1/24/94

BRT Policy Committee

KEY: 1 = CEO is Ideologically Opposed
2 = Large Number of Uninsured
3 = Health/Tobacco Business
4 = Self-Insured/Uncommitted
5 = Supporter

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Livio DeSimone, 3M 612/736-0478				x			x	
Ronald Compton, Aetna Life & Casualty 203/273-3087			x				x	
Harold Wagner, Air Products & Chemicals 215/481-8000	x						x	
Larry Bossidy, Allied Signal, 201/455-6551				x				Robert Rubin
Paul O'Neill, ALCOA 412/553-3362				x			x	
Harvey Golub, American Express 212/640-3504				x				Roger Altman
Maurice "Hank" Greenberg, American International Group 212/770-7711				x				Roger Altman
Laurance Fuller, AMOCO, 312/856-2465		x				x		

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Robert Crandall, American Airlines 817/967-2755					x		x	Alexis Herman
John Hall, Ashland Oil, 606/329-3621				x			x	
Robert Allen, AT&T 908/221-5151				x			x	Robert Rubin
Charles Sanford, Bankers Trust New York, 212/454-1045				x				
Vernon Loucks, Baxter International 708/948-3600			x					
Riley Bechtel, Bechtel Group 415/768-1084				x				
Raymond Smith, Bell Atlantic 703/974-3667				x		x		Sec. Ron Brown
John Clendenin, BellSouth 404/249-2020				x		x		Admin. Bowles
Curtis Barnette, Bethlehem Steel 215/694-6137					x		x	Alexis Herman
Frank Shrontz, Boeing 206/655-7777				x		x	x	

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Donald Fites, Caterpillar 309/675-4245				x		x	x	Roger Altman
Larry Perlman, Ceridian Corp. 612/853-5283					x			Glenn Hutchins
Robert Eaton, Chrysler 313/956-6728					x		x	Alexis Herman
Wilson Taylor, CIGNA 215/761-6001			x				x	
John Reed, Citicorp 212/559-2733				x			x	Robert Rubin
Robert Goizueta, COCA-COLA 404/676-2121	x							
Robert Cizik, Cooper Industries 713/739-5400	x						x	
James Houghton, Corning, 607/974-8332				x			x	Ira Magaziner
John Snow, CSX Corp. 804/782-1434				x		x		Greg Lawlor
Henry Schacht, Cummins Engine 812/377-3164				x				Robert Rubin

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Hans Becherer, Deere & Company, 309/765-4116	x						x	Admin. Bowles
John Walter, R.R. Donnelley and Sons 312/326-7724	x							
Frank Popoff, Dow Chemical, 517/636-3407			x			x	x	Alexis Herman
John Murphy, Dresser Industries 214/740-6701				x				
Edgar Woolard, DuPont 302/774-4531				x		x	x	Roger Altman
George Fisher, Eastman-Kodak 716/724-5150				x		x	x	Alexis Herman
Richard Jenrette, Equitable Company 212/554-3120			x					Admin. Bowles
Lee Raymond, Exxon 214/444-1994		x					x	
Leslie McCraw, Floor Corporation 714/975-5435		x						
Robert Burt, FMC Corp., 312/861-5822				x			x	

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Alex Trotman, Ford 313/845-2557					x			Alexis Herman
James Broadhead, FPL Group, 407/694-3545				x				
William Reynolds, GenCorp 216/869-4400				x				
John Welch, General Electric 203/373-2971	x						x	
Brewster Atwater, General Mills 612/540-3341		x					x	
John Smith, General Motors, 313/556-3545					x		x	Alexis Herman
John Ong, BFGoodrich 216/374-2729	x							
Thomas Cruikshank, Halliburton Co. 214/978-2631		x				x	x	
Irvine Hockaday, Hallmark Cards 816/274-8006	x							
Lou Gerstner, IBM 914/765-6717				x		x	x	Roger Altman

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
John Georges, International Paper Company 914/397-3517				x		x	x	Roger Altman
Rand Araskog, ITT 212/258-1321	x							Sec. Brown/Robert Rubin
Ralph Larsen, Johnson & Johnson 908/524-3605			x					
Joseph Pichler, Kroger Co. 513/762-4062		x						
Norman Augustine, Martin Marietta Corp. 301/897-6185				x		X		Roger Altman
Joseph Dionne, McGraw-Hill, Inc. 212/512-4444				x				
Bert Roberts, MCI 202/887-2171				x				Sec. Brown Robert Rubin
Roy Vagelos, Merck & Co., 908/423-6775			x					
Richard Mahoney, Monsanto 314/694-3756			x				x	Robert Rubin
John Johnstone, Olin Corp.,203/356-2060				x				

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
William Howell, J.C. Penney, 214/431-1902		x						
Wayne Calloway, Pepsico 914/253-3700		x						
William Steer, PFizer 212/573-3116			x				x	
Douglas Yearley, Phelps Dodge Corp. 602/234-8117				x			x	
Michael Miles, Philip Morris Companies 212/880-3044			x				x	
C.J. Silas, Phillips Petroleum 918/661-3821				x		x	x	
Edwin Artzt, Proctor and Gamble 513/983-3138				x			x	Alexis Herman
Robert Winters, Prudential 201/802-7722			x					
George Grune, Reader's Digest 914/241-5450				x				

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Donald Beall, Rockwell International 310/797-5127				x				
Anthony Burns, Ryder System, 305/593-3496				x			x	Alexis Herman
John Bryan, Sara Lee 312/558-8501				x			x	Robert Rubin
Walter Elisha, Springs Industries 803/547-3780				x				Admin. Bowles
William Esrey, Sprint 913/624-3737				x				Sec. Brown
Michael Wright, Supervalue 612/828-4048		x						
Michael Walsh, Tenneco 713/757-2131				x			x	
Jerry Junkins, Texas Instruments 214/995-6130	x							Robert Rubin
Jean Fugett, TLC Beatrice 212/756-8900								
Sandford Weill, The Travelers 212/891-8888				x				Robert Rubin

CEO/Company Telephone	1	2	3	4	5	Helpful on call	NAM BOARD	WH Contact
Joseph Gorman, TRW 216/291-7106				x		x	x	Alexis Herman
Robert Kennedy, Union Carbide 203/794-4836				x		x		
Drew Lewis, Union Pacific Corp. 215/861-3333	x							
Kent Nelson, United Parcel Service 404/913-6108				x				Sec. Brown
Charles Corry, USX 412/433-1101					x		x	Robert Rubin
Linda Wachner, WARNACO 212/370-8204	x							Anne Jordan
Dean Buntrock, WMX Technologies 708/572-8808							x	
Paul Allaire, XEROX 203/968-4515				x		X	x	Alexis Herman

BRT Board Members (not already listed on the Policy Committee)

Key: 1 = CEO is Ideologically opposed
2 = Large Number of Uninsured
3 = Health/Tobacco Business
4 = Self-insured/Uncommitted
5 = Supporter

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Daune Burnham, Abbott Laboratories, 708/937-3210			x					
William Alley, American Brands 203/698-5100				x				
George Sella, American Cyanamid 201/831-3303			x					
Richard Disbrow American Electric Power Co 614/223-1400				x				
John Stafford, American Home Products Co. 212/878-5008			x					
William Weiss, Ameritech 312/750-5100				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
August Busch Anheuser-Busch 314/577-2000					x	x		
Joseph Neubauer ARA Services 215/238-3880								
William Adams Armstrong World Industries 717/396-3415				x				
Richard de J. Osborne, ASARCO				x		x		
Gerhard Schulmeyer, ASEA Brown Boveri, Inc. 203/328-2381								
Lod Cook, ARCO 213/486-2533				x		x		
John McCoy, Banc One Corp 614/248-5918				x				
Richard Rosenberg, BankAmerica Corp 415/953-7963				x				
Nolan Archibald, Black and Decker Corp. 410/583-3573				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
John Fery Boise Cascade Corp 208/384-7560				x				
Richard Gelb, Bristol-Myers Squibb 212/546-2777			x					
Willaim Ruckelshaus Browning-Ferris Industries 713/870-7434	x							
Gerald Grinstein, Burlington Northern 817/878-2272				x				
Daniel Burke Capital Cities/ABC 212/456-7676				x				
Sherwood Smith, Carolina Power and Light Co. 919/546-6382				x				
Philip Hawley Carter Hawley Hale Stores 213/239-6511		x						
Andrew Sigler Champion Int'l 203/358-7324		x						

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Thomas Labrecque Chase Manhatten 212/552-3257				x				
John McGillicuddy Chemical Bank 212/270-5381				x				
Kenneth Derr Chevron Corp 415/894-3232		x						
Richard Sharp Circuit City 804/527-4100				x		x		
Thomas Moore Cleveland-Cliffs 216/694-5400				x				
Reuben Mark Colgate-Palmolive 212/310-2944								
John Croom Columbia Gas System, 302/429-5211				x				
Charles Shoemate CPC International 201/894-2797								
Southwood Morcott Dana Corp 419/535-4555								

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Ronald Allen Delta Airlines 404/765-2492				x				
John Teets Dial Corp 602/207-6060				x				
Robert Palmer Digital Equip.Corp 508/493-5111				x				
Peter Forster DPL Inc. 513/224-6431								
William Lee Duke Power Co. 704/373-4283				x				
Charles Moritz Dunn & Bradstreet 212/593-6944				x				
William Butler Eaton Corp 216/523-4620								
Vaughn Bryson Eli Lilly 317/276-5945			x					
Charles Knight Emerson Electric 314/553-2203								

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Frederick Smith Federal Express 901/369-3600								
John Curley Gannett Co 703/284-6016				x				
Marshall Hahn Georgia-Pacific 404/521-5220				x				
Stanley Gault Goodyear Tire 216/796-2121		x						
Charles Lee GTE Corp 203/965-2125				x				
Martin Walker M.A. Hanna Co 216/589-4050								
John Hartley Harris Corp. 407/727-9310								
Thomas Gossage Hercules Inc. 302/594-5120								
Richard Zimmerman Hershey Foods 717/534-4241				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Lewis Platt Hewlett-Packard 415/857-2057			x					
Dr. James Renier Honeywell, Inc. 612/870-2213				x				
Donald Clark Household Int'l 708/564-6300								
David Jones HUMANA, inc. 502/580-3645			x					
John Nichols Illinois Tool Works 708/724-7500				x				
Theodore Black Ingersoll-Rand 201/573-3334				x				
Joseph Antonini K Mart 313/643-1371		x						
Arnold Langbo Kellogg Co 616/961-2204								
Frank McPherson Kerr-McGee Co 405/270-2476								

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Alton Brann Litton Industries 310/859-5999								
David Hoag LTV Corp 216/622-5300					x	x		
Thomas Stephens Manville Corp 303/978-3050								
Willard Marriott Marriott Corp 301/380-7511		x						
A.J.C. Smith Marsh-McLennan 212/345-5125								
Alan Seelenfreund McKesson Corp 415/983-7652								
Steven Mason Mead Corp 513/222-6323				x				
Daniel Tully Merrill-Lynch 212/449-1313				x				
Robert Schwartz Metropolitan Life Insurance 212/578-3092			x					

