trouble signs are already appearing on this issue. A new UCLA/RAND study concludes that:

...hospitals in California substantially reduced -- by about 36 percent -- their overall provision of uncompensated care compared to what they would have provided between 1980 and 1989 as a result of the increasing pressure from three different sources: Medicare, the

Medi-cal (Medicaid) selective contracting system; and the price competition induced by private payers organized into managed care networks.¹¹

4. **Impair indigent care providers by eroding cross-subsidies for the uninsured.**

It is precisely those physicians and hospitals that serve the uninsured, the poor, and the elderly that will be put most at risk without universal coverage. Additional cutbacks in Medicare and Medicaid are already a certainty given the federal budget deficit and state budget woes. Indeed, all of the major reform proposals -- Democratic and Republican -- include major Medicare reductions. As these reductions occur, increasing competition will strip out traditional cross-subsidies for government programs and the uninsured. Providers that have traditionally served the uninsured will face the untenable choice of either abandoning needy populations or losing financially.

In the case of hospitals, a **desirable** outcome of competition will be the closing and consolidation of many facilities. But an **undesirable** outcome will be to have the wrong hospitals close -- those that serve underfinanced and vulnerable populations, especially in rural and inner city areas. The best way to avoid this problem without massive regulatory intervention is to cover the uninsured.

5. **Exacerbate access problems for the remaining uninsured**

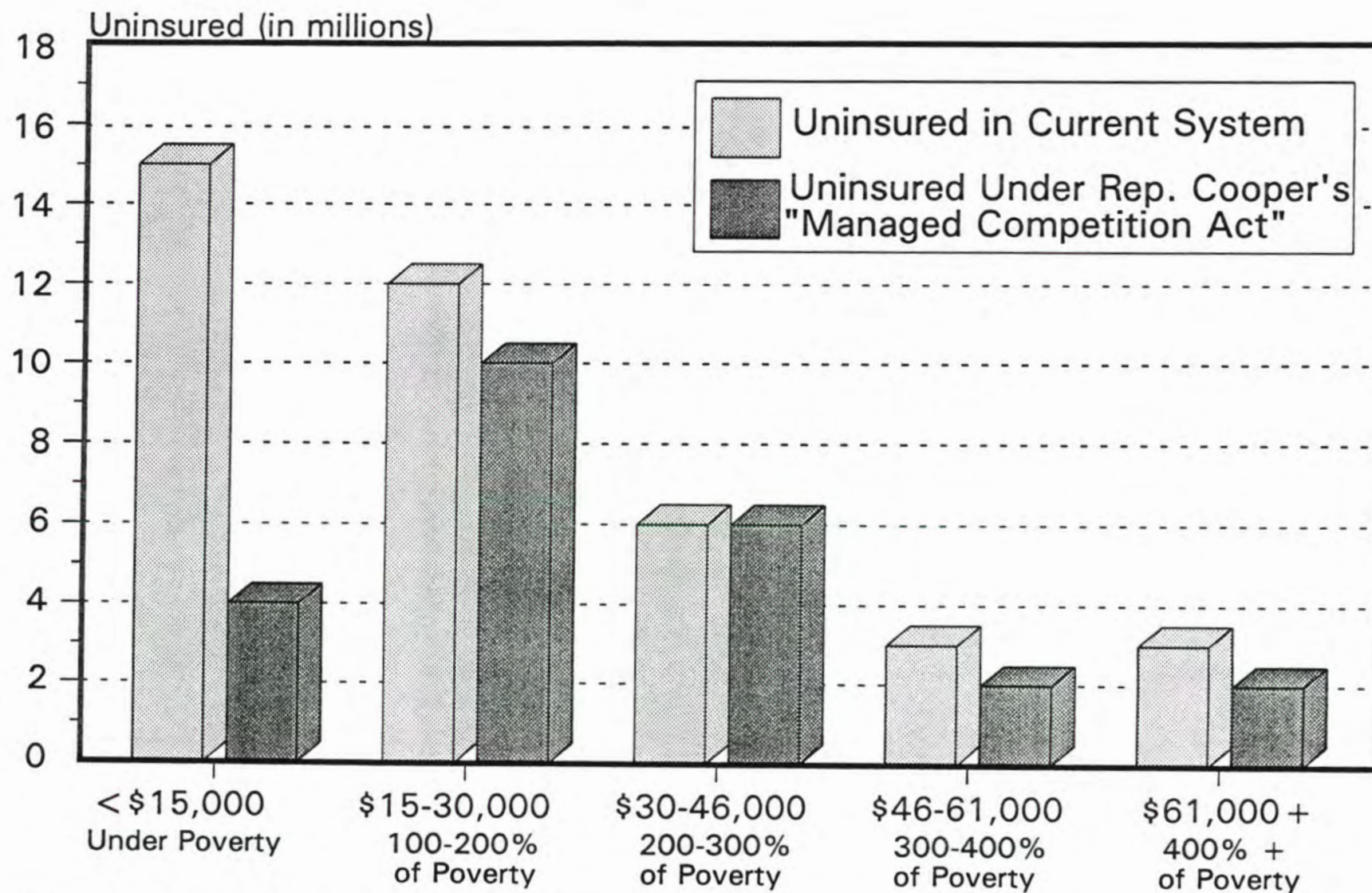
Opponents of universal coverage often stress that an approach like the Cooper proposal would expand insurance to cover "97 percent of health care spending and 91 percent of Americans."¹² The 97 percent figure assumes, however, that the 24 million persons who remain uninsured would continue to receive inadequate care. Currently, the uninsured receive only about 60 percent as much care as their insured counterparts,¹³ and much of what they do receive occurs in expensive settings and for conditions that have become more severe due to postponed treatment. Compared to their insured counterparts, the uninsured are:

- Twice as likely to have no regular source of care.¹⁴

- Twice as likely to use the emergency room as their regular source of care.¹⁵
- Over three times as likely to report that "there was a time when they needed medical care and did not get it for financial reasons;"¹⁶
- 72 to 112 percent more likely (among children) to go without a physician visit for pharyngitis, acute earache, recurrent ear infections, and asthma.¹⁷
- 42 to 60 percent less likely (among women) to receive adequate preventive screening for hypertension, cervical cancer, breast cancer, and glaucoma.¹⁸
- 29 to 75 percent less likely to receive selected high-cost or high discretion inpatient procedures such as coronary artery bypass surgery, total knee replacement, and total hip replacement.¹⁹
- Two to three times more likely to die once they are hospitalized for particular diagnoses.²⁰
- 25 percent more likely to die prematurely.²¹

Increased competition without universal coverage can only exacerbate these patterns. In the final analysis, all of our efforts on healthcare reform will and should be judged by whether we eliminate these unjustifiable discrepancies. Managed competition without universal coverage will fail for many reasons. Most troubling, however, will be the failure to prevent and treat illness for millions of working Americans.

COOPER PROPOSAL LEAVES 24 MILLION UNINSURED



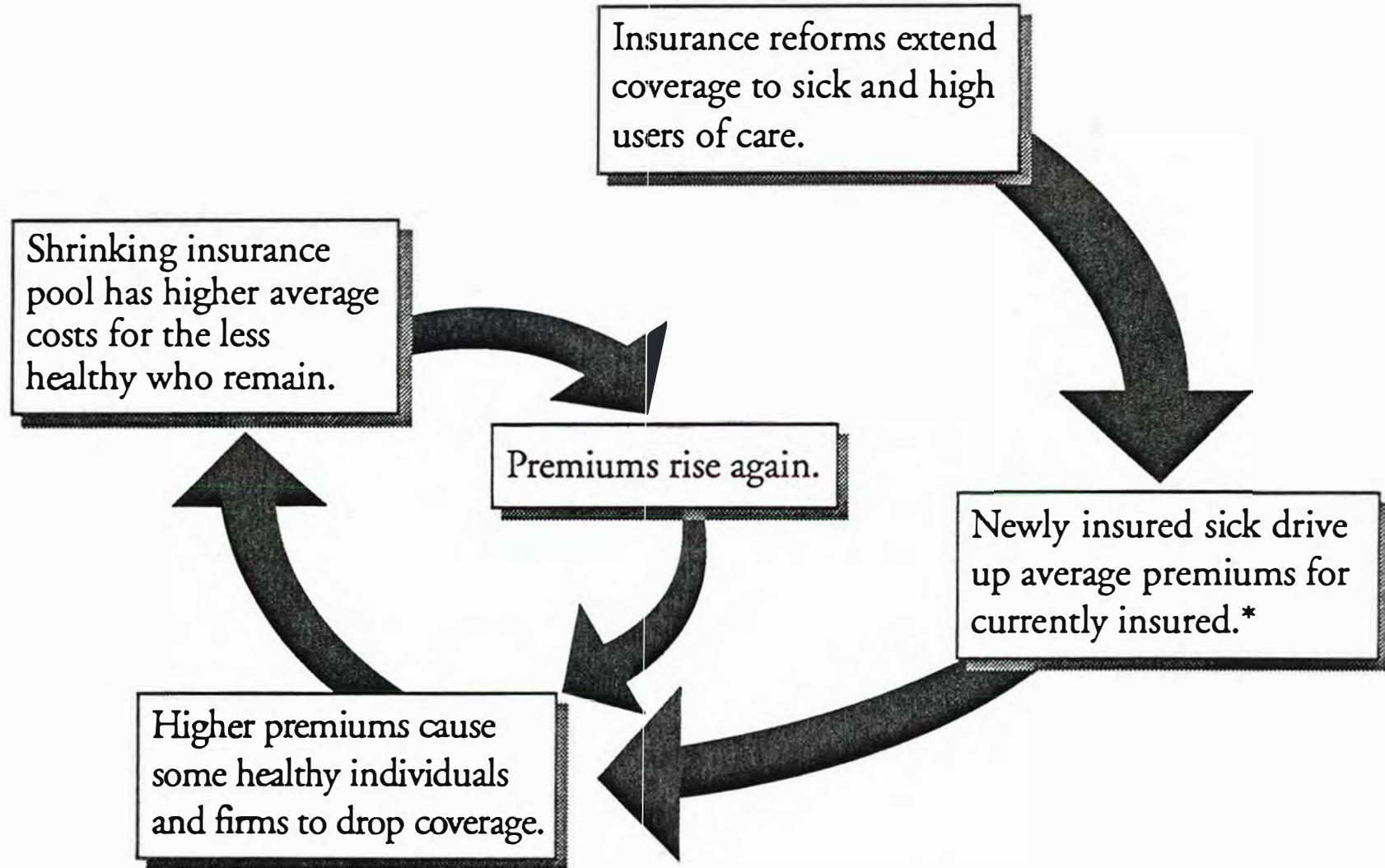
Note: Incomes categorized by percentages of poverty; dollar ranges shown for family of four; projections are for 1996.

Source: Congressional Budget Office, "An Analysis of the Managed Competition Act", 5/94; Tables 4-1,2.

The Catholic Health Association of The United States

The Vicious, Upward Spiral

Incremental Reform Increases Insurance Premiums and the Number of Uninsured



*Universal coverage averts this problem by also including healthier, lower-cost individuals in the insurance pool, thereby holding down average premiums.

Source: The Catholic Health Association of the United States

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3. Lewin-VHI, Inc., p. 5
4. Lewin-VHI, Inc., p. 6.
5. Congressional Budget Office, *An Analysis of the Managed Competition Act*, April 1994, p. 8.
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7. Hilary Stout, "Community-Rated Health Plans Prove Popular, but Success May Depend on Universal Coverage, *Wall Street Journal*, June 15, 1994, p.20.
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20. J. Hadley, E.P. Steinberg, and J. Feder, "Comparison of Uninsured and Privately Insured Hospital Patients: condition on Admission, Resource Use, and Outcome," *JAMA* 1993; 270:737-41.
21. Peter Franks, MD, et.al., "Health Insurance and Mortality." *JAMA*, August 16, 1993, 270(6), p.737.

WHY WE NEED UNIVERSAL COVERAGE:

Incremental measures cannot accomplish most goals of health reform. Almost every goal of comprehensive reform depends on universal coverage.

1) Without universal coverage, the hard working middle-class is left behind.

Partial solutions will protect the wealthy and help the poor, but stick it to the middle-class. These half-measures and quick fixes would leave every middle class American at risk of losing their insurance. And at least 24 million Americans who work for a living would have no coverage at all. People like Jim Bryant and his family. Jim Bryant works 70 hours a week, juggling two jobs, but has no health insurance for his family. And the Congressional Budget Office also says that under the 91% scheme, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." [CBO analysis, 5/94, pp. 17, 20]

2) Without universal coverage, every American remains at risk of losing their insurance.

Those who urge Band-Aid solutions say they're reforming the health care system. But they fail to provide every American with the ironclad guarantee that they'll have private health insurance that can never be taken away. According to a new study by Families USA, under a partial solution over one million Americans a month will still lose their insurance. We need universal coverage because every family -- including middle-class families -- must be protected. [Families USA Special Report, 6/94, p. 1]

3) Without universal coverage, the link between work and reward is broken.

Think of the message that non-universal reform would send to literally millions and millions of working Americans. It would say, much as we do today, *"If you are lucky enough to work for someone who will help you with your insurance, or if you are poor enough and down on your luck enough to qualify for government assistance, then you'll have health security. But, if you're in the middle and you get up every day and work for a living, your health coverage is always at risk."*

In fact, surveys suggest that as many as 30 percent of people feel locked into their current jobs because they fear losing the health insurance their families depend on. The CBO has said that incremental reforms will *"reduce"* -- but not solve -- this problem. [*"Health Benefits Found to Deter Switches in Jobs," The New York Times, 9/26/91; CBO, 4/94, p. 28*]

4) Without universal coverage, we pay more to cover less.

The CBO has said that under the President's proposal, *"significant deficit reduction will be achieved by 2004."* Under the 91% scheme -- where billions in government subsidies are used to help the poorest people buy insurance -- a \$300 billion shortfall would result by 2004. Meanwhile, the President's proposal would guarantee coverage to everyone, while the 91% scheme wouldn't guarantee coverage to anyone. [CBO analysis, p. 22]

5) Without universal coverage, insurance reforms won't work.

Today, insurers pick and choose who to cover -- charging sick people significantly more based on their health care "experience". One of the main goals of the President's proposal is to prohibit insurers from discriminating against people: no more charging sick people more than healthy people, young people more than old, small businesses more than large businesses. This will return insurance to what it used to be -- everyone pays in at the "community rate" and their insurance is there when they need it.

But, the Wall Street Journal says that "*experts insist and real-life evidence shows*" that insurance reforms such as community rating would be "*nearly impossible without universal coverage*". In fact, when one state recently enacted insurance reform without universal coverage, rates for the insured went up by 35% and the number of people with insurance declined. Why? Because all the sick people who had previously been denied coverage entered the system, driving up the rates for everyone. This caused young, healthy people and their employers to drop their coverage, which drove rates even higher. In fact, the CBO has said that incremental reforms can cause "*an upward spiral*" of premiums, with fewer people covered at the end. [WSJ, 6/15/94; WSJ, 5/27/94; CBO, p. xlv]

6) Without universal coverage, thousands of Americans will stay on welfare.

Studies have shown that thousands of people are on welfare because it's the only way their families can get health care coverage. An analysis of the effects of the Clinton proposal estimate that at least 840,000 people -- or 15% of welfare rolls -- will leave if the President's reform passes. While some incremental reform proposals would solve this, insurance reforms without subsidies would do nothing to encourage people to leave welfare for a job. Just like today, they say to those on welfare: "*If you stay on welfare, you and your family will be protected by comprehensive health benefits. If you leave welfare and get a minimum-wage job, not only are you unlikely to get health care but your taxes will pay for health care for those who remain on welfare.*" [Ellwood and Adams, Health Care Financing Review, 1990 Supplement; University of Wisconsin, L.A. Times, 11/18/93]

7) Without universal coverage, people with insurance will pay for those without insurance.

When people without insurance get in an accident and go to the emergency room, they receive the health care they need. But when they can't pay their bills, the hospital shifts these costs onto people with private insurance. Some experts estimate that \$25 billion in health care costs are shifted onto people with private insurance each year. Without universal coverage, this "cost-shift" will remain in the system -- penalizing those who take responsibility and letting millions of others "ride free". [Congressional Budget Office, May 1993]

8) Without universal coverage, for all workers, responsible businesses bear the burden.

Today, the businesses that provide their employees with insurance pay for those who do not. A recent study found that as much as one third of premiums currently paid by employers who provide coverage for their employees and dependents goes to cover the shortfall from companies who do not cover their employees and families. In 1991, employers spent \$26.5 billion to cover dependents who are employed by firms that did not offer insurance. [Hewitt Associates, 1/94; National Association of Manufacturers/Lewin-ICF, 12/91]

9) Without universal coverage, billions will be wasted on expensive, last-minute care.

Until all Americans have comprehensive benefits stressing preventive and primary care, billions of dollars will continue to be wasted on expensive, last-minute care. A national survey of hospital emergency room departments determined that fifty-five percent -- or 50 million -- of the 90 million emergency room visits in 1992 were for ailments that were not medical emergencies and could have been treated in a doctor's office. An emergency room visit costs at least three times that of a visit to a community-based physician in the same area. [National Hospital Ambulatory Medical Care Survey, 1994; HHS, Inspector General Report, 1992]

10) Experts Agree -- We Can't Get Cost Control Without Universal Coverage:

- **Rashi Fein, Medical Economics, Harvard University:** *"We cannot have real savings and real cost containment without universal enrollment. Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medical costs of those without it."* [New York Times, 10/28/93]
- **Ted Marmor and Jerry Mashaw, Yale University:** *"It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder. . . that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. Universalism and cost control go hand in hand. Otherwise it is politics as usual, full of special pleading."* [L.A. Times, 10/7/93]
- **The Washington Post:** *"Universal coverage is not only a fair and noble objective, consistent with America's values: it is also essential if health care markets are to work well."* [Editorial Page, 6/16/94]
- **Alain Enthoven:** *"By putting market pressure on providers to cut costs, market reforms promoting competition -- absent universal coverage -- could exacerbate access problems. It would be more humane, economical and rational simply to adopt a policy providing coverage to virtually everybody through an integrated financing and delivery organization that provides primary and preventive care as a part of a comprehensive benefits package."* [Health Affairs, 1993]

WHAT WILL HAPPEN IF WE PASS BOB DOLE'S PLAN, INSTEAD OF A UNIVERSAL COVERAGE PLAN ?

- **Middle Class Americans Will Be Left Out**
- **Small Businesses Will Pay More**
- **Government Costs Will Rise**
- **Insurance Reforms Won't Work**
- **Cost Shifting Will Continue**
- **The Number Of Uninsured Will Continue To Increase**

1. Middle Class Americans Will Be Left Out

- Without universal coverage, **"health insurance coverage would probably be more limited for middle income people than the rich or poor."** [CBO, 5/94, pp.17, 20]
- **Partial solutions will leave 24 million Americans, more than two thirds of them in middle class working families, without coverage** Their taxes will pay for health care for millions of others who do not work, but they won't be able to get coverage for themselves. [Based on CBO, 7/93; CBO 5/94; Alain Enthoven, Health Affairs, 1993]
- "Already, the fraction of **adults who work but have no public or private insurance has risen to 17.5%** in 1992 from 15.3% in 1988, the Census Bureau says. And employment is growing fastest in industries that tend not to offer health insurance." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

2. Small Businesses Will Pay More

- The **high cost of insurance** is expected to **cause 30% of small businesses** currently providing insurance to **drop coverage** in the years ahead. This will further raise premiums for the smallest companies that do provide. [Health Affairs, Spring 1992]
- "By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. But they also stop helping hospitals care for those with no insurance or with government insurance. Those costs won't disappear, however. As **big companies shed them, insurance premiums for smaller employers will be forced up.**" [*"Health care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

3. Government Costs Will Rise

- "Today, many who lack insurance still get health care if they get sick enough, either through federal or local government programs or through charity. But as employers squeeze the health system harder and the number of uninsured grows, free care probably will be harder to find, and the quality is likely to deteriorate. And the **government's costs**, from the Medicaid program for the poor to emergency rooms at municipal hospitals, **will climb**." [*"Health care Inaction Can Carry a High Cost," The Wall Street Journal, 6/27/94*]
- "Most of the pending health-reform plans would [require **government to**] **spend tens of billions of dollars a year** so low-income families or their employers can afford insurance." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal, 6/27/94*]
- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear**: more uninsured Americans and **higher costs for the government**." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal, 6/27/94*]

4. Insurance Reforms Won't Work

- "**Universal coverage** is not only a fair and noble objective, consistent with America's values: it is also **essential if health care markets are to work well**." [Editorial Page, *The Washington Post*, 6/16/94]
- "It will be nearly **impossible without universal coverage ... to outlaw** the common industry practice of **refusing to cover people with known medical problems**, so-called **pre-existing conditions**." [Wall Street Journal, 6/15/94]
- According to a new study by Families USA, **under a partial solution over one million Americans a month will still lose their insurance**. [Families USA Special Report, 6/94, p.1]

5. Cost Shifting Will Continue

- "Economically, universal coverage is essential to bringing health care cost increases under control; **so long as millions of Americans remain underinsured and uninsured, cost shifting will continue**, leaving a mechanism for unwarranted price inflation in health care." [Star Tribune, 6/16/94]
- "**Lack of full coverage leads to cost shifting** from those who do not pay and those who provide free care, to those who do pay for health insurance." [Alain Enthoven, Health Affairs, 1993]
- When the uninsured can't pay their bills, **hospitals shift these costs** onto people with private insurance -- **at a rate of approximately \$25 billion a year**. [CBO, 5/93]
- "**We cannot have real savings and real cost containment without universal enrollment**. Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medial costs of those without it." [Rashi Fein, Medical Economics, Harvard University]
- "It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder... that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. **Universalism and cost control go hand in hand**." [Ted Marmor and Jerry Mashaw, Yale University, L.A. Times, 10/7/93]

6. The Number Of Uninsured Will Continue To Increase

- "As big companies shed [costs], insurance premiums for **smaller employers** will be forced up. This probably **will** lead more of them to **stop offering insurance**, to **limit coverage for workers' families** or to **rely more on part timers and temporary workers who often don't get health insurance**." ["Health-Care Inaction Can Carry a High Cost," The Wall Street Journal, 6/21/94]
- "By putting market pressure on providers to cut costs, **market reforms promoting competition -- absent universal coverage -- could exacerbate access problems**." [Alain Enthoven]

- "The social and economic **consequences** of once again retreating from far reaching reform are **clear: more uninsured Americans** and higher costs for the government."
[*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/21/94]

Health Reform, Bjt, 650

First Lady Urges Reform Allies to Stand Firm on Universal Coverage With PM-Health-Ad Watch

By CHRISTOPHER CONNELL= Associated Press Writer=

WASHINGTON (AP) Hillary Rodham Clinton is exhorting health reform allies to redouble efforts to win passage of universal coverage, warning them bluntly that all else will be lost without that.

The first lady, in a private pep talk Monday with leaders of labor unions, seniors' organizations, medical and other groups, delivered an emphatic message that President Clinton will veto any bill that fails to set a specific date for universal coverage, participants said.

She told them that health care for all was at risk in part because the opponents of proposals requiring employers to pay for health insurance have been united while proponents of reform were divided about what their top goals were.

"She was very forceful, very emphatic," said John Rother of the American Association of Retired Persons.

The White House effort to rally its troops came on the very day that a nemesis of the Clinton health plan, the Health Insurance Association of America, unleashed a new \$2 million ad campaign featuring Harry and Louise, the yuppie couple with trepidations about where Clinton and Congress are heading.

Two new 30-second spots invoke fears of rationing and soaring premiums. They are aimed at pressuring lawmakers not to impose restraints on medical spending and let the insurers charge older workers up to three times as much as younger workers.

In one of the ads, the anxious Harry asks his wife, "They're talking price controls?"

"Rationing, the way I read it," says Louise. "You know, long waits for health care and some services not even available."

"Government-controlled health care Congress can do better than that," her husband rejoins.

The White House, which accused the industry of spreading falsehoods in the earlier Harry and Louise ads, quickly pounced on the new versions.

"They are back with a vengeance and with the same old scare tactics," budget director Leon Panetta said.

"What are insurance companies doing today if they are not in fact engaged in rationing" when they reject people with pre-existing conditions? asked Panetta.

The ads will run on local network affiliates in Washington, D.C., and California, New York, Georgia, Louisiana, Montana, Tennessee, Oklahoma, Missouri, North Dakota and New Mexico.

Also Monday, a new poll indicated that while most people are satisfied with both their health care and their insurance, 40 percent said universal coverage should be the top priority of health care reform.

The NBC News poll found that 73 percent understand just some of the health care debate or none at all.

Eighty-one percent of those surveyed were satisfied with their current health care. And although 75 percent said they were satisfied with their insurance, 19 percent fear they might lose it. Sixty-three percent said they would stay in a job just to keep their insurance.

The poll, with a three percentage point margin of error either way, was based on interviews June 5-8 with 1,502 adults.

Harry and Louise went off the air in February after \$10 million worth of ads that helped sink Clinton's idea of forcing most Americans into mandatory, insurance-purchasing cooperatives.

Bill Gradison, president of the insurers' trade group, said they support universal coverage, allowing people to keep coverage when they change jobs and limits on restrictions for pre-existing conditions.

"We want a comprehensive bill to pass," said Gradison.

HEALTH-REFORM 2NDLD

FIRST LADY WARNS THAT HEALTH CARE GOAL IS ``AT RISK''

(s: Recasts, updates throughout, edits)

WASHINGTON, June 21 (Reuter) - Hillary Rodham Clinton has told health care reform allies that passage of a bill guaranteeing universal health insurance ``is now at risk," the Washington Post reported in its Tuesday editions.

In a private meeting with representatives of labour, seniors, consumers and health-care professional groups, the first lady firmly reiterated the president's vow to veto any bill that does not guarantee coverage to all, the Post said, citing participants who described her tone as ``fiery.'

The meeting was the first White House admission of the seriousness of its difficulties with Congress on the issue. It followed a cabinet-level meeting with President Clinton Sunday night ``in which officials acknowledged they had lost control of the health care debate and agreed to refocus their efforts on the bottom line," the Post reported.

In another sign that Clinton's health care reform plan is in trouble, an NBC News poll released Monday night showed Americans tend to trust Congress, not President Clinton, with the task of reforming health care.