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Roger Milliken Milliken Co 803/573-2811				x				
Allen Murray Mobi Corp 703/846-3000		x						
Richard Fisher Morgan Stanley 212/703-4470				x				
Dennis Weatherstone J.P. Morgan 212/648-6069				x				
William Agee Morrison Knudsen Corp 208/386-5000								
George Fisher Motorola Inc. 708/576-2200				x				
W.H. Clark Nalco Chemical 708/305-2800				x				
Melvyn Estrin National Intergroup 301/654-2482								
Hugh McColl Nationsbank 704/374-5663				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Philip Knight NIKE, Inc. 503/671-6453				x				
David Goode Norfolk Southern 804/629-2610				x				
Donald Schuenke Northwestern Mutual life Ins. 414/271-1444			x					
William Ferguson NYNEX 914/644-6430				x				
Dr. Ray Irani Occidental Petroleum 213/443-6144				x				
Glen Hiner Owens-Corning Fiberglas 419/248-6518				x				
Willis Wood Pacific Enterprises 213/895-5001								
Richard Clarke Pacific Gas & Electric 415/973-2496				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Sam Ginn Pacific Telesis Group 415/542-5004								
James Pate Pennzoil Co. 713/546-8966				x				
Gaynor Kelley Perkin-Elmer Corp 203/761-5432								
Edward Mitchell PEPCO 202/872-2201				x				
Vincent Sarni PPG Industries 412/434-2577								
Michael Rose PROMUS Co 901/762-8765								
James Rogers PSI Resources 317/838-2264								
John Ackerman Public Service Co of New Mexico 505/848-2748				x				
William Smithburg Quaker Oats 312/222-7202								

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Dennis Picard Raytheon 617/860-2030				x				
Joseph Clapp Roadway Services 216/384-2343								
Lawrence Wilson Rohm & Haas 215/592-3673								
Michel Besson Saint-Gobain Corp 215/341-7000								
Robert Krebs Santa Fe Pacific 708/995-6145				x				
Philip Lippincott Scott Paper Co 215/522-5655				x				
Edward Brennan Sear, Roebuck 312/875-1902		x						
Frank Richardson Shell Oil 713/241-4301		x						
Jeffrey Gotschall SIFCO Industries 216/881-8600								

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Robert O'Toole A.O. Smith Corp 414/359-4402								
John Bryson Southern Cal. Edison 818/302-2777				x				
Edward Addison The Southern 404/668-4288				x				
Edward Whitacre Southwestern Bell 314/235-5400				x				
Edward Rust State Farm Insurance 309/766-2121			x					
James Kinnear Texaco 914/253-7056		x						
Jerry Farrington Texas Utilities Co 214/812-4602				x				
James Hardymon TEXTRON 401/457-2379								
Gerald Levin Time Warner 212/484-8001				x				

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Robert Erburu Times Mirror CO 213/237-3700								
Dennis Kozlowski TYCO Labs 603/778-9700								
Stephen Wolf UAL Corp 708/952-5489				x				
Raymond Cartledge UNION Camp 201/628-2615								
James Unruh UNISYS 215/986-2541								
Robert Daniell United Technologies 203/728-7643								
Richard Stegemeier UNOCAL Corp 213/977-7033		x						
Dr. Theodore Cooper UPJOHN Co 616/323-7094			x					
Melvin Goodes Warner-Lambert 201/540-3636			x					

CEO/COMPANY	1	2	3	4	5	Helpful on call	NAM BOARD	WH CONTACT
Carl Reichardt Wells Fargo & Co 415/396-4046								
Gary Clark Westinghouse Electric 412/642-3808								
John Creighton Weyerhaeuser 206/924-2220				x				
David Whitwam Whirlpool 616/926-3150				x				
Joseph Williams Williams Co 918/588-2412								
William Toller WITCO 212/605-3807								
Jerry Pearlman Zenith Electronics 708/391-8083								

V. Jordan -

Ed Artz - Ed. Artz
George Fisher - Kodak
Lloyd Cooke - Atlantic Richfield - Calif

Charles Sanford [V. Jordan]

Warren Buffett [Washington]

Larry Bossidy [Allied Signal]
Lodwrick Cook [ARCO]
Larry Perlman [Ceridian]
John Reed [Citicorp]
Rawleigh Warner [Exxon]
Tony Burns [Ryder]
John Ryan [Sara Lee]

Jerry Tarnowski [NAM]

John Opie - Chairman of BRT
Beech Lesher - Chairman of Commerce
Winters - CEO Prudential

- Reuben
- Altman
- Benton
- Rinehart
- Panetta
- Tyson ?
- Cutler
- McLarty
- Jordan, V
- Brown
- Bowles
- Gergen
- Jordan, A

- Dingell
- Rostenkowski

Dan Hess 1/20/94

BRT

- Trying to catch up
- Bob

Tony

John Dorr – chair of Turnaround

- BRT – major CEO's [Fortune 250 types]
  - met the three a year
  + invite us to an annual package –

- Bruce Gund – same BRT – but meet on sound bars – same as BRT

NAM – Jerry Jasinowski [
Ex Dir to NDM

Chair of Caucus Dick Lesher [Helps close to him]
– agent us for events calendar

BRT – • how we were working these issues
• Winters – [CEO President]
• Chair of health policy task force
of BRT
• adhere to cluster plan –

Issues: Should we continue to try to
stop the BRT work

- 80 votes to alter BRT 2 Fed votes
- Helps – could get 150
- Phone call [last Friday 14 Jan]
47 stop BRT or phone call

Strategy: – but from Craig & Steve a

DA has total rankings list
of BRT
– will prioritize who will come

Group is ~~watch~~ middle BRT

~~Ghost~~ • 23 Dec - meeting w/ HRC -

• meeting of 6 ~~people~~ people not

• Tuesday - 5 long middle people

[[cancel]]

• Need 2 dates from HRC

- one to make up for tuesday

- additional meeting beg. before

church camp [USX] - mid June

(**) Jack Welch - [~~Gen~~ = Intern]

- Ruben thinks he is retired
- Dave is close to Welch
- DN to talk w/ Welch

Meeting: • Monday

2 pages

THE WHITE HOUSE

WASHINGTON

JANUARY 17, 1994

TO: Patti Solis

FROM: Marilyn Yager

RE: CEO Meetings

---

(1) **Wednesday, January 19, 1994**
11:00 am, Roosevelt Room

This meeting is for our CEO supporters to:
- o Hear their concerns and suggestions about provisions in the Health Security Act.
- o Discuss a strategy of working the business community.
- o Request specific activity on behalf of the Clinton Plan.

Attending:

Dwayne Andreas, Archer Daniels Midland
Hank Barnette, Bethlehem Steel
August Busch, Anheuser-Busch
Garry Drummond, Drummond Co.
David Hoag, The LTV
Alan Wurtzel, Circuit City
Chuck Corry, USX Corp.
Victor Lund, American Stores
Alex Trottman, Ford Motor
Alex Grass, Rite Aid Corporation
George McCarthy, Hiram Walker Group
Robert Hannan, Thrift Drug
Jack Smith, General Motors (tentative)

(2) **Friday, January 21, 1994**
9:30 am, Roosevelt Room

The purpose of this meeting is to bring in another group of key CEOs who meet several criteria:
- o firmly committed to health care reform which contains universal coverage and serious cost control.
- o Although uncommitted on the Clinton plan, these companies have worked closely with us on the business provisions, and have refrained from taking a position on the other plans.
- o Serve on the Business Roundtable or Nat. Assn. of Manufacturers Boards.

In this meeting we seek to discuss some of the key concerns about the Clinton, and to reaffirm our desire to continue to work with them in the coming weeks.

The following list have been invited:

Larry Bossidy, Allied Signal
Lod Cook, ARCO
Larry Perlman, Ceridian
John Reed, Citicorp
Andy Grove, Intel
Tony Burns, Ryder Systems
John Bryan, Sara Lee

THE WHITE HOUSE

WASHINGTON

September 3, 1993

MEMORANDUM FOR HILLARY CLINTON

FROM: ALEXIS HERMAN
SUBJECT: HEALTH CARE BUSINESS OUTREACH

CC: Mack McLarty
Roy Neel
Ira Magaziner

The White House Office of Public Liaison will implement an outreach strategy to inform and recruit support in the business community. This outreach effort will encompass big, mid-size and small business, and will be done in coordination with the Small Business Administration and the Department of Commerce. In this memo I want to address the pre-announcement phase of our outreach plan.

This first phase will be conducted prior to the formal announcement of the Health Care Plan (Sept. 7 - 20). During this phase we will present members of the business community with the details of the Health Care Plan. Our tangible goals for this period are to

(1) inform and educate,
(2) frame the arguments for the months ahead,
(3) neutralize and/or hold off opposition expected from major business associations,
(4) garner some supportive public statements from individual businesses (both big and small),
(5) coordinate business participation in White House message events.

For obvious reasons, it is necessary for the business community to be fully briefed on the details of the health plan, as it will effect their bottom line. In addition, the unfortunate experience encountered with the release of the reconciliation package has placed the community more on their guard. Many businesses feel they were not filled in on parts of the plan that would impact them negatively.

For these reasons, our business outreach must touch the business community on the specifics of the Health Care Plan in a way that will address individual impacts. We must reach out with framed arguments tailored for business size, type of industry, and type of health care coverage which they currently provide. Businesses will need to hear and see on paper how this plan will effect them. In many cases, businesses will want to run their own numbers on the plan before they are willing to make any decisions on support.

Because the pre-announcement phase is a short two-weeks, we will focus this educational effort on the following sections of the business community:

I. Major Business Associations (big, mid-size, small)

II. Businesses (mostly big) who have been educated by Ira Magaziner in the earlier phases of Health Care and have made some indication that they will be supportive

III. Businesses (mostly big) that have been supportive of the President's Economic Plan.

IV. Individual Small Businesses who have either indicated interest/support for Health Care or are supporters of the President.

V. In addition, we would like to include businesses who will benefit by the implementation of this plan. Because we do not have sufficient details of the plan, we can not yet draw conclusions as to who this may be.

In order to get our message across in the next two weeks to the groups listed above, we will use the following venues:

Sept 8 CEO LUNCH (POTUS) (12 CEOs)
followed by a Health Care briefing

Sept 8 KEYNOTE TO BUSINESS ROUNDTABLE DINNER (HRC) (88 CEOs)

Sept 13 ASSOC. REPS BRIEFING (Cabinet Official) (40-50 Reps)

Sept 14 WASHINGTON REPS BRIEFING (Cabinet Official) (100 Reps)

Sept 15 CEO LUNCH (POTUS) (15 CEOs)
followed by a Health Care Briefing

Sept 15 SMALL BUSINESS BRIEFING 1 (Cabinet Official) (60+)

Sept 16 SMALL BUSINESS BRIEFING 2 (Cabinet Official) (60+)

Sept 16 CEO BRIEFING (POTUS) (30-40 CEOs)

Sept 17 SMALL BUSINESS BRIEFING 3 (Cabinet Official) (60+)

Sept 17 BUSINESS GOVT. RELATIONS CNCL. CONFERENCE (AMH)
in Williamsburg

Sept 20 KEYNOTE TO NAM CONFERENCE (Magaziner) (150 CEOs)

Sept 22 AMERICAN BUSINESS CONFERENCE KEYNOTE (Cabinet Official)

In addition to these scheduled events, OPL will use the following additional venues to help educate and gain the support of the business community.