The poll, conducted June 5 to 8, asked 1,502 adults whom they thought ``would do a better job reforming health care -- President Clinton or Congress?''

A total of 42 percent chose Congress while 29 percent picked Clinton, who has made universal health care for Americans a key goal of his administration.

``This is most surprising since Congress is one of the least-trusted institutions in America," NBC News said in a summary.

Meanwhile, ``Harry and Louise'' returned to the airwaves Monday in a new series of television ads backing an insurance industry offensive against price controls and other proposals in health care reform plans.

The Health Insurance Association of America (HIAA) said it supports President Clinton's call for guaranteed health insurance for every American. But HIAA President Bill Gradison said the fictional characters, who helped raise public doubt about Clinton's reform plan, are returning to take aim at proposals the industry does not like.

At the same time, Clinton said reform plans in Congress that would succeed in providing health benefits to only 91 percent of the population do not go far enough and lawmakers need to make a ``commitment to cover everyone.'

``The so-called 91-percent solution essentially would guarantee what we have now: the poor would get health care, the wealthy would get health care, the middle class would be at risk of losing it," Clinton said on NBC's ``Today'' show.

Senate Finance Committee Chairman Daniel Patrick Moynihan said Sunday Congress was unlikely to pass a bill this year that guarantees immediate health benefits for everyone.

The key committee is considering compromise proposals that supporters say would cover about 91 percent of the population, compared to about 85 percent currently, and take care of about 97 percent of health spending. Supporters argue that even in Hawaii, which has a Clinton-style health system in place, only about 94 percent of the population is covered.

Harry and Louise's return was not welcomed by the White House, which is pressing Congress to pass comprehensive health reform before the November congressional elections.

``It appears Harry and Louise are back -- and they are back with a vengeance and with the same old scare tactics -- the same old scare tactics that have defeated health care reform year after year after year after year," White House budget director Leon Panetta said in a speech to a policy group.

The administration also released a study showing that the percentage of uninsured Americans rose to 17.2 percent in 1992, compared with 12.5 percent

White House Intensifies Universal Coverage Fight

Senator Mitchell May Push Kennedy Health Bill

By Dana Priest and Helen Dewar
Washington Post Staff Writers

Pounding the lectern in front of her, Hillary Rodham Clinton told a group of health care allies yesterday that passage of a bill with guaranteed health insurance for all Americans "is now at risk" and criticized them for promoting their own parochial interests ahead of the central goal of universal coverage.

In a private meeting at the Old Executive Office Building with representatives of labor, seniors, consumers and health care professional groups, Clinton firmly reiterated the presi-

dent's vow to veto any bill that does not guarantee universal coverage, according to participants, who described her tone as "fiery." She asked them to redouble their pressure on Congress to pass an acceptable plan.

The meeting was the first White House admission of the seriousness of the administration's difficulties with Congress on the issue. It followed a Cabinet-level meeting with President Clinton Sunday night in which officials acknowledged they had lost control of the health care debate and agreed to refocus their efforts on the bottom line.

See HEALTH, A4, Col. 3

HHS Secretary Shalala holds a study that shows the percentage of uninsured Americans rising to 17.2 percent.

ASSOCIATED PRESS

Universal Coverage at Risk, White House Says

HEALTH, From A1

"That's why we've narrowed down what we stand for," said one Cabinet member who attended.

The prospects for a Clinton-like health bill had some rough going last week when leaders of the pivotal Senate Finance Committee told the president they were deadlocked over financing universal coverage and offered two alternatives that Clinton later said he did not think would meet his goal. On Sunday, Committee Chairman Daniel Patrick Moynihan (D-N.Y.) said he did not think Congress would pass a bill with iron-clad promises of coverage for all.

The Clintons' hard line was reinforced by private assurances they have received from Senate Majority Leader George J. Mitchell (D-Maine) that he is ready to try to force an alternative acceptable to them through the Senate past a threatened Republican filibuster, senior administration and congressional officials said yesterday.

The Mitchell strategy is to use the health care bill passed by Sen. Edward M. Kennedy's (D-Mass.) Labor and Human Resources Committee as the vehicle for Senate debate as early as next month. The Kennedy bill would pay for universal coverage mainly by requiring employers to pay most of their workers' health insurance, but would lighten the burden for small businesses.

Under this scenario, Mitchell reportedly would offer a string of modifications of his own and invite other senators to recast the measure on the Senate floor.

The Kennedy bill was endorsed by only one Republican—Sen. James M. Jeffords (Vt.). Moynihan has insisted that to pass the Senate, a bill must have at least a half-dozen Republican votes to offset Democratic defections and halt a possible GOP filibuster.

But, according to administration sources, Mitchell has argued that if he and Kennedy can craft a 51-vote Democratic majority on the Senate floor, public pressure might be enough to collapse a Republican filibuster, as it did in earlier battles on the Brady gun control law and the ban on assault weapons.

Mitchell was en route back to Washington from the West Coast yesterday and was unavailable for comment.

A senator close to the leadership deliberations called the reported plan "a fall-back position . . . but a real viable option." He said Mitchell is prepared to use the Kennedy bill "if the Finance Committee fails to do something comprehensive."

One senior Senate health policy aide said Mitchell's plan is "to get it out on the floor and really focus the public debate on the issue of universal coverage." He noted that even as polls have shown declining support for the Clinton plan, large majorities have continued to say that universal coverage is an important goal.

President Clinton said on NBC-TV's "Today" show yesterday, "We should not walk away from this Congress without a commitment to cover everyone."

"We now have three million more Americans without health insurance than we had three years ago," Clinton said. He said he was unwilling, in the face of that trend, to accept Moynihan's proposition that a bill covering 91 percent of Americans would represent "real progress."

Health and Human Services Secretary Donna E. Shalala also released a study showing that the percentage of uninsured Americans rose to 17.2 percent in 1992, compared with 12.5 percent in 1980.

In her afternoon meeting, Hillary Clinton told the group she thought they had "taken it for granted" that Congress would pass a bill that included universal coverage and had let business and industry opponents get the upper hand.

"I think they're right. None of the other stuff holds together without universal coverage" said John Rother, chief lobbyist for the American Association of Retired Persons, who attended the meeting. "She was angry and frustrated. This was a call to Jesus."

"It was an effort to say we ought to all be pitching in on the core principle," said Alan Reuther, director of legislative affairs for the United Auto Workers. "I think the message was well received."

Staff writer David S. Broder contributed to this report.

On-Line, On Sale and On the Rise: Global Shopping Booms

By Sharon Waxman
Special to The Washington Post

PARIS—Employees at the Organization for Economic Cooperation and Development (OECD) in Paris order clothes from the Lands' End catalogue over CompuServe, the on-line computer network.

Japanese consumers have used Dell Computer Corp.'s telephone-only ordering system to give the mid-size U.S. computer retailer 1 percent of the computer market there.

And individuals and small businesses in France

and Germany have begun to take advantage of cheap long-distance telephone rates by signing up with small, computer-based services.

Consumers around the world are turning to a new global marketplace for goods and services: Direct-mail catalogue companies, computer manufacturers, niche telephone services and parcel delivery companies are all part of an invisible international shopping mall.

"The use of technology has really created a platform for growth," said Jonah Gitlitz, head of the Direct Marketing Association Inc., a trade group for retailers who market by mail, telephone

and computer. "This is something different from the multinationals, who have been around for years. This is a whole new experience in relative terms."

Much of it is happening without planning. For instance, L.L. Bean Inc., the Freeport, Maine-based sports outfitter, was amazed to note that in 1992 it had \$48 million in international sales, most from Japan, without any marketing effort. The next year the company set up an international division—with 200 foreign-language speaking telephone operators—to handle the traffic. Next

See GLOBAL, A6, Col. 1

PCs, Mail and Phone Have More People Shopping Globally

GLOBAL, From A1

year, L.L. Bean will join Lands' End Inc. of Dodgeville, Wis., on an on-line computer network.

"We never made a conscious decision to become a global marketer—it happened to us," said Laurel Milos, L.L. Bean's international director.

Experts say retailers are merely nibbling at the edges of a potentially enormous market. But access is restrained by problems such as exorbitant and often illogical transport costs, the lack of internationally coordinated toll-free numbers and the absence of a sufficient international legal framework to offer controls and guidelines.

One expanding area of the global marketplace is international telephone service. Because of new computer technology, a myriad of small U.S.- and British-based telephone companies have established footholds in Europe in the past year by offering long-distance rates that are often 40 or 50 percent lower than those of the European national monopolies.

The companies offer two services. In one, the customer calls a computer in the United States or Britain and is "called back" by the computer, patching them into the relatively inexpensive U.S. or British long-distance telephone lines. The other involves the installation of a dedicated telephone line between two often-used numbers, in which the customer pays for installation of the line and then uses it for free.

Beyond the galloping pace of tech-



nology, the growth of a global marketplace is also due to the changing mentality of consumers who are increasingly computer-literate and unperturbed by the thought of buying a good or service located across the globe—or in cyberspace.

"I buy a lot of my services in the States," said Timothy Baker, a lawyer with the OECD's committee on consumer policy. "I use an MCI phone card and I rent my cars for France in the United States; it's a lot less expensive."

But at the moment, there are formidable barriers—mainly bureaucrat-

ic—to this expanding area of commerce. Transport is a particularly capricious problem for international consumers, who are often socked with huge customs and handling charges after buying something abroad.

Retailers and experts say that there is often no logic to transport charges. "A 10-pound package delivered from the United States to France costs \$70 by post and takes three to four weeks," Baker said. "By a private express mail service it costs \$56. Sending to Austria costs half [that]. It's all over the map from

a consumer's point of view."

Change has begun, though. Some European postal services are deregulating to allow private competition even for daily delivery, and private express mail services such as DHL and Federal Express are lowering their costs creatively by, for example, transporting bulk mail to the country of destination and then mailing it through the national postal system.

But consumers abroad also have to pay sales or value-added taxes, customs duties and handling charges, without knowing in advance how much they will add to the cost of a purchase. Retailers are working on solutions: L.L. Bean, for example, is negotiating with various countries to allow customers to prepay customs and handling charges that the company then remits to the government, a system it is already using in Canada.

The cost of long-distance calls and the unavailability of international toll-free numbers also present problems. Although toll-free numbers can now be set up between certain countries, no one has conceived of a system for creating a single toll-free number that one may call from anywhere in the world.

Once these man-made barriers are surmounted, experts say, the sky is the limit for consumers and retailers.

"As barriers come down, international alliances are going to bring big advantages, we think, to the consumer," said William Marmon, legal and external affairs director for MCI Communications Corp. "And that process is just beginning."

THE WASHINGTON POST TUESDAY, JUNE 21, 1994

Clinton Insists Health Reform Cover Everyone

President Resists Pressure To Back Down on Vow Of Universal Coverage

By DAVID ROGERS

And JEFFREY H. BIRNBAUM

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — Rejecting calls for compromise from some of his own aides and from key congressional Democrats, President Clinton insisted he isn't prepared to give up his goal of guaranteeing health coverage for all Americans.

In a morning interview on NBC television, Mr. Clinton said bluntly: "We have to

'Harry and Louise' Reappear

After having suspended its controversial television commercials featuring Harry and Louise, the fictitious couple who were instrumental in killing support for the president's large mandatory health alliances, the Health Insurance Association of America will spend \$2 million to air new spots. Article on page A24.

cover all Americans, and that's the real issue. . . . It doesn't have to be done tomorrow. It ought to be phased in over a period of just a few years. But we ought not to walk away without a bill that provides health care to all Americans."

The interview followed an hourlong meeting at the White House Sunday night, at which the president and Hillary Rodham Clinton made impassioned arguments to top aides that they should continue to press for universal health-care coverage. By holding firm, the president hopes to force his critics to justify less ambitious plans that wouldn't assure health care for millions of middle-class and working-class families.

Warning From Packwood

Asked recently whether there was support for raising the money necessary to finance 91% coverage, Sen. Bob Packwood, the ranking Republican on the Finance Committee, abruptly said Congress may have to be content with a lower target of about 88%.

During the Sunday meeting at the White House, the president argued that cost containment isn't possible without universal coverage. He said he promised to veto any bill that doesn't guarantee health coverage for everyone, and he said he wouldn't break that promise. And he argued the 91% solution would leave a huge budget deficit and would lack adequate cost controls.

"He made a commitment to universal coverage, and that's what's driving this thing," one participant said.

According to one participant, Mrs. Clinton told the story of a woman small business owner from Topeka, Kan., who expressed concerns about the Clinton plan and its many requirements. But at the end of the two-hour session, the woman told Mrs. Clinton that she believed the health-care system was in trouble and that providing health coverage for everyone was a worthy goal.

Other aides said the president was given quiet comfort by polls that show Democrats are more trusted on the health-

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Strong Opposition to 'Mandates'

The president's hard-line strategy comes in the face of strong opposition in Congress to "mandates" in the president's plan that would require all employers to help pay for their workers' insurance. Earlier Sunday, Senate Finance Committee Chairman Daniel Patrick Moynihan (D., N.Y.) publicly warned the administration that it must be prepared to accept legislation that stops far short of the president's goal. Implicit in Mr. Clinton's stance is the possibility that the administration could yet try to go around the Finance Committee if it fails to produce a bill to his liking.