- HEALTH CARE READING ROOM - We will ask business groups and companies who are knowledgeable of the Health Care plan and have indicated that they will be supportive to come in and read the plan.

- ONE-ON-ONE MEETINGS WITH POLICY PEOPLE - We will set up meetings for some important associations with Ira Magaziner, Ron Brown, Erskine Bowles, Bob Rubin or Roger Altman to walk them through the Health Care Plan.

  Following is a short list of these associations:

  1. Business Roundtable
  2. American Business Conference
  3. Chamber of Commerce
  4. National Association of Manufacturers
  5. National Small Business United
  6. National Association of Self-Employed
  7. Small Business Legislative Council
  8. National Association of Women Business Owners
  9. National Retail Federation
  10. Food Marketing Institute
  11. Businesses for Social Responsibility
  12. Realty Industry

There will be a telephone strategy that will support this outreach plan for both small and big business.

I. Big Business
   Amy Zisook, Coordinator
   Steve Hilton
   Marilyn DiGiacobbe
   Caren Wilcox

II. Small Business
   Marilyn Yager, Coordinator
   Barbara Wooley (C/G Endorsers, Letter Writers, ...)
   Amy Zisook & Marilyn DiGiacobbe (C/G Finance Tree)
   Other OPL (African American, Hispanic, Ethnic)
   DNC Constituency Desks (appropriate constituencies)
   DNC Regional Desks (party structure & C/G supporters)

The attached calendar represents the events the Office of Public Liaison will coordinate over the next three weeks. This calendar will be closely coordinated with the efforts of the Democratic National Committee.

September 1993

OPL: HEALTH CARE BUSINESS OUTREACH

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1 Small Business Outreach/Recruitment Calls	2	3	4
5	6 *Labor Day*	7 CEO Outreach/Recruitment Calls Small Business Outreach/Recruitment Calls	8 CEO Lunch (POTUS) Bus Rndt Keynote (HRC) NRF (Ira,Mack,Rubin,AMH)	9 Food Marketing Inst (Ira)	10	11
12	13 Assoc. Reps Briefing CEO Outreach/Recruitment Calls	14 DC Reps Briefing	15 CEO Lunch (POTUS) ECON PRESS CONF (POTUS) Small Business Briefings 1-3	16 FACES OF HEALTH (POTUS) CEO Briefing (POTUS) Rosh Hashanah	17 SMALL BUS EVENT (POTUS) BGRC Keynote/Williamsburg (AMH)	18 RADIO ADDRESS (POTUS)
19 SOUTHERN GOVERNORS CONFERENCE (POTUS)	20 BREAKFAST W/ DOCTORS (POTUS) NAM Keynote/off campus (Ira) Small Business Follow-up Calls	21	22 Black McDonalds Owners/ Cleveland (AMH) HEALTH CARE ANNOUNCE (POTUS) ABC Conf Keynote (?) Autumn begins	23 POST-ANNOUNCE RECEPTION (POTUS)	24 BUS TRIP (POTUS)	25 *Yom Kippur*
26	27	28	29 CEO LUNCH (POTUS)	30		

THE DEPUTY SECRETARY OF THE TREASURY
WASHINGTON

January 6, 1994

Memorandum for Secretary Bentsen

From: Roger Altman

Subject: Health Care and NAM

I met yesterday afternoon with Jerry Jasinowski of NAM to review their stance on our health care bill. We had heard rumblings that it was turning quite negative.

The talk was more than friendly but the message was disturbing. In essence, it was as follows:

- a majority of our members don't like the Clinton plan; those "early retiree" companies who are supportive have little clout because they're being "bought off"

- we've had a number of meetings with Ira, and he's been empathetic, but nothing has happened

- NAM's problems with the plan were detailed in our private letter to the President

  - the benefit package is too rich
  - the ERISA pre-exemption (state single payer option) is anathema
  - the regional alliances have too much authority and are too bureaucratic
  - the financing for the new federal costs is dubious

- we are split on the employer mandate

- the NAM Board is moving to oppose the Clinton Plan and has pressured Jasinowski to distance himself from it; they also will consider whether to endorse Cooper; those decisions will be made at the end of January

- we're in discussion with the Business Roundtable and both organizations may come out in the same place; BRT is are also weighing support of Cooper

- it isn't clear whether the entire business community will get energized to work against the Clinton plan; in other words, going beyond public positions and into the trenches to fight

- if we do go the wall, Cooper is a real possibility; you're being wrongly advised if you believe that's an impossible outcome

My response was - keep your powder dry. We're sensitive to NAM's issues; there will be some compromises, but the timing and method of them is delicate. Give us a little time.

It's clear that, if we ignore them, they'll come in four square against us. I believe that could be very damaging on the Hill.

cc: Robert Rubin
Harold Ickes
Ira Magaziner

Mike Levy 1/17/94:

- Conflict between DHC & health care ~~reform~~ project

- need to work w/ Portofolio & and unite the individual groups

- ~~75%~~ of time is spent in own office

-

- Warren Buffett Hathaway

Jerry Jasinowski
President

National Association of Manufacturers

F/Y/I

January 21, 1994

The President
The White House
Washington, DC 20500

Dear Mr. President:

With this year's Congressional session soon to begin, I want to make sure you are fully apprised of the Association's views and intentions regarding the upcoming legislative debate on health care reform. The NAM shares your desire to reform the nation's health care system to provide access to those not now covered, to assure Americans they will not lose the coverage they now have due to changes in health or employment status, and to improve the quality and reduce the cost of the care being delivered.

We have, admittedly, some major differences over how best to achieve these goals. During 1993, we devoted much time and effort to formulating what we believe to be thoughtful and constructive criticism of the Administration's health care reform plan--the proposed Health Security Act. This process culminated in a resolution adopted last fall by our Board of Directors after hours of lengthy debate over several days. A copy of that resolution is enclosed.

The views synthesized in the enclosed resolution were communicated by us on repeated occasions to members of your health care team, who were most cooperative in making themselves available to discuss them with me and members of the NAM. Notwithstanding this, the end result has been most unsatisfactory, since to date none of our suggestions appear to have been heeded.

The NAM nevertheless would like to make yet another effort to work with the Administration to improve the proposed Health Security Act and make it acceptable to a much broader range of U.S. employers. At a minimum, we believe major changes are essential in the following areas:

Cost of the Plan. The proposed guaranteed benefits package must be dramatically scaled back to a basic and affordable package of core health benefits. Beyond this basic core, benefits should be extended strictly on a pay-as-you-go basis. The goal cannot be the best package of benefits that can be designed, but rather must be the best package that the nation, its employers and its employees can afford.

Financing. On the financing side, it is critical that you avoid Medicare/Medicaid cutbacks which either are politically unrealistic or which, if adopted, would further exacerbate the cost-shifting problem. Similarly, any subsidies included in the plan must be reasonable in the context of the overall federal deficit. Of course, one of the best ways to reduce the cost of those subsidies deemed necessary is to reduce the overall cost of the guaranteed benefit.

1331 Pennsylvania Avenue, NW, Suite 1500 - North Tower, Washington, DC 20004-1790 • (202) 637-3106 • Fax (202) 637-3182

Regional Health Alliances. The 5,000 employee threshold, below which all employers would be forced into state-run regional health alliances, is simply much too high. It would force over 70% of the workforce into these bureaucratic monoliths, whose sheer size would threaten to overwhelm the self-insured employer plans remaining outside this system, thus stifling private health care innovation and leading in effect to an aggregation of single-payer systems. This threshold should be reduced from 5,000 to 100. Moreover, employers with fewer than 100 employees who are already obtaining adequate and affordable coverage through multiple-employer associations should be permitted to continue such arrangements.

Corporate Alliances. To foster increased private sector competition, corporate health alliances should be encouraged, not discouraged. This would allow continued innovation in benefit design and cost containment and be more consistent with the Administration's announced goal of maintaining a private employer-based system. Accordingly, the plan's excessive regulation of corporate alliances must be moderated, and excessive taxes and reserve requirements must be avoided. Moreover, since nearly all employers electing to maintain corporate alliances would have operations in multiple states, the existing ERISA protections against having to comply with widely varying state requirements must be continued in full force and effect.

Price Controls. Premium caps and global budgets are essentially price controls and price controls have never worked in the long run. If benchmarks are needed, expenditure targets are preferable to enforceable caps and budgets. In addition, more emphasis needs to be placed on market-oriented approaches, such as offering incentives to Medicare recipients to switch to managed care networks and permitting competing health alliances in the same geographic region.

Our major concerns are summarized above. Additional concerns are outlined in the enclosed resolution, and include the need for stronger medical liability tort reform and for much less reliance on powerful and potentially overreaching bureaucracies. We would appreciate an early opportunity to meet with your health care team to see if these concerns can be dealt with in the context of the Administration's plan. We feel quite strongly that the Administration must demonstrate a willingness to make large changes in its plan that meaningfully address the major concerns or else risk losing the support of most of the business community. Unless such changes are forthcoming, I can see no other option for us but to focus our future efforts on working within the context of other reform plans now before the Congress.

Sincerely,

Jerry J. Jasinowski
President
National Association of Manufacturers

bc: Lloyd Bentsen
Donna Shalala
Leon Panetta
Mack McLarty
David Gergen
Harold Ickes
Roger Altman
Ira Magaziner
Alice Rivlin
Robert Rubin
George Stephanopoulos

NATIONAL ASSOCIATION OF MANUFACTURERS
BOARD OF DIRECTORS MEETING
Los Angeles, California
Approved October 9, 1993

Resolution on Health Care Reform

American manufacturers have consistently demonstrated a broad commitment to providing employees and their families with good health care benefits. We therefore have a vested interest in the current debate over how best to reform the U.S. health care system. The Administration has presented a comprehensive plan for addressing this challenge, and a number of other constructive proposals for major systemic reform have been developed by members of Congress. The National Association of Manufacturers is working with the Administration and the Congress to shape a bipartisan reform plan that is right for the United States and that has, as major goals, reducing health care costs as a percentage of Gross Domestic Product and making U.S. firms more competitive in world markets. To guide this process, we offer--subject to the caution that these are preliminary views that may change as more specific details become known--the NAM's assessment of the Administration plan:

Positive Aspects

-- Establishes the principle of shared employer and individual financial responsibility for moving towards universal access within an employment-based health care system.

-- Proposes insurance market reforms that would assure Americans they will not lose health coverage due to changes in health or employment status, and that would improve the availability and affordability of health coverage to small businesses.

-- Provides for regional purchasing alliances as a means to assist small firms and individuals in obtaining affordable coverage.

-- Attempts to address the need for cost containment as well as for reductions in the excessive administrative costs that pervade the health care system.

-- Focuses on the need to improve the quality of health care through enhanced consumer access to information on provider performance, which should help reduce unnecessary and inappropriate care.

-- Recognizes that the cost of coverage for early retirees negatively affects many U.S. companies and their ability to compete in international markets.