"The Senate Finance Committee is not the Senate," said House Majority Leader Richard Gephardt (D., Mo.), reflecting frustration across the Capitol. And while the president remains committed to working with the Senate committee, he pointedly rejected Mr. Moynihan's suggestion that a voluntary, more incremental bill that achieves only 91% coverage would be a "great beginning."

That 91% standard grows out of a Congressional Budget Office report in April analyzing a business-backed plan best-known by its two Southern Democratic sponsors, Tennessee Rep. Jim Cooper and Sen. John Breaux of Louisiana. The CBO has said that bill would leave many working-class and middle-class families uncovered, and would require tens of billions of dollars of subsidies, for which there is no clear financing plan.

Continued From Page A2

care issue than Republicans. Although the point went unstated at the meeting, many of the president's advisers think that if the health bill doesn't pass this year, Democrats can get away with blaming Republicans for its failure.

Some of the president's advisers have been advocating compromise with Senate GOP moderates. Though there is sharp disagreement, some even feel the president would have gotten a better health-care bill if he'd been willing to compromise several months ago. But Mr. Clinton's impassioned comments apparently stifled dissent at the Sunday meeting.

Bottom Line: Stay the Course

The administration's bottom line decisions: stay the course on universal coverage; continue to talk to lawmakers and reach out to Republicans; encourage quick committee action in the House, where more progress is being made lately; continue to provide technical assistance to anyone who needs it on Capitol Hill; and in public discussions, steer clear of the arcane aspects of health-care reform, and emphasize instead the broader goals, particularly universal coverage. The White House meeting Sunday included Mr. Clinton, his wife, Deputy White House Chief of Staff Harold Ickes, Vice President Gore, Chief of Staff Thomas McLarty, Treasury Secretary Lloyd Bentsen, Health and Human Services Secretary Donna Shalala, White House Budget Director Leon Panetta, White House health-policy adviser Ira Magaziner, top White House lobbyist Patrick Griffin, senior adviser George Stephanopoulos, White House Counselor David Gergen and Deputy Treasury Secretary Roger Altman.

Mr. Clinton's comments yesterday morning were followed quickly by a series of speeches by members of his Cabinet who had participated in the weekend meeting. Mr. Panetta and Ms. Shalala sounded the same theme, even as Ms. Shalala released a department report showing that the percentage of Americans without health coverage grew to 17.2% in 1992, compared with 12.5% in 1980.

Problems for Both Parties

While administration officials continue to insist they are anxious to strike some compromise, there is a fear that each concession by the president would be met by further demands, shifting the debate away from his initial goals. While still outwardly hopeful, both sides admit the debate may be lurching toward a political endgame in which Democrats score points by portraying the Republicans as obstructionists and Republicans try to push the president into an embarrassing veto confrontation.

There is, in fact, concern among Senate Republicans that the party could be damaged if it is seen by voters as having killed health reform. But Mr. Clinton's greater problem may be among Democrats, who

are skittish about the shape of his plan and its demands on business.

This skepticism goes beyond traditionally conservative southerners to include the likes of New Jersey Sen. Bill Bradley, a moderate-to-liberal member of the Finance Committee and an ally of Chairman Moynihan. Mr. Bradley is part of a centrist camp that advocates a more incremental approach to achieve universal coverage. In an effort to spur debate, he outlined options yesterday that set a standard of achieving 96% coverage over five years. Mr. Bradley has raised the possibility of

imposing a tax on insurance providers to damp the market for high-cost health plans and recapture some of the industry's profits as the level of coverage expands.

Subsidies would be phased in to eventually cover families with income up to 240% of the poverty level. But to stretch the available dollars, the New Jersey Democrat said the money could be used initially to help poor families buy at least insurance to cover large out-of-pocket, catastrophic costs. If the 96% goal isn't achieved in five years, a set of mandates would be triggered, requiring individuals to buy insurance but also demanding a still unspecified contribution by their employers.

Interim financing would depend heavily on Medicare savings and increased tobacco taxes.

The idea borrows from the same cost-control theories used to justify proposals to limit tax benefits for the more expensive health plans. The major difference is the burden wouldn't fall directly on business or labor, but would instead apply first to insurance providers, who then would have a further incentive to market less costly plans.

—David Wessel contributed to this article.

Insurers' Harry and Louise Campaign Returns to TV to Cut Up Health Plan

By HILARY STOUT

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Public Enemies No. 1 and 2 of the Clinton health-care plan are back on the airwaves.

Harry and Louise, the fictitious television couple who were instrumental in killing support for the president's large mandatory health alliances, are now going after proposed caps on health insurance premiums and community rating—that is, on uniform premiums for most people.

Spending \$2 Million for Spots

After suspending its controversial Harry and Louise commercials in late February, the Health Insurance Association of America said yesterday that it is spending \$2 million to air new spots. In one, Louise utters one of the most emotion-laden and explosive words in the health-care debate: rationing.

The announcement is horrible news for the president's allies on health-care reform. Harry and Louise are widely viewed as doing more than any other interest group to cast doubts in the public's mind about the Clinton approach to health-care reform.

In one of the new spots, Louise says government caps on health-insurance premiums — measures included in the Clinton bill as well as in bills approved by a Senate committee and two House subcommittees — would lead to rationing of medical care.

"They're talking price controls," says Harry, driving to work with his wife, Louise.

"Right. Government-imposed spending limits for every region of the country," says Louise.

"So, if our plan runs out of money?" wonders Harry.

"Rationing, the way I read it," replies Louise. "You know, long waits for health care and some services not even available," she says.

Robert Chlopak, who is helping coordinate the advertising campaign for a group generally supportive of the Clinton health proposal, said the TV couple's latest charges will have a much tougher time sticking than the previous Harry and Louise ads.

"They can raise rationing, but it becomes a lot easier for us to say, 'The people who have been jacking up your prices are trying to fool you into opposing price controls,'" Mr. Chlopak said.

Attacking 'Community Rating'

The second spot takes aim at "pure community rating," a system by which everyone would pay the same rates for health insurance, no matter their age, lifestyle or medical history. The insurance association wants to be able to vary premiums according to age. To make their case, they introduce Harry's brother, Pat, who says during a driveway basketball game that community rating in his state has driven the insurance premiums he pays, as a young and healthy person, from \$1,200 to \$3,200 a year.

"More than double!" gasps Harry.

"Yeah, thousands dropped thier insurance. I mean, we actully have fewer covered now than before," says Pat.

"Congress can do better than that," replies Harry.

At a briefing to announce the new ads, the insurance industry association's president, Willis Gradison, said the group strongly supports one of the most controversial elements of the Clinton plan: a requirement that all employers pay part of their workers' health insurance. In fact, the group released a third ad: this one intended for newspapers in the Washington area, in which Harry and Louise say they want universal coverage.

Earlier this spring, the insurance association negotiated an agreement with then-House Ways and Means Committee Chairman Dan Rostenkowski (D., Ill.) in which it promised not to air its Harry and Louise ad while the panel was debating a health-reform bill. In return, Mr. Rostenkowski made some concessions on insurance reforms. But Mr. Rostenkowski has since stepped aside from his chairman's post in the wake of being indicted. And the acting chairman, Rep. Sam Gibbons (D., Fla.), has made some changes that didn't please the association. Mr. Gradison says the deal is off.

Hillary Clinton Says Veto Is Possible on Health Bill

Demands Universal Coverage; Nothing Less

By ADAM CLYMER

Special to The New York Times

WASHINGTON, June 20 — Hillary Rodham Clinton demanded today that supporters of national health insurance stop focusing on their own particular concerns and start telling members of Congress that they want legislation with nothing short of guaranteed universal insurance coverage.

She told health care advocates that President Clinton would veto legislation that provided less than universal coverage, like the 91 percent coverage anticipated for a plan offered by Representative Jim Cooper of Tennessee and Senator Dave Durenberger of Minnesota. That proposal requires employers to offer workers insurance but does not make them pay for it.

The President spoke out insistently this morning for the need to cover all Americans, but he avoided answering directly when asked if he would veto a bill promising 91 percent coverage. "We ought not to walk away without a bill that provides health care for all Americans," he said on the NBC News program "Today."

Mrs. Clinton, meeting at the Executive Office Building with almost 100 representatives of organizations generally in favor of national insurance, told them their parochial victories on issues important to their own groups would not mean anything if Mr. Clinton had to veto the bill because it fell short of universal coverage. She drew a standing ovation.

Bradley Changes Position

But while the Administration was digging in its heels, it suffered a setback when Senator Bill Bradley of New Jersey, one of the uncommitted Democrats on the deeply divided Finance Committee, shifted positions and said the nation should not require employers to pay for insurance.

That requirement is a central part of President Clinton's plan and the variations on it advanced by Democratic Congressional leaders, who argue it is the only sure way to reach

Bradley changes his mind on requiring employers to pay for insurance.

the goal of providing all Americans with private health insurance by somewhere between 1998 and 2000. Most Republicans denounce it as likely to strangle small business and cost vast numbers of jobs.

Mr. Bradley advocated another route to near-universal coverage, saying that if insurance changes and subsidies did not produce 96 percent coverage in five years, people should be required to insure themselves.

His 96 percent suggestion reflects the general uncertainty about what, realistically, constitutes "universal coverage." The Clinton position, while acknowledging vaguely that some people would slip through the cracks, has been that coverage of "all Americans" was its goal.

Bradley? No. Moynihan? Yes.

The Bradley proposal, coming from one of the more liberal members of the Finance Committee, was not mentioned at Mrs. Clinton's pep rally, participants in the meeting said. But Mrs. Clinton was asked about the friendly comments Senator Daniel Patrick Moynihan of New York, chairman of the Finance Committee, made about the Durenberger measure Sunday on the NBC News program "Meet the Press."

She did not comment directly on Mr. Moynihan, said Bob Chlopak, a consultant for the Health Care Reform Project, an organization representing various supporters of national health insurance. But he said she had told the group that the Finance Committee needed to be a focus of their attention because several members needed to know about the importance of universal coverage.

Later today Mr. Chlopak made public a letter to the President from 80 organizations, including doctors' organizations, unions and church groups. They called on Mr. Clinton to threaten to veto any health care bill with a so-called "soft trigger," under which Congress would promise to vote again in a few years if this year's legislation did not produce a stated percentage of insured.

"Soft triggers are like blanks: They sound real, but have no force or effect," the letter said.

More From 'Harry and Louise'

More support for universal coverage came when the Health Insurance Association of America, whose "Harry and Louise" television ads questioned the Clinton plan last winter, chimed in with a newspaper advertisement. The association maintains that the various proposed changes in insurance law, like requiring companies to insure all applicants, would be less effective without universal coverage because people might wait until they got sick to insure themselves.

But it also released two new television ads in which the couple attack specific insurance law changes. In one, they contend that limits on increases in insurance premiums, a feature of many of the Democratic bills, are sure to cause shortages and rationing. In the other, they denounce community rating, under which insurers must charge all comers the same rate, as likely to sharply increase premiums and to cause people to drop their existing insurance.

Mrs. Clinton complained that the groups she had gathered spent too much of their energy trying to make sure that their own members' needs were dealt with "asking for this and asking for that," said a participant in the meeting who spoke on the condi-

tion of anonymity. Meanwhile, the First Lady said, their opponents had imperiled the prospect of universal coverage.

She said it was time for the organizations to hit home to their members, and through them to Congress, that the middle class would continue to suffer if universal coverage was not attained, because the poor and the rich already have medical care.

Setting a Date

The First Lady said the President would not sign legislation changing insurance laws if the measure did not also provide for universal coverage. And she said that legislation must specify a date by which universal coverage would be attained. It is Jan. 1, 1998, in Mr. Clinton's bill, but it is clear the Administration would negotiate about the date.

The President said this morning: "It doesn't have to be done tomorrow. It ought to be phased in over a period of a few years." But he said, "We should not walk away from this Congress without a commitment to cover everyone."

Mr. Bradley, who said he had discussed his ideas with other moderate members of the Finance Committee but had neither a formal legislative proposal nor cost estimates in hand, said his plan met the universal coverage test Mr. Clinton had set.

He proposed to pay for the subsidies in his plan with taxes on ammunition, handguns and tobacco, along with a new proposal to "assess" insurance companies directly when they sold expensive health insurance policies. His formula, for which he offered no cost estimates, would be to take the average of the cheapest two-thirds of all policies in a market area, then assess the companies 35 or 40 percent of all premiums above that level.

He explained new opposition to required employer payments, which he had supported earlier if small companies were exempted, by telling reporters here that he had become convinced the costs would hurt small business anyway, would invite "gaming," or manipulation to take advantage of proposed subsidies, and could not be passed anyway.

Mr. Bradley said that if insurance changes and subsidies for families with incomes up to about \$34,000 did not produce 96 percent coverage in five years, then people should be required to insure themselves. At that point he would also impose a small payroll assessment on employers who did not insure workers, he said.



Rich in resources but racked by civil war, now in its 19th year. Peace talks muddling along in Lusaka, Zambia.

bia. José Eduardo dos Santos is the current leader.

BENIN

First French-speaking country to successfully navigate the shoals from dictatorship to multiparty state.

BOTSWANA

Long an island of relative prosperity and democracy in a once-troubled region of black-white, East-West conflicts.