Negative Aspects

-- Advocates an overly generous package of guaranteed benefits far beyond what the nation can afford.

-- Relies on a narrow, probably diminishing tax base and on very ambitious Medicare/ Medicaid savings goals that could perpetuate cost-shifting to the private sector. Moreover, the plan fails to deal comprehensively and evenly with the multifaceted cost-shifting problem.

-- Undermines, for multi-state employers, the existing federal framework (ERISA) that precludes state mandates, participation in single-payer systems and the imposition of state taxes and state data requirements.

-- Sets an inappropriate 5,000 employee threshold below which employers would be forced to join regional health alliances, placing nearly 71% of U.S. workers into such publicly-sponsored entities and forcing many smaller employers, who individually or through groups have initiated cost-effective quality health care arrangements, to join these regional alliances at substantially higher cost.

-- Provides excessive restrictions on those employers who would be allowed to operate their own corporate alliances, imposing potentially unjustified cost increases and unreasonable limits on innovative benefit designs and cost containment techniques.

-- Creates cost controls and overreaching regulatory structures that conflict with the goal of reducing administrative costs and of making health care markets more competitive, while putting insufficient emphasis on the need to make consumers of health care services more cost-conscious.

-- Does not adequately address medical liability tort reform.

We appreciate the Administration's recognition that its health care reform plan will undergo a series of revisions as it moves through the legislative process. As Congress considers the Administration plan together with competing Congressional plans, the NAM urges that its deliberations be guided by the following recommendations:

1. **Guaranteed Benefits Package.** The guaranteed benefit package must be significantly trimmed. The plain fact is that we cannot afford to provide, over and above a basic package of core benefits, a long list of expensive additional coverages. Such coverages should be added, if at all, only later after it is clear they are affordable. Benefits and costs should be tied together.

2. **Cost-Shifting.** Any approach to ending cost-shifting must simultaneously address all the different types of cost-shifting that occur, which includes cost shifts to the private sector from government, to the manufacturing sector from non-manufacturing sectors and, within the manufacturing sector itself, to firms whose health plans are cost-effectively managed from inefficient plans.

3. **Multi-State Employers/ERISA.** Any reformed system should continue to permit multi-state employers to operate under a uniform federal framework (i.e., ERISA) that precludes

state benefit mandates, mandatory participation in state single-payer systems, and the imposition of special state data requirements or state taxes to fund health reform.

4. **Regional Alliances.** The general concept of regional alliances as purchasing cooperatives that enable small firms and individuals to obtain affordable health coverage is a sound one. The 5,000 employee threshold, below which joining an alliance would be mandatory, is much too high and should be dramatically reduced. Consideration should also be given to allowing employers with fewer than the threshold number of employees the option of acquiring health coverage through group plans sponsored by unions, employer associations and other non-profit organizations.

5. **Corporate Alliances.** The rules for corporate alliances should be less regulatory and bureaucratic, so as not to stifle innovation in both benefit design and cost containment, and neither excessive reserve requirements nor unjustified surcharges should be imposed.

6. **Consumer Education and Participation.** Any reform plan must include a major focus on giving consumers of health care services sufficient incentives to be more cost-conscious in their selection and utilization of such services and, just as importantly, to reduce the need for such services through healthier lifestyles and greater emphasis on preventive care.

7. **Market Forces vs. Regulation.** Since it is unclear that premium controls will work, increased emphasis should be placed on market-oriented approaches, such as incentives for Medicare beneficiaries to switch to managed care networks. As a general rule for approaching cost containment, targets are preferred to direct controls.

8. **Excessive Bureaucratic Structures.** Any reform plan should avoid establishing powerful and potentially overreaching national or regional bureaucracies such as the Administration's plan for a network of huge regional alliances, coupled with a national board and accompanied by special purpose oversight committees.

9. **Required Employer Participation.** This may well be considered if the final package emerging from Congress makes overall sense in terms of affordable benefits, sound financing, adequate employer flexibility, reasonable limits on government intrusiveness, effective cost and quality controls, and an end to cost-shifting to business.

10. **Medical Liability Tort Reform.** Strong medical liability tort reforms are needed, and should include limits on non-economic damages in jury awards, stricter statutes of limitations and limits on attorneys' fees. The scope of such reforms should include liability for medical products.

11. **Integration of Workers' Compensation.** Any changes including workers' compensation medical services in a reformed health care system must lead to overall financial savings for employers that presently provide both.

EYES ONLY

BUSINESS, CONSUMER, AND REGIONAL ROUNDUP

CEOs See Strong Economy in 1994. In a Business Week survey of 402 corporate CEOs, over 80 percent say they are optimistic about the outlook for the U.S. economy in 1994. Virtually all the CEOs think growth in 1994 will be at least as strong as in 1993, and nearly 80 percent say the unemployment rate will not increase during the year. Almost 70 percent of the respondents believe interest rates will rise in 1994, but only 40 percent predict an increase in inflation.

Over 80 percent of the CEOs, however, think health-care reform will slow economic growth and most do not believe it will control their companies' health-care costs. Nonetheless, most CEOs believe health-care reform will not discourage the hiring of new employees.

MCI Plans to Enter Local Phone Markets. MCI Communications plans to invest $2 billion to bypass local telephone companies and link its corporate clients directly to its long-distance network. The local connections would allow MCI to reduce its local access charges, which claim about 45 percent of annual revenue. Initially, MCI will limit the local networks to about a dozen large cities. But it has targeted for future expansion other high-traffic corporate corridors, which account for about 40 percent of all long-distance volume.

NAFTA Allows Ford to Solve Production Problem. Ford announced it will sharply increase shipments into and out of Mexico because of the NAFTA. Ford will move some Mexican production to the United States. It will produce a new compact car in Mexico using the facilities freed by the move of production to the United States. The new arrangements, which make more efficient use of Ford's available capacity, will result in the hiring of 550 more workers—nearly all of them in the United States—and generate overtime equivalent to 450 jobs.

Purchasing Managers Index Strengthens in December. The Purchasing Managers Index showed improvement in December for the fourth consecutive month—13 of 20 manufacturing industries reported improvement over November. The production growth component of the index was particularly strong in December. The employment index improved, but still showed employment shrinking in most manufacturing industries.

ICKES

CEO meeting 1/19/94

- HRC
- I. Magaziner
- 14 CEOs
- M. Vanek
- Speaking

- Rubin
- Altman

HRC:

- Wants to work with Congress
- respects Congressional process
- we are open to many of your suggested changes; but you & we must work w/ Congress
  - role of ERISA
  - role of the alliance
  - size of corporate alliance

} areas we are willing to discuss —

BC's bottom line (*)

- universal coverage
- ~~scope~~ some means of controlling costs

These are linked

other matters, BC is willing to discuss —

We want a reform health care plan that will be good for business & good for the country

- Business better off staying neutral rather than opposing Congress
  - In self interest of business not to get locked into ~~Congress~~ a specific bill

RA — Congressional negotiating process will be long & complex

= 0 is please tutor to this nervous process into August

- Rahm no sense for us trying to make concessions now with us are in ~~stalemate~~ a position to get results

- Loading -

- Copay & int models
- no oplog models
- use support centers objectives, not of which are in Centers plan -
- prescription drug coverage
  - charges to medicate than generic

HRC -

prescription drugs are classified by name as a new entitlement - but cheaper to have drugs at right time - than hospitalization

Q re Groups / ~~Exch~~ · ERISA - & prescription ·

- Few states that are close to mental coverage -
  - many states have years of offering but only few are of mostly mental coverage -

IM re ERISA

- we want ~~post~~ most ERISA are right few with state options have to come as default with -
- How we have looked ERISA in our bill may not provide enough flexibility

FP we are prepared to support more clients if ~~the~~ are ~~new~~ coverage

Q - when we have only some of our ~~is~~ ~~this~~ under new contract & the new will look ~~to~~ us up

(7)

HRC

Albuquerque - will be on a course elected option will elected & will elected who the managers of albuq are

Q - How are health alliance bonds related
IT - must opt away from capitation based
on risk pool
• need to get large enough pool of
people to spread the risk -

Q Part time ees - buy policy for same industry
• under current legislation, costly to ee for
part time ee as opposed than for full
time ee -

(?) Q - Cross ships where only part of ee of co
is merged

Q Markets - IC co must pay 80% then ees
should be required to pay 20% up to
a cap

Q Taft Hartley plans (unions)
perhaps permit employ pool new hires into
a new union plan rather than
put them into union plan health
plan -
1% [for 5000 +] in about 8% of
the tax projects

Q Same industry - many ees are part time -
basically a new ~~book~~ union dairy
industry - the clients plan and
separate insurance buying in ~~the~~ so
that industry

(?) (#) HRC - plan may permit ees to elect
standard coop package premium

Q Part Two -

HRC And we are willing to talk about part two also -

If not covered, hearing aids may be cost shifted -

IM - instead of 30 hours; we could put a cap on payment for part two payment -

- would be better at motivating & would reduce overall ~~burden~~ known burden on ea -

Q- reduced payment - welcome

HRC - we want criteria to support the large number of benefits we see we have today -

(*) - only way to do this is to eliminate ~~for~~ subspecialty -- must move to county rating -

(experience)

Q- I'm so have been doing a poor job of buying for us -
Let us buy directly from the providers -

Dissimilar Providers

Q Question - that implied words would may well
- We should get hold of Brian ~~Fischer~~ & discuss -

Q Intermittent experiences - ~~one~~ any of products Coming into this county ~~are~~ don't ~~have~~ don't reflect costs of medical care that VSO is ~~charity~~ based -

definist reduction

HRC - cant deal effectively w/ definist reduction w/o contact w/ actual cats

#(4) Need weekly updates on where the weekly updates + cognitive process is

(2) would be in canny custody of the albums

Need better description of albums

[HRC planned ~~too~~ at least weekly comments]

HRC - cant agree ~~to~~ stop away w/o getting ~~much~~ weekly hunt -

BR - best way to get a bull is to have lovers at the ~~acquisitive~~ acquisitive bull -

~~Unwind Cuenya~~ - only ~~one too~~ 3 ways to alt st (1) male pose
(2) en natale
(3) ex nuhold [chapeau] but vapeurs have subtends for ~~those~~ those who cant afford
afford st -

1/19/94 – 11 seattle –

business meeting –

Blaine H · Mike Levy
Bob Rehm · Laura
Ellis · Warren
Barry Zwaal ~~· Seattle~~
Flo McFee · Rochester
·

, Strategy re business community + Seattle

20 Feb

- BRT – will wait for Cooper on a strategy strategy part

-

(4) ~~Strategy~~ Do we want this business community

- If we don't work w/ them by 20 Feb they will turn us against them

- We now have credibility w/ big business – but we shouldn't stay stay there along

–

Business group – [IBM, Allied Signal et al]
open banking

- If Gates don't early retail group, then will be be

AH – good facts response –

- No specific answer; but indicate what areas we are prepared to deal with –

~~Say~~ – No banking or eyeglass markets

- Cryptics ~~want cost contain~~ want cost containment

PG – need us to use Postal Service; Kennedy simple to tell ~~them~~ business that it is now in appeals area

R.A. - - meeting of BRT would to embarrass us
= most of BRT very concerned about our
plans too long; too rich; too
bureaucratic -

* [26, 27] Ringler hangs boys

① Form a focus has shifted to coupons
- it centers the organization
② - reinstated as a sole player
② Shift focus to coupons -
- coupons now called shots
- meeting now called by coupons
③ If you support coupons, you are out
of the game

~~Must have optype module~~
Unused coverage is critical
- Thus must have optype included

We need to have coupons or not

→ Burns probably more concerned about
size & complexity of the test cluster
primarily three optype variants
/ = create new entitlements
- fiscal inputs

ATTENDEES

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

Dwayne Andreas
Chairman & CEO
Archer Daniels Midland Company

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

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

Garry N. Drummond
CEO
Drummond Company, Inc.

David H. Hoag
Chairman & CEO
The LTV Corporation

Alan L. Wurtzel
Chairman
Circuit City Stores, Inc.

C.A. Corry
Chairman and CEO
USX Corporation

Victor L. Lund
President and CEO
American Stores Company

Alex Trottman
Chairman & CEO
Ford Motor Company

Alex Grass
Chairman
Rite Aid Corporation

George McCarthy
President
Hiram Walker Group

Robert Hannan
President & CEO
Thrift Drug, Inc.

The Business Roundtable

John D. Ong
Chairman

Charles A. Cony
Cochairman

Richard J. Mahoney
Cochairman

Robert C. Winters
Cochairman

Edgar S. Woolard, Jr.
Cochairman

1615 L Street, N.W.
Suite 1100
Washington, D.C. 20036-5610
(202) 872-1260 FAX (202) 466-3509

Samuel L. Maury
Executive Director

January 14, 1994

BY FACSIMILE

TO THE MEMBERS OF THE POLICY COMMITTEE OF THE BUSINESS ROUNDTABLE

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

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

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

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

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

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

is willing to make and report at the February 2nd meeting. Given the close vote, Bob Winters and I have decided to wait until February 2nd to ask for a final decision.

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

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

Sincerely,

John D. Ong

JDO:m:lm

Attachment

STATEMENT FOR RESPONSE TO MEDIA INQUIRIES

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

AGENDA

BUSINESS HEALTH STRATEGY MEETING
3:00 PM, JANUARY 18

I. Review of Thursday/Friday Business Roundtable Actions

II. Strategy for CEOs meetings this week with Mrs. Clinton

A. HRC Meeting with Corporate Supporters
Wednesday, January 19
11:00 am, Roosevelt Room

B. HRC Meeting with Broader Group of CEOs
Friday, January 21
9:30 am, Room 100, OEOB

III. Strategy for Upcoming Business Assn. Meetings

A. BRT - February 2

B. NAM - February 4-5

C. Chamber of Commerce - Late February

HRC requested to speak – • need our part they will not come out of the request our position our principles

IV. Discussion of our internal process to review policy changes and our public messages.

January 18, 1994

HEALTH CARE MEETING WITH SUPPORTIVE CEOS

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

I. PURPOSE

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

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

II. BACKGROUND

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

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

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

- o The corporate alliances are not viable.

- o The regional alliances will be too large to compete with and too bureaucratic.

- o The states have too much flexibility on issues ranging from oversight of alliances and ERISA exemptions.

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

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

III. PARTICIPANTS

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

IV. PRESS

Closed

V. SEQUENCE OF EVENTS

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

ATTENDEES

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

Dwayne Andreas
Chairman & CEO
Archer Daniels Midland Company

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Ford Motor Company

Alex Grass
Chairman
Rite Aid Corporation

George McCarthy
President
Hiram Walker Group

Robert Hannan
President & CEO
Thrift Drug, Inc.

PARTICIPANTS

DWAYNE ANDREAS
This Minnesota native has been the Chairman and CEO of Archer Daniels Midland since 1970. He has long maintained active involvement at the federal, with stints as: Chairman of President Reagan's Task Force on International Private Enterprise; Member of President Johnson's General Advisory Council on Foreign Assistance; and a member of President Nixon's Advisory Committee on Management Improvement. Although politically he is on the other side of the aisle, he has been a strong supporter on other key initiatives: economic plan and NAFTA.

CURTIS "HANK" BARNETTE
A Yale law school graduate and former Fulbright scholar, Barnette spent his early years with US Army Intelligence (ten years), before practicing law in Connecticut. He joined Bethlehem Steel as an attorney in 1967, working his way up to Chairmand and CEO in 1992. He is active on the Business Roundtable and the American Iron and Steel Institute. He served under President Reagan as a member of the Council of the Administrative Conference of the US; under President Bush on the Advisory Committee on Trade Policy and Negotiations; and was appointed by Senator Dole to the Coal Commission in 1990. Barnette has already spent considerable time working the phones with other CEOs on behalf of our health care approach.

AUGUST "AUGIE" BUSCH
Has served as Chairman and President since 1979, overseeing unprecedented growth at Anheuser-Busch, including the acquiring of Eagle Snacks, Campbell-Taggart foods, and Sea World Theme Parks (they are second place in the theme/park entertainment industry). Among his many awards of special note are: receiving the 1989 Social Responsibility Award by the Martin Luther King, Jr. Center for Nonviolent Social Change; Muscular Dystrophy Award as top contributor; the 1990 Urban League's Equal Opportunity Award for expanding social and economic opportunities for African-Americans; and the 1992 Jackie Robinson Award for his contribution to improving the quality of life for minority youth in America. He has also worked supportively with us on the economic plan and NAFTA.

GARRY DRUMMOND
An Alabama native, he built this family coal company. He is very active in the National Coal Association and very active with the University of Alabama, and practically every other civic group you could name. He was an early supporter of our health plan, and continues to use every opportunity to talk publicly about the importance of the Clinton Health plan.

DAVID HOAG
Hoag worked his way up through LTV subsidiaries prior to becoming Chairman, CEO, and President in 1991. He is a native of Pittsburgh with a degree in economics from Allegheny College. He is very active on the American Iron and Steel Board, and LTV has extensive suppliers which he networks with. They were one of the first companies to run their numbers on our plan last fall, and the numbers show they would do well in a regional alliance.

CHARLES "CHUCK" CORRY
Corry holds a law degree from University of Cincinnati, but has pretty much worked his way up through the USX management structure. He became Chairman and CEO in 1989. He is very active on the Business Roundtable, the National Association of Manufacturers, the American Iron and Steel Institute, the Business Council, and locally with the Pittsburgh Chamber of Commerce. of Commerce. He is especially well placed on key national business associations.

VICTOR LUND
Lund is the President and CEO of the American Stores Company, a food and drug industry. Prior to joining American Stores in 1977, he was a financial officer with Ernst and Young. A native of Salt Lake City, he holds a masters in business and is a CPA. He served in Vietnam from 1969 to 1971. Now based in California, he is a board member of the Food Employers Council of California and is especially active nationally with the National Assn. of Retail Druggists.

ALEXANDER TROTMAN
Recently appointed (Nov. 1993) to replace Red Poling as Chairman and CEO of Ford Motor Company, Trotman had earlier served as President and COO of Ford Automotive Group. He joined Ford in 1955 as a Britain student trainee, after having served with the Royal Air Force as a flying officer. He came to the US in 1977 and has a masters in business from Michigan State University. Ford's Board of Directors is made up of less than supportive CEOs, who may seek to limit Trotman's public activities on our behalf, however, he has not indicated a lessening of their support in any way.

ALEX GRASS
Beyond his role as Chairman and CEO of Rite Aid Corporation, Grass also is Chairman of Super Rite Foods and a Director of Hasbro Industries. Grass founded Rite Aid in 1962 with the concept of a health and beauty discount store (in Scranton, PA). Today Rite Aid is the nation's largest drugstore chain, with 2,683 stores in 23 states. He is an active board member of the National Assn of Chain Drug Stores and the Nat. American Wholesale Grocers' Assn. He is also a board member of the Harrisburg Hospital and very active with Jewish philanthropies. As a member of the Nat. Assn. of Chain Drug Stores he helped craft their active grassroots involvement in support of our health plan.

GEORGE MCCARTHY
Prior to his current position as President of the Hiram Walker Group, he served in management positions with Seagrams, Haagen-Dazs, Green Giant Foods, and Pillsbury Foods. He is a Detroit native with a MBA from the Unversity of Chicago. He is active in the Michigan Chamber of Commerc and very active nationally with the Distilled Spirits Council.

ROBERT HANNAN
He is currently the president and CEO of Thrift Drug, Inc., based on Pittsburgh, PA, having joined Thrift in 1966 and worked his way up the ladder. (Please note that Thrift is a subsidiary of PCPenney Company) He is currently Chairman of the Board of the National Assn. of Chain Drug Stores, a group which has been very supportive. He is on the Board of the Pittsburgh Biomedical Development Corporation, and the Pittsburgh Cancer Institute.

ALAN WURTZEL (no Bio available)
Currently Chairman of Circuit City Stores, Inc., but recently retired as CEO and President. An active Democrat and a strong supporter of health care reform. His support is especially significant as a signal to other retailers with large part-time work forces. Due to his retirement, we should ask him to play a role similar to Red Poling -- working other CEOs one-on-one.

The Business Roundtable

John D. Ong
Chairman

Charles A. Corry
Cochairman

Richard J. Mahoney
Cochairman

Robert C. Winters
Cochairman

Edgar S. Woolard, Jr.
Cochairman

1615 L Street, N.W.
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(202) 872-1260 FAX (202) 466-3509

Samuel L. Maury
Executive Director

January 14, 1994

BY FACSIMILE

TO THE MEMBERS OF THE POLICY COMMITTEE OF THE BUSINESS ROUNDTABLE

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

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

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

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

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

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

is willing to make and report at the February 2nd meeting. Given the close vote, Bob Winters and I have decided to wait until February 2nd to ask for a final decision.

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

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

Sincerely,

John D. Ong

JDO:m:hm

Attachment

STATEMENT FOR RESPONSE TO MEDIA INQUIRIES

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

AGENDA

HEALTH CARE BUSINESS PLANNING MEETING

WEDNESDAY, JANUARY 5, 1994
ROOSEVELT ROOM
9:15 AM

1). Followup on Mrs. Clinton's CEO meeting on December 21st:

- o Attendees for Friday's consultative working group meeting.
- o Review of why these corporate representatives are coming to the Friday meeting.
- o Clarify what we hope to accomplish in the Friday meeting.

2). Review of issues to be resolved over the coming weeks regarding how we work with Congress and how we resolve policy changes:

- o What is the internal process for deciding what the changes should be, and how are they prioritized?
- o How will changes be communicated to Congress, the business community, and specifically our business supporters?
- o What should be the timing for decisions on changes and how do we insure the White House receives appropriate credit?
- o What will be the process for working with key members of Congress who may or may not support these changes?

This is the priority we need to focus on here. Did not focus on this in mtg on 1/5

3). Broader action plan for January:

- o Shoring up our core CEO supporters by scheduling a Strategy meeting between these supporters and Mrs. Clinton (to be scheduled for the week of the 17th), and bringing their staff in for a similar working group meeting to the one scheduled this Friday (schedule this next week). Place calls to these CEOs next week to request their assistance in slowing down the NAM/BRT/Chamber health reform decision process.
- o Clarify the call strategy both to our supporters and the broader group of influential CEOs.