BURKINA FASO



Desperately poor, drifting since the 1987 coup that killed the radical, charismatic military leader, Thomas

Sankara. Blaise Compaoré is the current leader.

BURUNDI

Scene of recurring tribal massacres, lost its chance for reconciliation with last year's coup that killed first Hutu president.

CAMEROON

Split between French- and English-speakers, fighting with Nigeria and the World Bank, ruled by a corrupt, ethnically based and repressive elite.

CAPE VERDE

A nation of volcanic Atlantic islands that abandoned Marxist economics but needs aid to survive; chronically drought-stricken.

CENTRAL AFRICAN REPUBLIC

Undergoing a difficult but so far successful passage to democracy. Former Emperor Jean-Bédél Bokassa, now out of jail, wanders in white robes, crazy.

CHAD

Long in the shadow of Libya's territorial claims, rife with jockeying among clans; President Idriss Déby's guards commit human rights violations.

COMOROS

Had been run for years by a French mercenary who helped South Africa evade sanctions; still the scene of intrigue that undercuts elections.

CONGO

Held elections to replace longtime Marxist dictator, unsettled by fighting between ethnic militias; Israelis in charge of presidential security.

DJIBOUTI

Elections inspired by Paris uncovered deep divisions between two main groups, Afars and Issas; French maintain large military presence.

EQUATORIAL GUINEA

One of Africa's true horrors, now ruled by the nephew of Macias Nguema Biyoko, who once mowed down opponents in soccer stadium as rock music was played.

ERITREA

The only country to change colonial-era boundaries, after a 30-year independence war with Ethiopia; self-reliant and tough.

ETHIOPIA

Threw out its brutal Soviet-backed dictator in 1991; the old empire is breaking into ethnic groupings to prepare for more elections.

GABON

Swimming in oil and also swimming in discontent and debt; the longtime leader Omar Bongo's claim to have won December election widely disbelieved.

GAMBIA

The English-speaking sliver in French-speaking Senegal has long practiced multi-party politics.

GHANA



Africa's first in everything in the post-war wave of decolonization — in revolving-door coups, in hitting bottom

and in climbing back through I.M.F program. Jerry J. Rawlings is the current leader.

GUINEA

Saw a hotly contested election; still unable to shake off legacy of Ahmed Sékou Touré's African socialism, which bankrupted a once-rich land.

GUINEA-BISSAU

The Government has allowed a multi-party system to descend slowly, almost reluctantly, on a backwater former Portuguese colony.

IVORY COAST



Former economic "miracle" now down on its luck; the new President, Henri Konan Bedié, jails journalists

for writing insulting articles.

KENYA



Heading downhill fast under Jomo Kenyatta's successor, Daniel arap Moi, who plays tribal politics,

crushes dissidents and permits widespread corruption.

LESOTHO

The tiny kingdom surrounded by South Africa has byzantine politics and a restive, underpaid army that killed the Deputy Prime Minister in April.

LIBERIA

Civil war has claimed more than 150,000 lives, brought in an all-African intervention force; peace talks reduce fighting but it continues.

MADAGASCAR

Had successful elections, lengthy but free; the new President, Albert Zafy, faces huge economic decline after 20 years of one-man rule.

MALAWI

With the old tyrant in a homburg hat, Hastings Kamuzu Banda, struck down at the polls, his successor, Bakili Muluzi, promises reforms.

MALI

The revolution that dumped the dictator Moussa Traoré has given way to elected Government, but it faces poverty and uprisings by Tuaregs in the north.

MAURITANIA

Opposition boycott of elections has kept old powers in control, the Maurs still dominate the blacks, and the desert encroaches.

MAURITIUS

Its economic growth rates, stability and assiduous regard for multiparty democracy have long made it an island in more ways than one.

MOZAMBIQUE

At long last the civil war is winding down and a peace agreement is holding; everything depends on demobilization of armies and elections.

NAMIBIA

Under its new Swapo leadership, it is practicing democratic Government and market economics; future is closely tied to South Africa next door.

NIGER

A multiparty system voted into place in 1992; Government is fighting on all fronts — rebel Tuaregs, falling uranium prices, growing Islamic militance.

NIGERIA



The swaggering giant of West Africa reneged on elections after they were held; still ruled by confused and

rapacious military Government. Gen. Ibrahim Babangida is the current leader.

RWANDA

Africa's hell, pure and simple, with prospects ahead of more grisly killings by either Hutus or Tutsis, barring outside intervention.

SÃO TOMÉ AND PRÍNCIPE

A smooth democratic transition, helped by much aid from France and Portugal, has a decade of mismanagement to overcome.

SENEGAL

Long a multiparty democracy, has been unsettled by February riots over devaluation; two principal opposition leaders held in jail without trial.

SEYCHELLES

Its strongman, France Albert René, won 1991 election; the biggest problem for the island paradise is a decline in tourism caused by European recession.

SIERRA LEONE

Besieged in the east by Liberian-supported rebels, lacking in popular support, a corrupt military Government has promised civilian rule.

SOMALIA

The case study in the failure of international intervention; Gen. Mohammed Farah Aidid is still a power, the clans are still at each other's throats.

SOUTH AFRICA

The recent election serves as a model throughout Africa; leaders admire President Nelson Mandela's courage in embracing the opposition.

SUDAN

Africa's largest country is devastated by Africa's longest war, the Islamic Government in the north against the Christian-animalist rebels in south.

SWAZILAND

King Mswati II is still following a conservative course of maintaining traditional practices but with a slight opening to democratic principles.

TANZANIA

Facing a long uphill climb to economic recovery; former President Julius K. Nyerere's high-minded but disastrous rule is receding; elections scheduled.

TOGO

A popular push for democracy was thwarted by sleight of hand from the longtime dictator, Gnassingbé Eyadéma; turmoil and ethnic tensions result.

UGANDA



Trying to overcome a two-decade curse of dictatorship and ethnic warfare, President Yoweri Museveni is

experimenting with single-"movement" politics.

ZAIRE



The gold standard in corruption and mismanagement, the personality cult rule of Mobutu Sese

Seko is gradually fading away amid anarchy and poverty.

ZAMBIA



Kenneth D. Kaunda surprisingly lost elections and surprisingly turned over power; new President, Frederick

J.T. Chiluba, beset by burden of economic catastrophes.

ZIMBABWE



An economic and political success under President Robert Mugabe, though still fraught with

tensions involving whites, parties and land.

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Faceoff in Finance

THE TWO great goals of health care reform are to achieve or approximate universal coverage while containing costs. Each comes at a price. The coverage has to be financed; the cost containment by definition requires that patients and providers get by with less.

The politicians want to come as close as possible to the goals while minimizing the price. That's understandable—and in this case not just the usual effort to have a thing both ways. Health care isn't a rivers and harbors bill. The real-world costs as well as political costs of making a mistake could be huge. Which leads us, as it has Congress, to what have come to be known in health care speak as triggers.

Triggers are promissory notes. They are meant not just to pick up votes but to strike a balance between commitment and caution, which in health care may not be a bad idea. The notion is to start out with relatively modest reforms to see what they can achieve, but to promise that if they don't achieve certain results within a certain time, additional steps will be taken. Which steps (if any) and under what circumstances are what the members then fight about.

The Senate Finance Committee is having that fight now. Some members of the committee support the president's plan to mandate universal coverage mainly through the workplace while limiting annual increases in health insurance premiums to contain costs—but they don't have the votes. At the other end of the spectrum is a group of Republican minimalists led by Bob Dole

who want to do some insurance reform and provide some limited subsidies to make insurance marginally less expensive and more available, and that's about all. A group of moderates would do more insurance reform, provide more generous subsidies and create a commission to make recommendations that Congress would have to consider (but not adopt) if the subsidies and other steps failed to reduce the number of uninsured to roughly 5 percent of the population from roughly 15 percent today by early in the next century.

That's a weak trigger. Chairman Daniel Patrick Moynihan has proposed a stronger one that could lead to employer mandates much as the president has proposed. His bill contains warning lights in the form of cost containment "targets" as well.

The Dole proposal supports reform in name while largely avoiding it in fact. It may well be that Congress will choose to enact reform in stages by first testing what modest steps will yield. That's not unreasonable. But at the very least, a Congress that wants to start small while being taken seriously needs to set clear goals as to future coverage and cost, and impose on its successors a timetable and procedures for achieving them. A vote not to do even that is a vote in favor of a system in which health care consumes a seventh, rising toward a fifth, of all the money Americans have available to spend, and yet a seventh of the population remains uninsured.

Summit for the Koreans

JUST THREE MONTHS ago North Korea was threatening to drown Seoul in a "sea of fire." But on Tuesday at the same table in Panmunjom, a North Korean official accepted his country's first summit with South Korea on July 25-27 in Pyongyang. The meeting flows from the recent developments that led North Korea and the United States to decide to resume negotiations in Geneva on July 8 on the security, political and economic terms by which the North might yield its nuclear option.

Kim Il Sung is founding father of the 48-year-old Communist regime in the North and perpetrator of massive aggression and terrorism against the South. He has audaciously reviled the South's Kim Young Sam as the "traitor" head of a "puppet" regime, preferring to deal directly with the United States. But Washington, faithful to its ally, insisted that Seoul be included. At that, Kim Il Sung won a provision—that the summit be canceled in the event of a "provocative" act—that gives him an opening to duck out. Nor would he accept giving his Korean partner the courtesy of a reciprocal visit. Perhaps he is reluctant to show the North's television audience the consumer-rich, democratic reality of a country he has depicted as miserable and oppressed.

For South Korea, the events following Jimmy

Carter's mission to Pyongyang have been a sobering reminder of its continuing dependency and vulnerability. This gives it an immense stake in broadening its own new channel to the North, even while making the military preparations essential for the coming test of wills. The immediate agenda includes family reunions (for 40 years the North has kept millions of members of divided families from contacting kin in the South), economic ties and steps to take political and military confrontation off a hair trigger.

There is also a compelling longer-term agenda. Seoul must weigh the costs and benefits of pursuit of Korean reunification—and of non-pursuit. It must calculate if its conventional strength and American ties permit it to abandon the American nuclear umbrella, which North Korea has made part of the price for its own nuclear disavowal. Looking at their power-packed region, some South Koreans wonder if the North Korean bomb program might not be changed from a threat in the hands of the North into a useful deterrent in the hands of a reunified Korea.

Merely to cite these questions is to indicate that South Korea's dealings with the North bear deeply on American interests too.

Health Care Obstructionists

Two powerful committees — Senate Finance and House Ways and Means — are rushing to pass health-reform bills. The Finance Committee bill is sound, but so far lacks majority support; conservative Democrats and moderate Republicans are pressuring the chairman, Daniel Patrick Moynihan of New York, to give up on a key plank, universal coverage. The Ways and Means bill would achieve universal coverage; but the rest of it is a farce, incorporating ruinous amendments virtually dictated by the American Medical Association.

The political calendar will not permit more dawdling and posturing. The committees must complete most of their work this week. Then the Senate majority leader, George Mitchell, and the House majority leader, Richard Gephardt, can pound flawed committee bills into workable legislation in time for floor votes before the November elections.

The immediate stumbling block is a coalition of conservative Democrats and moderate Republicans on the Senate Finance Committee who so far refuse to accept any sensible way to guarantee every American insurance within a reasonable number of years.

Bob Dole of Kansas, the minority leader, and Bob Packwood of Oregon say they want reform but do not seem serious about compromise; Republicans John Chafee of Rhode Island, John Danforth of Missouri and Dave Durenberger of Minnesota are serious and want universal coverage. But they, along with David Boren, Democrat of Oklahoma, oppose the most feasible system proposed: employer mandates, which would require employers to pay for policies chosen by their workers.

Mr. Moynihan has proposed a worthy compromise: Let voluntary reforms along with subsidies for low-income families — a combination the Republicans say they adore — whittle the ranks of the insured; but if by 2000 at least 95 percent of Americans are not insured, then employer mandates would automatically kick in.

The opposition has so far not budged. Mr. Dole has lowered himself to taking irrelevant potshots at Hillary Rodham Clinton; Mr. Packwood seems intent on adding "obstructionist" to his sullied résumé rather than irritate the minority leader, who can protect him during ongoing investigations of sexual harassment.

These two will probably behave shabbily, but Senators Boren, Danforth and Durenberger would be foolish to follow them. All three will be leaving Congress at the end of the year. They should look to their reputations. Mr. Boren will demolish any claim to distinction in his new career as educator if he lets his bull-headedness destroy his own party's effort to extend medical care to millions of hard-working Americans.

Similarly, Mr. Danforth will have no further claim to his reputation as the most humane Senate Republican if he helps Mr. Dole sacrifice health care on the sword of anger and ambition. As for Senator Durenberger, he has one last chance to end a spotted career with a moment of distinction. These three and Senator Chafee will deserve lasting condemnation if they scuttle the best chance since the Truman era to give Americans the peace of mind that comes with health insurance.

Other parts of the chairman's bill are also sensible. But the bill is best for what it omits: a destructive assault on managed-care plans that is at the center of the Ways and Means bill.

The bill of the Ways and Means chairman, Sam Gibbons, has one big virtue: an unconditioned employer mandate. But it would protect fee-for-service plans, which the A.M.A. loves, by destroying managed-care plans, which scrutinize physician treatment. The bill would force plans to hire doctors they do not want to use — undermining the plans' ability to raise the quality and lower the cost of care.