- Initiate an internal White House message/communication meeting next week on Business.

- Insure that we have a complete calendar of Business meetings for January and February and appropriate surrogate speakers.

1/5/94 - Planning Meeting

Ira
Alexis
Karen Wilcox
Steve Heltzer
Marilyn Yaeger
Roger Altman
Alexis Herman
Amy Grsodk
Steve Richetti

Expectations for Fri CEO mtg

"Joint Consultation Team" - reps from CO's to work with us

ERISA

1- framing issue, process of team, sense of direction
2- numbers (Cooper v Clinton 13,111)

[Rubin - avoid expectations for early flexibility]

Time frame - now → End February let process run

*BRT - 2/5 policy mtg

goal - to keep Σ to stay in game (of those not supporting)

Alexis { Public description?
Bae team
Enrollment team

Next group to be invited: 5 or 6 CEOs
- NYNEX - Ferguson
- Ameritech
- Am Ex
- Corning
- ALCOA
- IBM
- Goodyear

follow calls w/ CEOs

Retailers -

NAM - powerfully opposed

ALTMAN - need to avoid war vs. imp. mandate

CEOs will move toward Cooper to use as leverage before supporting Clinton

THE WHITE HOUSE

WASHINGTON

January 4, 1994

MEMORANDUM FOR MRS. HILLARY RODHAM CLINTON
BOB RUBIN
ROGER ALTMAN

FROM: ALEXIS HERMAN

SUBJECT: FOLLOW-UP FROM DECEMBER 21 CEO MEETING

As discussed at the December 21st meeting, Ira and I will be holding the first meeting with representatives of Eastman Kodak, Ford, Procter & Gamble, TRW, and Xerox on this Friday, January 7, at 9:15 am. Each company will have representatives of both their Washington office and home office at the meeting, including Benefits officers.

cc: Harold Ickes
Ira Magaziner
Maggie Williams
Melanne Verveer
Steve Hilton
Marilyn Yager
Amy Zisook

CORE CEO SUPPORTERS

NAME/CEO	COMPANY	HEALTH STAFF CONTACT /TELEPHONE FAX	CEO /TELEPHONE /FAX
Dwayne Andreas, Chairman & CEO	Archer Daniels Midland Company		217/424-5515
Curtis H. "Hank" Barnette, Chairman & CEO	Bethlehem Steel Corporation	Bill Wickert 202/775-6200	215/694-6137
August A. Busch III, Chairman & President	Anheuser-Busch Companies, Inc.	Rich Keating 202/293-9494	314/577-3316
Garry N. Drummond, CEO	Drummond Company, Inc.	Joe Bilich (only of Garry is absent)	205/945-6502 205/945-6521
Robert J. Eaton, Chairman	Chrysler Corporation		313/956-6728
John W. Hechinger, Sr., Chairman	Hechinger Company		301/341-1000
David H. Hoag, Chairman & CEO	The LTV Corporation		216/622-5300
John F. Smith, Jr., President	General Motors Corporation		313/556-5000
Stewart Turley, Chairman, President, & CEO	Eckerd Corporation	John Scheels, Dir. Gov. Affairs 813/399-6329	813/399-6333
Alan L. Wurtzel, Chairman	Circuit City Stores, Inc.		202/265-3232
C. A. Corry, Chairman & CEO	USX Corporatino	Terry Straub	412/433-1121
Robert "Bob" L. Crandall, Chairman, President, CEO	American Airlines		817/963-1234

NAME/CEO	COMPANY	HEALTH STAFF CONTACT /TELEPHONE FAX	CEO /TELEPHONE /FAX
David Maher	American Stores		
W. Graham Claytor, Jr., President & Chairman	AMTRAK		
Owsley Brown, II, President & CEO	Brown Foreman Corporation		
Alex Trottman, Chairman & CEO	Ford Motor Company		
Harold (Red) Poling, Former Chairman & CEO	Ford Motor Company		
Martin Davis, Chairman and CEO	Paramont Communications		
Roberto del Rosal, President & CEO	Bacardi Corporation		
Earl Graves, CEO	Earl G. Graves, Ltd.		212/242-8000
Alex Grass, Chairman & CEO	Rite Aid Corporation	James Krahulec 717/975-5710 717/975-3760	717/975-5710 717/975-3760
Peter Manos, CEO	Giant Food		
George McCarthy	Hiram Walker Group		
Peter Lynch	Fidelity Investments		
Bernard Schwartz, Chairman & CEO	Loral Corporation		212/697-1105 212/867-1147

Manufacturers Oppose Clinton Plan

By LOUIS UCHITELLE
Special to The New York Times

NAPLES, Fla., Feb. 5 — Arguing that the White House had ignored their pleas to amend President Clinton's health care proposals, the directors of the National Association of Manufacturers voted 56 to 20 today not to support the Administration's package "in its present form."

The resolution was the third blow this week to the Clinton plan from a major business organization, and perhaps the most damaging. The association represents 12,500 manufacturers, large and small. Nearly all carry health insurance for their 15 million employees, and in some cases the plans are more expensive than the Clinton proposals. Nevertheless, the manufacturers vote showed that they considered the President's plan too costly.

"The range of business people who have indicated their opposition to the Clinton plan, or their support of other plans, has changed the environment in which the health care debate is taking place," said Jerry Jasinowski, the president of the association and its chief lobbyist. "The Clinton plan is no longer as dominant as it was."

Until now, the manufacturers had neither endorsed nor opposed the Clinton plan or any other. Mr. Jasinowski had argued that this independence gave him more leverage as a lobbyist to win amendments in the health care bills favorable to the the manufacturers. He repeated that argument before the vote today, which took place at the semi-annual meeting of directors.

Group Is Divided

"People in my position do like the maximum amount of bargaining power," Mr. Jasinowski said later. "But it was the wisdom of the board that we needed to send this signal. We weren't being heard."

The resolution, reflecting divisions within the association, was milder than the resolutions adopted earlier this week by the Business Roundtable, representing 200 large corporations, and the United States Chamber of Commerce, representing tens of thousands of companies. Those resolutions endorsed the alternative health care proposal put forth by Representative Jim Cooper, Democrat of Tennessee. The

A third major blow in a week for the health proposal.

manufacturers resisted a similar step, although Mr. Cooper came here on Friday to seek support.

Robert E. Rubin, chairman of the President's National Economic Council, had been scheduled to speak here this morning, but canceled at the last minute. The directors were told that he had a scheduling conflict. The cancellation came after Mr. Rubin was advised that a resolution had been drafted Friday night formally opposing the Clinton plan.

The manufacturers are divided over health care, with the largest companies like the General Motors Corporation, Caterpillar and the General Electric Company, leaning toward the Clinton plan. Manufacturers with fewer than 1,000 employees tend to prefer the Cooper plan, which has emerged as the major competition to the Administration's proposal.

Big Companies Back Clinton

The companies have financial reasons for their preferences. The big companies, for example, provide company-paid health insurance for thousands of retirees under age 65 who are too young for Medicare. The Clinton plan would have the Government absorb 80 percent of the cost of the premiums for these retirees, while the Cooper plan would pay none of that.

The big companies also provide, in most cases, benefits packages that are richer than the packages likely to be required by either the Clinton or Cooper proposals. Under the Clinton proposal, big companies could continue to offer this extra coverage with no penalty, because they would be allowed to continue deducting the cost of premiums from their taxable income. But under the Cooper plan, only premiums for the required basic coverage could be deducted.

"The Cooper proposal to put a cap on deductions would cost us an enormous amount of money and it would cost an enormous amount for any company with a good health insurance plan," said James D. Johnston, a G.M. vice president.

The Clinton plan would require employers to pay more for health care than some of the small manufacturers now pay. The Cooper plan, in contrast, would order companies to offer the required health care coverage to their workers, but would not require the companies to pay the premiums.

Opposition by Small Companies

"Even if the Clinton plan held our cost to 7.9 percent of our payroll, as the President proposes, that would still be more than the 6 percent we as a company now pay for health insurance," said Ronald D. Bullock, president of Bison Gear and Engineering of Downers Grove, Ill. Bison has 160 workers.

Against this backdrop, the manufacturers fashioned a resolution that emphasized their desire to "work with all parties involved in the legislative process to draw on the best features of all the various health care reform plans." The resolution was softened with an amendment that said the association was unable to support the Clinton plan "in its present form."

Still, the divisions were clear in the debate. Don V. Fites, chairman of Caterpillar, for example, appealed to the association to neither endorse nor oppose any plan. He said that he had voted against the Business Roundtable's resolution, for this reason, and so had other big manufacturers who are Roundtable members. Executives from Honda, General Electric and the Navistar International Corporation made similar appeals, but other companies, including some large ones, endorsed the resolution, arguing that it would force the Administration to listen to the group's complaints.

"I think that the President cannot refuse to negotiate" with the manucfaturers' group as a result of this resolution, said James P. Melican, executive vice president of the International Paper Company.

Mr. Jasinowski has been lobbying the Administration to agree to several amendments to its health plan that are favored by both large and small companies. The manufacturers, for example, would like the Administration to scale back the health benefits package required as minimum insurance to to make the basic health plan less costly.

The manufacturers also want the Administration to avoid cuts in Medicare and Medicaid. The Administration has proposed such cuts, to help pay for its health insurance proposal. But the manufacturers say that hospitals and doctors would have to treat the elderly anyway, and would cover the extra cost by inflating the bills for treatment of workers covered by the insurance that companies would provide and largely pay for under the Clinton plan.

Most important, perhaps, the manufacturers object to the Clinton health plan on the ground that it would involve too big a role for Government. The Clinton plan, for example, would put ceilings on premiums to keep down costs and would require companies with fewer than 5,000 employees to join regional health alliances that would be regulated by the states. These alliances would act, in effect, as purchasing agents for health care.

But the manufacturers argue that the Clinton proposals would stifle corporate efforts to prove less expensively health care on their own. The manufacturers want to amend the Clinton bill to require that companies with fewer than 100 workers, not 5,000, join the regional health alliances.

347
2200

The Clinton Difference? Not Much in the Budget

By DAVID E. ROSENBAUM
Special to The New York Times

WASHINGTON, Feb. 5 — The budget President Clinton will send to Congress on Monday, the first to be prepared by a Democratic Administration in 13 years, varies only slightly from what a Republican President would have submitted.

News Analysis

Mr. Clinton will indeed ask for a little more money for the kinds of programs Democrats normally favor, like education and construction of public works. But Administration officials who worked on the budget calculate that as a practical matter, they had the flexibility to propose changes in barely 1 percent of Government spending: less than $20 billion in a total budget of about $1.5 trillion.

That is because the amount of revenue to be raised and the level of spending for broad categories of Government programs in the fiscal year 1995, which begins Oct. 1, were set in stone by the deficit-reduction agreement President George Bush struck with Congress in 1990 and were reinforced by the budget law that President Clinton signed last summer.

"There can be little more than tinkering at the margins," said Stanley E. Collender, director of Federal budget policy at Price Waterhouse, the accounting firm.