Worse still, the bill makes illegal existing health maintenance organizations, like Kaiser Permanente, that charge low premiums in exchange for restricting patients to a closed panel of doctors; apparently the committee has little stomach for letting consumers decide what is best for them. The bill would also force employers to subsidize workers who chose expensive fee-for-service coverage. There are other destructive provisions, including a proposal to impose price controls.

Ways and Means is right on universal coverage and dead wrong on insurance reform. Unless Mr. Moynihan gets his way, the Senate Finance Committee will make the opposite mistake. The way out of this bind is for both committees to pass bills, however flawed, and let the leaders put together a compromise that has a chance to pass as the majority Democrats and survivalist Republicans legislate in the shadow of the fall election.

If we don't pass health care this year.....

American families will pay more for health care with less secure benefits and diminishing choices. Many workers will continue to trade wage increases or stay locked in jobs that don't suit them just to hang on to the health benefits they've got.

- Health care spending per worker will be over \$7,000 in 1994. By the year 2000, health care spending per worker will rise to \$12,386, or 25 percent of compensation.
- Without reform, by the year 2000, American workers will lose almost \$600 in wages each year just to keep their health benefits [Commerce Department]

American businesses will drop or pare back coverage, or continue to pay more for employee health benefits.

- One and a half million *fewer* full-time workers receive health benefits directly through an employer today, compared to 1988. [University of North Carolina, 8/92]
- In the future, 30 percent of small businesses currently providing insurance will drop their insurance coverage because of the high cost. [Health Affairs, Spring 1992]

Choices will decline for those with insurance, as employers try to stem rising costs by switching to managed care plans with a small number of "approved" doctors. And as more families find themselves without insurance, those with any history of illness will join the 81 million Americans labeled as having "pre-existing conditions".

- In 1988, 89% of employers offered indemnity (fee-for-service) plans. In 1993, only 65% of employers offered such plans. [*"Health Benefits in 1993"*, KPMG Peat Marwick]
- Up to 30% of employees report that they are afraid to leave their job for fear of losing continuous health insurance coverage.

Doctors will have less and less control over their practices and the care they provide their patients, as people at insurance companies without medical degrees second-guess medical decisions and dictate "necessary care".

The federal budget will be overwhelmed by health care spending on Medicare and Medicaid. This will add to the deficit, raising the pressure to cut back on benefits in those programs. State budgets will also be increasingly eaten up by Medicaid, paring back on crime-fighting and education to pay for health services for welfare recipients.

- Two-thirds of the growth in federal spending between 1993 and 1996 will be accounted for by health care spending.
- In 1992, Medicaid spending totaled \$102 billion, a 33% increase over 1991. By 1995, Medicaid spending is expected to reach \$198 billion. (National Association of Budget Officers)
- In 1993, for the first time, states spent more money on health care than they did on tax-financed higher education. (National Association of State Legislatures)

STRONG SUPPORT FOR HEALTH PLANS

THE NEW YORK TIMES, WEDNESDAY, JULY 20, 1994

Eight of 10 Americans Back Universal Care, Poll Says

By MAUREEN DOWD

Amid the cacophony of warring health care plans and partisan jibes, the public remains strongly committed to getting a plan passed and continues to endorse universal coverage.

Americans are now as concerned about health care as they are about crime, and a majority say they are willing to pay higher taxes to get everyone insured, according to the latest New York Times/CBS News poll.

Eight in 10 polled continue to say that it was "very important" that every American receive health insurance coverage.

"The President should not compromise on that," said Roberta Lake, a 21-year-old graduate of Wooster College in Ohio who has moved back to her mother's house in Maryland until she begins an internship with the dean of black students at Wooster. "This is a biggie for me because I was diagnosed last summer with multiple sclerosis, and I'm not insured. The percentage of Americans who would get left out are those who need it most."

Miss Lake was one of the respondents who agreed to follow-up interviews after participating in the nationwide telephone poll of 1,339 adults, taken Thursday through Sunday. The poll has a margin of sampling error plus or minus three percentage points.

President Clinton's still having trouble getting traction on a spectrum of issues. His overall job approval rating slipped slightly to 42 percent, just about the same percentage that elected him in 1992, and public confidence on his foreign affairs performance continues to erode.

While he has succeeded in pushing health care to the top of the national agenda, Mr. Clinton has not benefited from it politically because he is mired in growing skepticism about Washington's ability to quickly pass any sort of health care plan.

Most people said they would be disappointed if Congress never passes a health care plan, and a substantial number — 39 percent — said they would be less likely to re-elect a member of Congress who voted against a health care plan.

The yearning for overhauling the health care system and attaining universal coverage clearly has a wistful side, since 78 percent of those polled now say they think Congress will not be able to agree on a plan before the end of the year.

Leonard Smith, a 40-year-old unemployed plumber and part-time farmer from a town in southeastern Iowa called Figourney — "You know, like that actress Sigourney Weaver" — sees it this way: "Clinton's trying to do something that needs to be done, but he himself doesn't have the power to do diddly squat. If the Democrats are for something, the Republicans automatically think they have to be against it. They won't work for what's

right."

If Mr. Smith was resigned, Estia Douglas, 68, a grandmother and Democrat from Orlando, Fla., was riled. "The Republicans are coming up with a lot of garbage about how we can't afford to cover everybody," she said. "Well, we couldn't afford to send a man on the moon either, but we did, didn't we?"

Although the public has a clear preference for universal coverage, a slight majority believed that it would be all right if Mr. Clinton compromised at 95 percent coverage.

"It'll have to be scaled down, it'll never pass the way it is," Mr. Smith said. "Clinton is like the guy who wants \$75 for his bicycle so he asks \$150 to start with. It's just a selling game."

Clinton Compromise Urged

Roma Templeton, 39, an office supervisor from League City, near Houston, agreed that the President "should compromise on a few things to get it passed and then work on those things later."

Ms. Templeton said she was not averse to higher taxes. "Either you pay more in taxes or you pay more in health care," she said. "It's one or the other."

Like others interviewed, she suggested that perhaps Mr. Clinton and his wife, Hillary, should have brought the country along a little more slowly. "The way he presented it, he just threw this whole big, huge issue at you. No one had time to digest it or pick it apart. Whenever someone acts like it's his way or no way, I just draw a line in the dirt and say I ain't crossing that line."

Reflecting the deepening disillusionment with Washington, there has been a slight erosion in the size of the majority that believes in the Government's responsibility to guarantee medical coverage, and in the size of the majority that is willing to pay higher taxes to get universal coverage.

Split on Abortion

The public was split on the issue of employer mandates and abortion coverage.

Forty-nine percent said employers should be required to pay most of the cost of health insurance for all their workers, while 40 percent said employers should only be required to offer their workers a chance to buy their own health insurance.

Fifty-three percent said abortion should not be covered by a basic health care plan, but 16 percent wanted abortion automatically covered, and 28 percent said it should be an available option.

As the Clintons lead a selling blitz this week on their health care plan, they will at least find an audience that agrees that the problem is pressing. For the first time this year, when asked to name the most important problem facing the country, 19 percent chose health care, equal to the 19 percent that cited crime and violence.

Hillary Rodham Clinton's favorability rating has risen slightly from last spring, with 38 percent now expressing a positive view and 26 percent a negative one.

Some of the male respondents interviewed after the poll talked about

their lingering difficulty in adjusting to a First Lady with overt power.

Charles Jansen, a 72-year-old retired electronic technician from Wichita, Kan., complained that Mrs. Clinton should not be helping make appointments since she was not elected. Mr. Jansen, a Democrat, was asked what his wife, a Republican, thought.

"I'm afraid to ask her," he replied. Summoning up his nerve, he asked his wife, Dorothy, how she felt about the First Lady and reported back: "She gave a typical wife answer, that the woman should have input into White House decisions."

The President's rating on handling the economy has been stable for months at 43 percent. But, peppered by stories about Haiti, Rwanda, Bosnia and North Korea, Americans are more dubious about the 47-year-old President's ability to navigate the gray waters of this nerve-racking post-cold war world. The approval of his foreign policy stewardship has slipped to 36 percent, from 50 percent in January.

Asked about Mr. Clinton's ability to deal "wisely" with a difficult international crisis, only 32 percent expressed confidence, while 64 percent said they were uneasy.

"He drifts a little bit too much," Mr. Jansen said. "Right or wrong, he should pick out a way and stay with it."

"He's a great talker, he says a lot of stuff I like to hear, but then nothing happens," Mr. Jansen continued, adding somewhat cheerfully, "I'm not going to be around in another 10 years, so I won't have to worry about it anyway."

Roberta Lake said she worried that Mr. Clinton needed more experienced hands around him. "I guess it's good putting trust in my generation," she said. "But I know how I am and I wouldn't want a bunch of 21-year-olds running things."

Although some White House officials worry that Paula Jones's sexual harassment suit might be a drag on the President's poll numbers, a majority of those polled continued to say that Mr. Clinton has "about the same honesty and integrity as other Presidents."

With Congressional hearings on the Whitewater matter scheduled to begin next week, nearly half of those polled continued to reserve judgment on whether the Clintons did anything wrong.

Her words laced with the twang of her native West Virginia, Mrs. Douglas, the Orlando grandmother, declared that Mr. Clinton was "the greatest President we've had in my lifetime."

COVERAGE OF 95% MIGHT BE ENOUGH, CLINTON CONCEDES

SEEKS GOVERNORS' HELP

Health Battle Gets Personal as President and Dole Fence Over Health Overhaul

By DOUGLAS JEHL

BOSTON, July 19 — Suggesting that he is ready for compromise on health care legislation, President Clinton softened his call for insurance coverage for all Americans today, saying 95 percent or 98 percent might do.

One day after the National Governors' Association rejected his proposal that employers pay much of the cost of their workers' insurance, Mr. Clinton repeated his willingness to consider other ways to pay for coverage. But he said his advisers had found serious problems with other methods they had studied, and he repeated his contention that making employers pay was the fairest and most efficient way to finance expanded coverage.

In a speech to the governors' group, Mr. Clinton said his litmus test for health care legislation would be "a phased-in deliberate effort" to achieve universal coverage, and that a plan that would reach at least 95 percent of Americans might be acceptable. Up to now, he has emphasized coverage for "every American."

Currently about 85 percent of Americans have health insurance. Most people who lack coverage live in working households.

Mr. Clinton spoke after Senator Bob Dole, the Republican leader, delivered a tough speech to the governors in which he staked out a hard-line position on the coming debate over health care. He said the President's proposals for universal coverage and employer mandates were "dead" on the Senate floor, and he accused Mr. Clinton of pushing too hard for too much too quickly.

Mr. Clinton's remarks appeared to cause consternation among some of his supporters on Capitol Hill, and they may have added to the burden of Democratic leaders seeking to build support for employer-paid insurance.

Hillary Rodham Clinton, in an appearance today on the program "Good Morning America," said, "The only thing that will work is to get everybody into the system." When Mrs. Clinton was asked if the White House would insist on universal coverage in any bill, she replied, "Well, I think that if you don't insist on it, at least being phased in at some point, you will make the problem worse."

Mr. Clinton's remarks sparked fears among his allies on Capitol Hill that he was retreating even as they were trying to shore up his support, and the White House immediately began trying to dispel the impression that the President was backing down.

Leon Panetta, the President's chief of staff, said, "The President's bot-

tom line is what it has always been: guaranteed health coverage for every American. And that's what he said to the governors today. Are we willing to discuss ways to guarantee universal coverage? Absolutely. Are we changing the goal? Absolutely not."

Indeed, what Mr. Clinton said today reflected the Administration's longstanding unspoken position: Although Mr. Clinton and his wife have repeatedly talked about "universal coverage," their model is the Social Security system, which reaches about 98 percent of Americans.

But the Administration has never said that in public before. The fact that Mr. Clinton did so today was an important signal to Congress, the governors and the public that, as Congressional leaders prepare their final drafts, he is ready to make a deal.

"We know we're not going to get right at 100 percent," Mr. Clinton said in response to a question after his speech, "but we know that you've got to get somewhere in the ballpark of 95 or upwards so that you stop the cost shifting, and you have some — and you have economies of scale for all the small businesses that are participating." Cost shifting occurs when medical care providers raise prices for patients with insurance to cover the cost of care for those who do not.

White House officials said the President had wanted to inject realism into wrangling over what universal coverage might mean and wanted to advertise his flexibility in working with Republicans to find common ground. But they and the President insisted that his comments should in no way be seen as a sign that he had moved his bottom line.

Deep Rift Remains

In particular, Mr. Clinton's conciliatory language did not obscure the clash between the White House and Mr. Dole about how far to go toward meeting the President's goal of providing insurance coverage for all Americans.

In Mr. Dole's speech, he repeated his call for changes in insurance regulations and subsidies to make coverage more widely available. He warned against those who would "push and push and push, and try to have it all."

With the battle over the shape of health care legislation moving into its most crucial phase, the presentations by Mr. Clinton and Mr. Dole to the annual gathering of the National Governors' Association added a personal dimension to a debate that has been waged for months at a distance and in abstract terms.

Although the two men never appeared on the stage together, the session otherwise brought some of the theater of a presidential debate, with their aides scurrying to press rooms afterward to try to manipulate reporters' perceptions.