Same Cuts Bush Sought

Even then, many of the programs Mr. Clinton will propose cutting or killing, the officials say, are the same ones Mr. Bush went after unsuccessfully. Among these are operating subsidies for mass transit, grants to help poor people pay for fuel to heat their homes and community development grants to cities and counties.

Congress has protected these programs for years, and little reason exists to believe lawmakers will trim them for Mr. Clinton when they would not do so for Mr. Bush. But without such cuts, nothing will be left for the places where Mr. Clinton wants to increase Government spending.

This is the one area where the Clinton budget does differ from what Mr. Bush might have proposed. Administration officials say Mr. Clinton will emphasize modest new spending for what he calls investment: education, job-training, public works, scientific research, clean-water enforcement, child-immunization and national service.

Cutbacks that Bush suggested will be on the table again.

Many of those proposals would not have been on Mr. Bush's list. Rather than spending for social programs, Mr. Bush favored tax breaks for capital gains, private school tuition and retirement saving.

Robbing Peter to Pay Paul?

The new budget will not contain additional money to accommodate the big changes the Administration is contemplating in health-care and welfare. In the case of health, that is because even if Congress enacts the President's program this year, little of it will be in effect in the fiscal year 1995. As for welfare, the President's proposals have not been drawn up.

Spending limits under the law are so tight that more than half the Cabinet departments would have less money to spend in the next fiscal year than they do in this one.

As a consequence, it is clear from conversations with many Administration officials, the new budget has a flavor of robbing Peter to pay Paul.

At the Department of Health and Human Services, increased spending for poor children under Head Start would be offset by reducing money energy assistance for the poor.

Less Money for Mass Transit

At the Transportation Department, money would be freed up for highway construction by spending less for mass transit.

At the Labor Department, some job-training programs would be scrapped or merged to pay for a new training program.

At the Department of Housing and Urban Development, spending for public housing would be lowered to provide money to help the homeless.

Officials said the budget showed that the President wanted to kill outright more than 100 small Government programs that altogether now cost the Government about $3 billion a year.

Shrinking the Deficit

In his State of the Union address last week, Mr. Clinton said the deficit in the next fiscal year — the amount by which spending would exceed revenues — would be less than $180 billion. The Congressional Budget Office has put the figure at $171 billion.

That would be about $50 billion below the deficit expected this year and more than $100 billion lower than last year's projection of what the fiscal year 1995 deficit was likely to be.

The improved picture results mainly from two factors: the tax increases and spending ceilings in last year's budget law, and the stronger economy, which means that more tax revenues will be collected, less money will be spent for programs like food stamps and unemployment compensation and less will have to be paid in interest on the national debt.

The spending caps are what limits the Administration's flexibility.

3 Categories, Little Flexibility

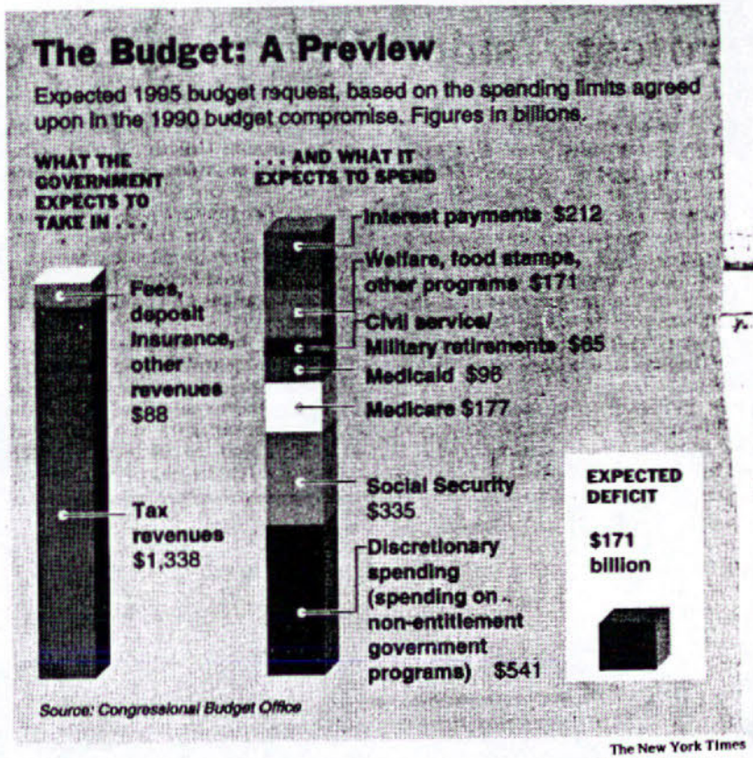
In budget terms, Government spending falls into three large categories: mandatory spending, discretionary spending and interest on the debt.

Mandatory spending, also called entitlements, involves programs that pay benefits automatically to everyone who qualifies. More than $800 million, or slightly more than half the Federal budget, falls into this category.

About 80 percent of this money goes for four programs: Social Security, Medicare, Medicaid and pensions for retired Government employees. Politically, Social Security is thought to be untouchable. Pensions are basically contractual obligations that cannot be changed. And while last year's law puts new limits on Medicare and Medicaid spending, the Clinton Administration wants to reserve the money saved to help pay for universal health insurance.

Effects of Deficit Reduction

Everything else for which the Government spends money, from tanks to telephones, from foreign aid to forestry, falls into the category of discretionary spending. For the first time since 1969, total Government spending for all these programs will not rise from one year to the next. The budget law limits such spending to about $540 billion each year, with no allowance for inflation.



If annual inflation runs about 3 percent, that means the President and Congress must find ways to cut nearly $20 billion each year in discretionary spending merely to keep pace with inflation in areas that few Americans would stand for cutting — like air traffic control, criminal investigations, medical research and compensatory education for poor children. And despite continually dropping military budgets, little is left for new programs to fight crime, poverty, homelessness and other problems that Democrats believe they were elected to solve.

"The reality is that these deficit reduction acts are actually going to cut discretionary spending in real terms," said Senator Jim Sasser, the Tennessee Democrat who is chairman of the Budget Committee. "We're going to see whether the American people and Congress really want to cut these programs or just talk about it."

This is quite frustrating to many Administration officials who came to Washington to solve problems and find they do not have the money to do so.

"The spending discipline forces us to make unpleasant choices," said Barry Toiv, the chief spokesman for the Office of Management and Budget. "It forces us to do more with less."

...iaky Start

Why Clintons' Effort To Woo Big Business To Health Plan Failed

Lobbying Couldn't Overcome Many Executives' Fears Of Rising Regulation

Pivotal Vote by Roundtable

A1

By Hilary Stout and Rick Wartzman
Staff Reporters of The Wall Street Journal

WASHINGTON – Staring into a sea of business suits, Hillary Rodham Clinton made a pitch last September to a roomful of chief executives to support the far-reaching health-care bill that the White House was preparing to send to Capitol Hill.

"I want to begin by reading you what we believe in," she told the meeting of the Business Roundtable's policy committee. She spoke of giving every American access to health care and of reining in spiraling medical costs. She called for building on and enhancing the private system.

Unexpected Endorsement

The American College of Surgeons stunned the medical community by endorsing a national "single-payer" health system. Article on page A3.

"If these sound familiar to you," the First Lady added, "it's because they're *your* principles." Many of the corporate chieftains were impressed. "She did a wonderful job," says John Ong, chairman of B.F. Goodrich Co. and head of the Roundtable.

But five months later, the administration's appeals to big business have blown up in its face. Just last week, the same Roundtable policy committee voted 60 to 20 to support a rival health-care plan by Rep. Jim Cooper, a Tennessee Democrat. Within three days, two other major groups, the U.S. Chamber of Commerce and the National Association of Manufacturers, publicly denounced the Clinton plan.

The Clinton camp's failure to win over the corporate community, despite its concerted effort, is due both to its own political missteps and to early posturing by businesses eager to get changes in the Clinton plan. But above all, it boils down to a visceral feeling among many executives that, despite the Clintons' claims to the contrary, the administration is proposing a big-government solution to a problem better left to the market.

At a White House meeting last week with President and Mrs. Clinton, Paul O'Neill, chairman of Aluminum Co. of America, bluntly called the administration plan a "vertical dive into federalization."

On its face, the Clinton bill would seem a boon for big business. But many of the features that the White House thought large corporations would love are instead leaving them grumbling. For example:

• By guaranteeing all Americans comprehensive health coverage, the Clinton plan would alleviate the burden of "cost shifting," in which large companies that insure their workers wind up bearing the cost of care for the uninsured. A new Brookings Institution study found that manufacturers' health-insurance bills would drop by $1,349 a worker. But PepsiCo Inc. and General Mills Inc., both of which have restaurant-chain subsidiaries with lots of part-time workers, have been opposing the plan's regulations, including the mandate that all businesses must help pay for their employees' health insurance. In early December, General Mills Chairman H. Brewster Atwater wrote to fellow CEOs to urge them to support the Cooper bill as the best "viable alternative to the Clinton plan." White House officials contend that this campaign – along with vigorous opposition by insurance and pharmaceutical companies – has stoked general business sentiment against their bill.

• By capping the rate of growth in health-insurance premiums, the Clinton proposal would save the companies more than $90 billion a year by 2004, the Congressional Budget Office concluded in an analysis this week. But besides disagreeing with the means of achieving this cost reduction – price controls – many executives "are just not confident the caps will hold and that the promise of long-term savings will play out," says Rich Ostuw, the chief actuary for health plans at the Towers Perrin consulting firm and a White House adviser on its proposal.

• By allowing companies with more than 5,000 workers to opt out of the new regional insurance-purchasing system that the plan would establish, the White House thought it was leaving big companies free to manage their own health plans. But "not one of my Fortune 500 company members" says it will take advantage of the provision, says James Klein, executive director of the Association of Private Pension and Welfare Plans. One reason: Even corporate giants fear being muscled out of the market by the big regional alliances. "We'd be small fish in the sea," says Kenneth Porter, chief actuary at DuPont Co. Companies are also annoyed that they would be subject to a 1%-of-payroll surcharge if they opted out of the regional arrangement.

• By having the government take over 80% of the health-insurance costs for early retirees, the administration plan would relieve large companies of an enormous financial burden. But this sweetener has helped to entice only the Big Three auto makers, several large steel companies and a few others with mostly older work forces. Many CEOs doubt their companies would benefit very much, and, anyway, they suspect – with good reason – that this provision can't get by Congress.

The administration's wooing of the Business Roundtable began long before Mrs. Clinton's well-received speech in September. A year ago, Goodrich's Mr. Ong and other executives met with the newly inaugurated president and Vice President Gore. They asked to be allowed to offer their health-care ideas to the administration's policy drafters. Mr. Clinton agreed.

That led to an early meeting in Williamsburg, Va., with Mrs. Clinton, Mr. Ong and Robert Winters, chairman of Prudential Insurance Co. of America and the head of the Roundtable's health-policy task force. Then came another session with the First Lady in June and numerous consultations with Ira Magaziner, chief architect of the administration's plan.