Mr. Clinton and Mr. Dole were both clearly determined not to be seen as obstructionist, and both were careful to pad their thrusts and to cushion their words with language more typical of veteran negotiators than politicians.

Clinton Still Skeptical

Mr. Clinton also made it clear that he still looked with great skepticism on Mr. Dole's plan, which the President warned could raise costs and lead to a decline in the number of Americans with coverage. For example, if insurers were required to offer coverage to everyone, regardless of their health, but all people were not required to buy insurance, some people might put off buying it until they became sick. That would raise the rates for the healthy and cause some people to drop their insurance.

"I am not willing to do something

that doesn't work," Mr. Clinton said after his speech. "We must not do something that is a fraud."

On Saturday, the governors said they opposed the Senator's call for strict limits on Federal spending for Medicaid; today, Mr. Dole went out of his way to assure them that he was not committed to that plan and hoped to work with them to resolve the issue.

Mr. Clinton, in turn, went out of his way to reach out to Democratic governors, who endorsed his goal of universal coverage on Monday but remained silent on the question of how to pay for it. While Mr. Clinton said his proposal to require employers to shoulder most of the burden represented "the best and fairest way," he was more explicit than he has been before in saying that he would be open to other alternatives.

But the President's remarks, regardless of how he intended them, added to the anxiety level on Capitol Hill and might make the Democratic leaders' already difficult job that much harder. Particularly in the House, the leaders have been trying hard to get members to commit themselves to a requirement that employers pay for the bulk of their workers' insurance.

Watching Mitchell

But the melding process continued on Capitol Hill. The House leadership met with the committee leaders who are trying to get a consensus bill, largely patterned on the measure passed by the Ways and Means Committee. They expect to have this bill ready by the end of the week and will begin shopping it around to members of the Democratic caucus, looking for further refinements that can get them up to 218 votes, the number needed for passage.

But they are also hoping for some signal, by the end of the week, of what Senator George J. Mitchell, the majority leader, will be able to accomplish. Representative Thomas S. Foley, Speaker of the House, was asked today what he would do if Mr. Mitchell reported that he simply did not have the votes for any kind of employer mandate.

Mr. Foley replied, "I will say, 'George, I'm sure you're wrong.'"

Mr. Foley today reiterated his determination to get a vote on a health care bill before the House adjourns for its August recess. That is scheduled to begin Aug. 12, but many predict that the date will be pushed back.

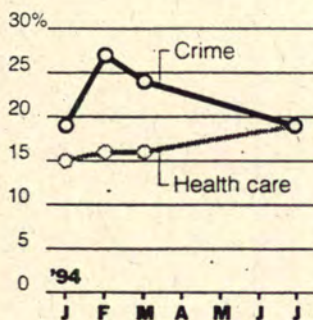
In their appearances at the governors' conference today, both Mr. Clinton and Mr. Dole cast themselves as tireless fighters who are determined that health care legislation will clear Congress by fall. Mr. Dole said he would ask Congress to forsake its summer vacation if necessary, a move Mr. Clinton praised as "most encouraging."

But while the President did not do so directly, he was plainly referring to what he regards as the greatest flaw in Senator Dole's health care plan: its reliance on an overhaul of insurance rules. Several times, Mr. Clinton reminded the governors that efforts by the states to expand access to health care through similar changes had met with little success.

For his part, Senator Dole said, "As far as the employer mandate, that may happen sometime. It's not going to happen this year." He added, "You only have to count to 100 in the Senate. I think we've got the votes, and I don't think that's going to change in the next 30 days." He went on, "I think the seeds of a bipartisan plan still exist. If the Administration is willing to come our way."

Americans' Attitudes on Health Care

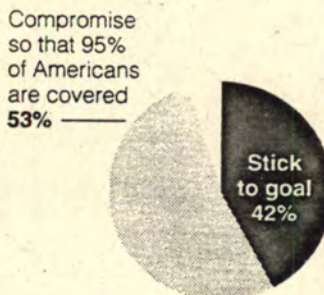
What is the most important problem facing the country today?



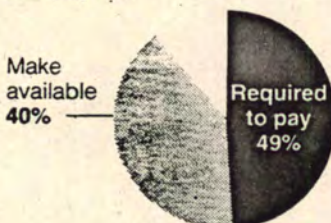
How important is it that every American receive health insurance coverage?



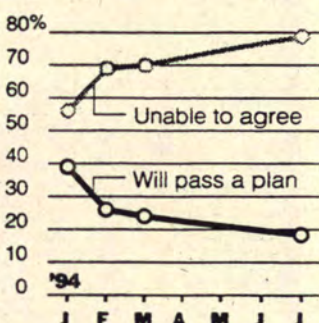
Should President Clinton stick to his goal of making sure 100% of Americans have health insurance coverage?



Should employers be required to pay most of the cost of health insurance for their workers or should they just be required to make available insurance that workers can pay for?



Will Congress pass a health care plan before the end of this year or will they be unable to agree?



If, in the next year, Congress does not pass any health care reform, and the current health care system continues as it is, would you be pleased or disappointed?



Based on polls conducted by The New York Times and CBS News. The latest poll was conducted by telephone July 14-17 with 1,339 adults nationwide.

How the Poll Was Taken

The latest New York Times/CBS News Poll is based on telephone interviews conducted July 14 to 17 with 1,339 adults around the United States, excluding Alaska and Hawaii.

The sample of telephone exchanges called was selected by a computer from a complete list of exchanges in the country. The exchanges were chosen to assure that each region of the country was represented in proportion to its population. For each exchange, the telephone numbers were formed by random digits, thus permitting access to both listed and unlisted numbers. Within each household, one adult was designated by a random procedure to be the respondent.

The results have been weighted to take account of household size and number of telephone lines into the residence and to

adjust for variations in the sample relating to region, race, sex, age, and education.

In theory, in 19 cases out of 20 the results based on such samples will differ by no more than three percentage points in either direction from what would have been obtained by seeking out all American adults.

For smaller subgroups, the potential sampling error is larger. For example, for blacks, it is plus or minus nine percentage points.

In addition to sampling error, the practical difficulties of conducting any survey of public opinion may introduce other sources of error into the poll. Variations in question wording or the order of questions, for instance, can lead to somewhat different results.

DIARY

Health Care Developments

YESTERDAY

President Clinton and Senator Bob Dole of Kansas, the minority leader, addressed the nation's governors on health care while leaders in Congress continued their work on legislation.

GOVERNORS

In a speech to the National Governors' Association, President Clinton softened his call for insurance coverage for all Americans, saying that 95 percent or 98 percent might do. One day after the governors rejected his proposal that employers pay much of the cost of their workers' insurance, Mr. Clinton suggested to the group at its meeting in Boston that he would consider other financing methods, though he thought employer payments were fairest and best. Senator Dole, speaking before Mr. Clinton, said the President had tried to do too much, too soon. He added that the President's proposals for universal coverage financed in large part by payments from employers were "dead" in the Senate.

WHITE HOUSE

In an appearance on the ABC News program "Good Morning America," Hillary Rodham Clinton endorsed coverage for everyone. "The only thing that will work is to get everybody into the system," she said. Asked if the White House would insist on universal coverage in any bill, she replied, "Well, I think that if you don't insist on it at least being phased in at some point, you will make the problem worse."

CONGRESS

The Democratic leadership in the House met with heads of the health committees, who are putting together an initial effort at a consensus bill. They expect to have it ready by the end of the week, and will begin showing it to members of the Democratic caucus, looking for further refinements that can get them to 218 votes, the number needed for passage. Speaker Thomas S. Foley repeated his determination to get a vote on a bill before the House adjourns for its August recess, now scheduled to begin Aug. 12, but widely predicted to be pushed back.

LOBBYISTS

Rock the Vote, the group that organized a campaign to get young people to register to vote in 1992, began an effort to distribute a million copies of a nonpartisan guide to health proposals. Organizers also released a survey that found that many young people had to forego medical care in the past year because they could not afford it.

Birthrate for Unwed Women Up 70% Since '83, Study Says

By STEVEN A. HOLMES
Special to The New York Times

WASHINGTON, July 19 — With the debate over reducing the country's welfare rolls focusing renewed attention on the rising birthrate among unwed women, the Census Bureau reported today that such births soared by more than 70 percent from 1983 to 1993.

According to the bureau, 6.3 million children, or 27 percent of all children under the age of 18, lived in 1993 with a single parent who had never married, up from 3.7 million in 1983.

While indicating that the annual increase in the number of children born out of wedlock slowed somewhat in the 1980's, the report also documented the sharp rise in these kinds of births over the last three decades. While there were 243,000 children living with one parent who had never married in 1960, by last year that number had climbed to 6.3 million.

"It's astonishing," said Kristin Moore, director of Child Trends, a Washington-based research organization that studies adolescent pregnancy. "It's really a substantial social change, and it's happened really fast."

The figures are compiled in an annual report by the Census Bureau titled "Marital Status and Living Arrangements." The findings mirror the results of other studies in recent years — including those done by the Census Bureau — that show out-of-wedlock births still on the rise.

The report demonstrated the extent to which blacks are affected by the changes that are roiling the traditional family structure. According to the report, 57 percent of black children are living with one parent who has never married, compared with 21 percent of white children and 32 percent of Hispanic children.

The latest figures are likely to fuel the debate over competing Democratic and Republican proposals on how to cut the country's welfare rolls.

In its bill, the Clinton Administration emphasizes the need to identify the fathers of children born out of wedlock and hold them responsible for financial support of their children, requires single mothers under the age of 20 to remain in school to continue to receive welfare benefits and allows states to limit additional cash

benefits to women whose babies are conceived while they are on welfare.

But a group of Republicans in the House, contending that welfare provides a financial incentive for poor, unmarried women to bear children, goes Mr. Clinton one step further, freezing welfare payments at current levels and denying cash benefits to single mothers under the age of 18.

"I think these figures dramatize, once again, that our welfare policies are going in absolutely the wrong direction," said Representative Jan Meyers of Kansas, who is the architect of the Republican bill.

But some researchers say that freezing or denying welfare benefits would not have much, if any, effect on the soaring illegitimacy rates. They note that the out-of-wedlock birthrate rose in the 1960's when the value of welfare benefits went up. Yet the rate continued to rise in the 1970's and 80's, even though the value of the benefits declined because they did not keep pace with inflation.

Concerns about welfare's effect on families.

"Research suggests that welfare accounts for some, but not all of this phenomenon," said Martha Farnsworth Riche, director of policy studies for the Population Reference Bureau, a private research group.

Family Trends

The statistics included in the annual report also document other trends associated with the breakdown of the traditional American family:

¶The number of unmarried adults nearly doubled, to 72.6 million from 37.5 million, from 1970 through 1993, with 58 percent of this group made up of adults who have never married.

¶The number of people who are divorced tripled to 16.7 million in 1993 from 4.3 million in 1970.

¶Men and women alike continue to delay marriage, with the median age

at first marriages rising last year to 26.5 years for men and 24.5 years for women. The figures represent the highest median age at marriage for both men and women since 1890.

¶The delay in marriage is greatest among blacks, with 22 percent of black women age 40 to 44 never having been married, compared with 7 percent of white women and 9 percent of Hispanic women.

Role in Social Problems

But it is the drastic rise in the birthrate among unwed women and girls that is most likely to draw attention in the coming months as Congress debates several issues. The phenomenon of out-of-wedlock births has been cited as a factor in a host of social problems, including increased crime, drug abuse, welfare dependency and poor educational attainment.

Indeed, the bureau's report presented stark evidence of the socioeconomic disadvantages confronted by children living in one-parent households, as against those in two-parent families. And the report indicated that those disadvantages were much more acute for a parent who never married.

According to the Census Bureau, the median family income in households where two parents were present was \$43,578. In contrast, in one-parent families where the mother was divorced, the median income was \$17,014, and where she had never been married, the median income was \$9,272.

Similarly, 10.6 percent of children living in two-parent families were living below the poverty line. But 38.4 percent of children living with divorced mothers and 66.3 percent of those living with mothers who had never married were living below the poverty line.

Continued on Page A8, Column 1

Talking Points on Universal Coverage - July 19, 1994

- * The President's bottom line is what it has always been - guaranteed health care coverage.
- * We have always said that we are flexible on HOW we achieve universal coverage, but not WHETHER we achieve universal coverage.
- * The President understands that 78% (Washington Post/ABC News) of the American people want universal coverage. And he's committed to providing it.
- * Let's look at what has been said already this week on what will happen without universal coverage: AFSCME released a study saying that there would be a \$115 unfunded mandate on states from the non-universal Dole plan. The Catholic Health Association released a Lewin Study showing middle class premiums will increase by as much as \$700 each year in some categories under non-universal vs. universal plans. And groups representing older Americans shot down non-universal plans that raid Medicare and do nothing to help seniors. Today, Secretary Bentsen will release a study which illustrates that 84% of the uninsured are in working families.
- * Universal coverage is about giving every American - especially hard working middle class Americans - an ironclad guarantee that they will have health care coverage that will never be taken away, even if they get sick or lose their job.
- * We are going to continue to fight hard for universal coverage. We are going to continue to fight for the millions of hard working middle class Americans who will be left out in the cold if we enact legislation that does not achieve universal coverage.

The President said that we would never reach 100% He seemed to indicate that 95% would be acceptable. Is 95% the Administration's definition of universal coverage?

- * Our definition is that every American have a guarantee in law of health care coverage that can never be taken away.
- * The President was saying that we must have a guarantee in law that every American have health care coverage.
- * The real question here is what happens if we don't achieve universal coverage. The fact is that the every American must be guaranteed health care coverage if we are to protect the middle class and control costs.

Would you ever really achieve 100%

* Obviously, there will always be someone sitting under a bridge who will not be in the system. But the President remains absolutely committed to guaranteeing that every American have health care coverage that can never be taken away.

* Social Security is a universal coverage program and not every older American takes advantage of it.

The President and First Lady indicated that universal coverage is a goal to work toward, not an absolute bottom line. Is this true?

* We have a phase-in our bill. We have said that we would be flexible on phase-in but it needed to be within a reasonable time period and at a date certain. This is our position.

* Obviously, we are not going to achieve universal coverage overnight. That's why we phase it in. There will be a road toward universal coverage, but the road must achieve universal coverage. Every American must have a guarantee in law of health care coverage that can never be taken away.

Wasn't the President signalling new flexibility on employer mandates?

* The President has said all along that he is flexible on how we get to universal coverage, but not whether we get to universal coverage.

* As the President said yesterday, he still believes that shared responsibility is the "best and fairest" way to achieve universal coverage.

CNN said that this new change in strategy was Leon Panetta's idea. Is this true?

* There is no change in strategy. The President remains absolutely committed to achieving universal coverage.

(ED: complete writethru, adding details from clinton speech)

Clinton willing to consider alternative

BOSTON, July 19 (UPI) Although stating that he could accept health care reform legislation that doesn't rely on employers paying the tab, President Clinton Tuesday challenged critics to produce an alternative that will lead to universal coverage for all Americans.

Clinton also told the National Governor's Association that he would not accept partial insurance reforms which he claimed only would lead to rising costs and not broaden coverage for workers.

"We must do what we know will work...if we will just be guided by that, we will come up with a bill that the American people will be proud to have us sign without regard to their party," the president said.

"You will have to find a way to cover all Americans," he asserted.

Clinton found "encouraging" the comments made by a more conciliatory Senate Republican leader Bob Dole who preceded him on the speaker's platform. The Kansas Republican assured the governors the seeds of a bipartisan health care reform plan still exists "if the administration is willing to come our way."

Dole also said he believes passage of a health care reform measure is possible this year.

"A lot of these insurance reforms very much need to be implemented but if they are not implemented in the right way they will simply raise the costs for everybody else," Clinton said.

"The evidence, governors, is that if you do these insurance reforms and you don't do something that you know will increase coverage among working people, the impact of the insurance reforms will be to decrease coverage among working people," Clinton warned.

"We have to do something that we know will work," Clinton said. "That is my only bottom line."

"I've never ruled out another option," he added, referring to employer mandates, "I just haven't found another one that works."

Clinton said that "if everybody would just forget about all the rhetoric and do something that will work," then a compromise would be possible.

"Let's do not mislead the American people, if we're going to act, let's do something that will leave people in New Mexico, in Utah and Montana, better off.

"We could pass a bill and all shout hallelujah and get by the November elections but there will be real consequences," Clinton argued.

"I will say again, it depends on what else is in there (the legislation)," as to what he would finally accept.

"There may be some other way than employer mandates to do this," he said, but urged the governors to not to pass legislation that will decrease coverage for working people.

Maintaining a posture of middle ground, Clinton reminded the governors that it was the Republicans who proposed in 1972 an insurance program based on a 50-50 split between employers and employees, adding that "I don't believe that the Republican Party has moved that far from its moorings in the last 22 years."

"I'm asking them to come home a little bit. And I still think we can do it."

**** filed by:UPI-(us) on 07/19/94 at 13:38EDT ****

**** printed by:WHPR(JEL) on 07/19/94 at 13:55EDT ****

Clinton/Universal Coverage-3: Would Accept Phased-In Coverage

Clinton also suggested that he was open to the idea of accepting a bill that did not require employers to cover all their employees, "if we knew we were moving toward full coverage." However, White House officials have said they know of no other politically practical way of getting to universal coverage except through an employer mandate.

Clinton also restated his position that he could accept a bill in which universal coverage was 'phased-in' over a period of years.

Also speaking to the Governors was Senate Minority Leader Bob Dole who accused the administration of 'ratcheting up the rhetoric' on health care.

"It's time for a second opinion," Dole said. The Senate leader also said Clinton's plan to require employers to provide insurance to all their workers was dead in the Senate.

"I can count," he said, adding there was no way an employer mandate would pass this year.

Dole is author of a less-ambitious plan supported by 40 of the Senate's 44 Republicans that does not require either universal coverage or an employer mandate.

(END) DOW JONES NEWS 07-19-94

1:32 PM

**** filed by:TAPE(--) on 07/19/94 at 13:39EDT ****

**** printed by:WHPR(JEL) on 07/19/94 at 14:00EDT ****

Clinton Gives Definition Of 'Universal Coverage' In Speech

WASHINGTON -DJ- President Clinton appeared to finally give a definition of what is meant by 'universal coverage' for health care insurance, setting a 95% lower limit as the level at which economic savings can occur.

In a speech at the National Governors' Association in Boston, Clinton compared proposed coverage under his health care proposal to coverage under the current Social Security program.

Clinton's remarks were monitored in Washington.

'We have had 97% (of the population covered by) social security for many years,' said Clinton.

'Just by improvements in bookkeeping (Social Security coverage increased) to a little above 98%,' Clinton added. 'So, we know that we're not going to get right at 100%' for health care coverage.

'But you have to get somewhere in the ballpark of 95% or up so that you stop the cost shifting and you have economies of scale for all the small businesses that are participating' in the health care plan, Clinton said.

(MORE) DOW JONES NEWS 07-19-94

12:36 PM

**** filed by:TAPE(--) on 07/19/94 at 12:43EDT ****

**** printed by:WHPR(JEL) on 07/19/94 at 13:56EDT ****

PM-Governors-Clinton, 2nd Ld-1st Add, a0544,470
BOSTON: universal coverage.'

``Despite the ratcheting up the rhetoric by the White House and the Democratic National Committee ... I think the seeds of a bipartisan plan still exists if the administration is willing to come our way,' Dole said.

In particular, Dole referred to recent speeches by Clinton and other administration officials claiming the nation's middle class would be the real losers if a universal coverage plan does not pass.

Dole asserted such a strategy sought to foment ``class warfare.'

``This issue is not about Bill Clinton and Bob Dole, and the Republicans versus the Democrats ... or the poor versus the middle class,' said Dole, a 1996 GOP presidential hopeful.

He suggested Congress forgo its August recess to keep working on health care overhaul.

``I think health care reform is too important to be turning into ... a battle of political personalities,' he said.

Democratic governors demanded here Monday that Congress guarantee health coverage. But they were silent on how to pay for the plan, undercutting White House hopes for a stronger show of support from Clinton's former statehouse colleagues.

Republican governors, meanwhile, voiced sympathy toward Dole's health care proposal but stopped short of endorsing it. They want to abandon his call for caps on Medicaid and find a new way to pay for his plan.

The Dole plan is backed by 40 of the Senate's 44 Republicans.

And today, Republican South Carolina Gov. Carroll Campbell introduced Dole by offering praise for his health-care plan.

``One major disagreement with this bill: the Medicaid cap,' Campbell said. But, he added, ``As I said, Bob Dole is a friend of governors, so we're working with him on this section of the bill.'

For his part, Dole said: ``We knew you had a problem with the Medicaid cap ... I understand your concerns and I believe we can work together.'

Dole said: ``The American health care system is the best in the world, performing near-miracles every day.'

He said a radical overhaul like the one proposed by Clinton would jeopardize this system.

``The price of health care reform should not be the takeover of one seventh of the economy by the federal government and a new burden on middle class Americans.'

``I'm not against covering every person in America. But I want to know how to get there and how to pay for it,' Dole said during a question and answer session with governors.

Dole defended his attack on Clinton, saying he didn't know if he was being ``the good Dole or the bad Dole ... I'm just trying to respond to what I hear around the country.'

Dole did compliment Clinton and Mrs. Clinton for ``getting it (health care) on the national agenda.'

Meanwhile, an ABC: 11th graf a0521

**** filed by:APE(--) on 07/19/94 at 10:20EDT ****
**** printed by:WHPR(JEL) on 07/19/94 at 13:56EDT ****

PM-Governors-Clinton,0835

Dole Says Democrats 'Ratcheting Up the Rhetoric' in Health Debate

Eds: Note Kansas/Missouri interest; A version also moving on national wires.

By TOM RAUM= Associated Press Writer=

BOSTON (AP) Senate Minority Leader Bob Dole, firing the first shot in a showdown with President Clinton over health care, accused the White House and the Democratic National Committee today of "ratcheting up the rhetoric" and frustrating efforts at compromise.

"It's time for a second opinion," the Kansas Republican told the nation's governors. Dole has his own health care plan, which does not include the guaranteed coverage element that is central to Clinton's plan.

"We're looking for a bipartisan solution, just as I believe the governors are looking for a bipartisan solution. And we hope it's out there somewhere," Dole told the summer meeting of the National Governors Association.

He spoke an hour before Clinton was to take the podium to defend his administration's health care reform plan back-to-back speeches that had some of the trappings of a presidential debate.

Dole said the nation's health care system does need "some repair ... but it doesn't need a complete overhaul."

In advance of today's showdown, first lady Hillary Rodham Clinton pressed the administration's case for universal health coverage, saying that without it, "the cost for middle income working Americans who currently have insurance will increase, because the insurance companies will have to insure those who are sick and have preexisting conditions. And they will make up the difference by increasing the cost on the rest of us."

Mrs. Clinton, appearing from New York on ABC, said Clinton still insists on coverage for everyone and added: "I don't think Congress will pass a bill that doesn't have at least some plan to get universal coverage."

"Despite the ratcheting up the rhetoric by the White House and the Democratic National Committee ... I think the seeds of a bipartisan plan still exists if the administration is willing to come our way," Dole said.

In particular, Dole referred to recent speeches by Clinton and other administration officials claiming the nation's middle class would be the real losers if a universal coverage plan does not pass.

Dole asserted such a strategy sought to foment "class warfare."

"This issue is not about Bill Clinton and Bob Dole, and the Republicans versus the Democrats ... or the poor versus the middle class," said Dole, a 1996 GOP presidential hopeful.

He suggested Congress forgo its August recess to keep working on health care overhaul.

"I think health care reform is too important to be turning into ... a battle of political personalities," he said.

Democratic governors demanded here Monday that Congress guarantee health coverage. But they were silent on how to pay for the plan, undercutting White House hopes for a stronger show of support from Clinton's former statehouse colleagues.

Republican governors, meanwhile, voiced sympathy toward Dole's health care proposal but stopped short of endorsing it. They want to abandon his call for caps on Medicaid and find a new way to pay for his plan.

Dole said today that an overhaul like the one proposed by Clinton would jeopardize a successful system.

"The price of health care reform should not be the takeover of one seventh of the economy by the federal government and a new burden on middle class Americans."

"I'm not against covering every person in America. But I want to know how to get there and how to pay for it," Dole said during a question and answer session with governors.

Dole defended his attack on Clinton, saying he didn't know if he was being "the good Dole or the bad Dole ... I'm just trying to respond to what I hear around the country."

Dole did compliment Clinton and Mrs. Clinton for ``getting it (health care) on the national agenda.''

Meanwhile, an ABC News poll released Monday found the public split, 48-48, over whether the U.S. health system needs a major overhaul or just a good tuneup. By a 52-43 margin, those surveyed felt holding down health costs was more important than guaranteeing insurance for all.

But while they opposed Clinton's health plan, 50-43, those surveyed also rated health care above crime as the most important issue for the president and Congress to address. The telephone survey of 1,004 adults conducted July 14-17 had a 3.5 point margin of error.

Neither the administration plan nor the Dole proposal received particularly high marks from the governors here.

The Democratic governors passed a resolution embracing a guaranteed coverage provision. That put a majority of the nation's governors on record supporting ``guaranteed health benefits that cannot be taken away.''

The Dole plan does not mandate coverage. But it does set up new standards for insurance companies to follow including forbidding insurers from declining to cover a previous condition of a newly insured worker.

At a Democratic fund-raiser in Portland, Maine, Monday night, Clinton sharpened his attacks on GOP opponents, citing a ``huge disconnect between the rhetoric and the reality.''

With Senate Majority Leader George Mitchell at his side, Clinton said, ``We need to complete a battle that was begun by Franklin Roosevelt and Harry Truman.''

But, he said, ``every time Senator Mitchell has reached out to compromise they (Republicans) have moved further away.''

**** filed by:APW-(KS) on 07/19/94 at 10:36EDT ****

**** printed by:WHPR(JEL) on 07/19/94 at 13:58EDT ****

7/13/94

The President and the Congress are guaranteed health insurance.

We Democrats believe every American should have the same guarantee.

The Republicans disagree.

They like their guaranteed health insurance.

But they don't want you to have it.

We Democrats say, if it's good enough for the President and Congress, it's good enough for all Americans.

Tell the Republican Members of Congress that you want the same guarantee of health insurance they have.