Some of the corporations' concerns were narrow, centering on such technical issues as the White House desire to give the states great flexibility in running the new health system; companies operating throughout the U.S. fear dealing with 50 different sets of requirements. Other worries were more fundamental, including that companies would end up ceding control of their health-benefits programs to the regional alliances, reducing their role to simply writing checks.

But after all the discussion, Mr. Ong says, "certainly the structure of their plan doesn't reflect the view we put forward."

Three Options

In December, following Mrs. Clinton's talk to the Roundtable, the group's health task force held a conference call to discuss its position in the intensifying debate. The panel had three options: Support the Clinton plan, support the Cooper bill or stay neutral. Within just 45 minutes, it voted 14-1 to favor the Cooper bill.

1/2

Many executives on the phone – including five consecutive speakers from the insurance or pharmaceutical industries, according to one listener – expressed dismay that the Clinton plan would force too many regulations down their throats. "Have you ever tried to swallow a watermelon?" asks David Jones, the chairman of Humana Inc., the hospital chain. Others preferred the Cooper bill because it, unlike Mr. Clinton's or other reform proposals, had bipartisan sponsorship on Capitol Hill. The recommendation then went to the 85-member policy committee, which sets official Roundtable positions.

Some in the White House were worried. They knew that practically their only solid corporate support so far was from the auto companies and steelmakers. The only dissenter in the 14-1 vote had been Chrysler Corp. Soon, the administration began to forge a working relationship with leaders at six other companies presumed to be sympathetic to its efforts. In late December, Mrs. Clinton invited the six to the White House. They were Paul Allaire of Xerox Corp., a Democrat considered a friend of Bill; Edgar Woolard of DuPont, thought to be very concerned about cost-shifting; George Fisher of Eastman Kodak Co.; Joseph Gorman of TRW Inc.; Harold Poling of Ford Motor Co.; and Edwin Artzt of Procter & Gamble Co.

Regular Consultations

During the session, Mrs. Clinton and Mr. Magaziner said the administration wanted to begin consulting seriously with big business to address its concerns about the health bill. They suggested setting up a process by which staffers of the six companies would meet regularly with Mr. Magaziner's staff and the two administration officials with the closest ties to business: Robert Rubin, the head of the National Economic Council, and Deputy Treasury Secretary Roger Altman, both once successful investment bankers.

The meetings began. But on Jan. 13 and 14, the policy committee took up the issue of the Cooper endorsement in conference calls – just as the White House was really turning up the heat. Voice after voice said over the phone lines: "I got a call from Rubin." "I got a call from Altman." "I did, too." "Rubin called me." Above all, the administration officials pleaded with the executives to delay taking public action until after the president's State of the Union speech on Jan. 25.

The vote was 45-14 to endorse a resolution supporting the Cooper bill "as a starting point." A second vote was 32-25 to ignore the White House appeals and announce the tally immediately. Why, some thought, should we subject ourselves to more pressure? But Roundtable leaders, considering the majority too small, decided to wait until their regularly scheduled Feb. 2 meeting, take another vote and then announce a position.

By then, the White House wasn't about to turn back, despite some officials' reservations about all the lobbying. Harold Ickes, the New York attorney brought in last month to oversee the selling of the health-care plan, was one with serious concerns. If the aggressive arm-twisting failed, it would only underscore the defeat, he and some others feared. But some thought that the administration would be criticized for folding too soon if it didn't go all-out. "I think it would have been just as bad, if not worse, to have people like Ong say they weren't talking to us," says Jeff Eller, a top Clinton health aide.

Knowing it stood virtually no chance of getting the Roundtable to back the Clinton plan, the White House sought only to prevent the group from publicly backing the Cooper bill. The day before the vote, Mrs. Clinton called about 10 CEOs to the White House. The president came in and chatted with the group for half an hour. Then, three of the friendlier CEOs – Xerox's Mr. Allaire, TRW's Mr. Gorman and

THE WALL STREET JOURNAL FRIDAY, FEBRUARY 11, 1994

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Hi

Who does your press?

Nice Quote

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P&G's Mr. Artzt — went to Capitol Hill, where House Ways and Means Chairman Dan Rostenkowski was trying to persuade Mr. Ong, Prudential's Mr. Winters and Union Pacific Corp. Chairman Drew Lewis to stay neutral. An array of administration officials, including Mr. Ickes, Mr. Magaziner and senior policy adviser George Stephanopoulos, lined the room.

Talking to colleagues back in the White House, Mr. Ickes later called Mr. Winters a "19th-century coal baron."

Sensing defeat, a group of officials decided to single out Mr. Winters publicly and suggest that the insurance interests were the driving force. Robert Boorstin, a White House communications official, lit into Mr. Winters at a televised forum with White House counselor David Gergen. But after they returned to the White House, Mr. Rubin and Mr. Altman told them to stop, saying it wasn't wise for the White House to attack people by name.

That afternoon, the CEOs took a final vote. Roy Vagelos, chairman of Merck & Co., warned against trusting the administration's statements. He said he was still dismayed by the administration's handling of the issue of childhood immunizations — it charged that high vaccine prices were leaving children unprotected — and accused it of reneging on a compromise he thought drug companies had reached last year.

What happened after the Roundtable vote was precisely what the White House feared most: a domino effect. The following morning, the Chamber of Commerce, which had been generally favorable toward the Clinton health-care plan, bowed to pressure from House Republicans and delivered blistering testimony against it. Then the National Association of Manufacturers labeled the plan "deficient in numerous significant areas."

Says Jerry Jasinowski, NAM's president: "The Roundtable vote certainly caused a number of our people to feel we ought to take an even-harder line."

Administration officials express confidence that, in the end, they will be able to resolve many of their differences with big business as health-care legislation moves through Congress. They note that business support for the president's economic plan — or at least the ranks of those willing to hold their fire — gradually grew. And even in backing the Cooper bill, Roundtable officials disagreed with some of its major provisions, especially a limitation on employers' ability to deduct employee health-benefit costs.

"I think the differences between the administration and the large business groups are exaggerated," Mr. Altman says, adding, "We think there will be meaningful business support."

One source of that may be the broad-based National Leadership Coalition for Health Care Reform, which has endorsed an employer mandate and universal coverage. Among its big corporate members are Caterpillar Inc., Georgia-Pacific Corp. and H.J. Heinz Co. Another group of 17 big companies, called the Corporate Health Care Coalition and including McDonnell Douglas Corp., AlliedSignal Inc. and Atlantic Richfield Co., recently said it is "prepared to accept an employer mandate" in the right context.

"Most of the CEOs I talk to are in favor of universal coverage and cost containment," Mr. Rubin says.

But opponents of Mr. Clinton's bill don't agree. The small-business lobby, which has long fought his plan, is hoping to forge formal ties with big business. Says John Motley, of the National Federation of Independent Business, which represents more than 600,000 mom-and-pop firms: "They bring the money, and we bring the grass roots."

Panel Appointed to Study Cuts in Benefit Programs

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON — President Clinton and congressional leaders selected a 32-member commission to study ways to reduce government spending on benefit programs.

Mr. Clinton appointed 10 members of the 32-person Commission on Entitlement Reform, to be headed by Democratic Sen. Robert Kerrey of Nebraska and Republican Sen. John Danforth of Missouri. Entitlements are programs that pay benefits to anyone who qualifies. The panel's toughest issue will be dealing with the Social Security system, which is expensive, but usually is considered a sacred cow. Administration officials have suggested it is unlikely that Social Security would be changed much.

The Kerrey Commission, as it is known, may have some fiery days ahead. Among its members are liberals, such as Bob Greenstein, executive director of the Center on Budget Priorities, and conservatives such as Wyoming Republican Sen. Alan Simpson.

Mr. Clinton said the commission will "grapple with real issues of entitlement reforms, not caps or gimmicks that defer hard choices, but specific and constructive proposals." The commission will issue a report to the White House later this year.

Order to Be Issued On Civil Rights, Pollution Link

By TIMOTHY NOAH

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — President Clinton is expected today to issue a long-awaited executive order requiring federal agencies — and possibly government contractors — to monitor the effects of their actions on environmental health in minority communities.

Kathleen McGinty, director of the White House office on environmental policy, declined to describe the executive order fully. At a meeting with reporters, she said the administration is targeting all uses of federal funds, not just direct spending by the federal government.

One person close to the administration's deliberations said the order will be purposely vague about the extent to which private companies will be covered. He said the order is more likely to cover private companies that perform certain government functions — companies that are contracted to clean up nuclear weapons plants, for instance — rather than companies such as paper suppliers, which do business with the government.

Companies that are covered would be required to demonstrate that their activities aren't doing disproportionate environmental harm in minority communities. The order is the Clinton administration's most visible effort so far to address the issue of "environmental justice" — that is, the concern that pollution is a civil-rights problem as well as an environmental one. Studies have found that certain types of pollution, particularly hazardous waste, tend to be concentrated in minority and low-income neighborhoods, raising the question of whether enforcement of environmental laws in such neighborhoods is more lax.

The immediate effect of the order probably will be to impose new recordkeeping requirements. Ms. McGinty said there is a need to measure not just the impact of individual pollutants on populations exposed to environmental hazards, but also "total and cumulative impacts" of all pollutants that affect individual areas.

Separately, Ms. McGinty said that Environmental Protection Agency chief Carol Browner was "speaking for Bill Clinton and the rest of this administration" earlier this week when Ms. Browner endorsed legislation that largely would ban smoking in most nonresidential buildings.

The bill, introduced by Rep. Henry Waxman (D., Calif.), would ban smoking in any nonresidential building regularly entered by 10 or more persons at least one day a week — except in specially designated smoking areas that have direct exhaust outlets to the outside.

Who Pays for Health Care?

PRESIDENT CLINTON would finance his health care plan mainly through an employer mandate, the equivalent of a payroll tax split 80-20 between employers and employees. That sounds as if much of the burden would be borne by business. But most economists, including most business economists, will tell you that employers don't pay payroll taxes; employees do. No matter how the taxes are nominally split, they tend to be shifted so that in the end they come out of wage. What sounds like a business tax is a worker tax or tax on labor. As in so much else in the health care debate, there's a mismatch between the rhetoric—here the terminology—and the reality.

The incidence of taxes—who really pays them?—can be a complicated question. That's particularly true of business taxes. Are they paid by owners in the form of lower returns, by labor in the form of lower wages or by the public through higher prices? Economists aren't always sure. They are pretty well agreed, however, as to payroll taxes. You may think your employer absorbs his half of Social Security taxes. In fact, he regards it in the same way he regards the rest of your compensation, as part of his labor costs. The more paid in tax, the less remains for wages, and the other way around.

Thus the Congressional Budget Office noted in its report on the president's plan last week that "employers facing an increase in their premiums would probably shift most of the added cost to their workers by reducing cash wages, much as occurs now in firms that offer health insurance. Similarly, employees of firms that would pay less would receive higher wages." (And if the plan were successful in suppressing all health care costs over time, as the administration hopes and CBO agreed could happen, all workers could expect to receive higher wages than otherwise.)

Business groups go both ways on the incidence issue. Sometimes they find it to their advantage to argue that business itself bears business taxes (and therefore shouldn't be asked to contribute more). Other times they find it more useful to say that businesses don't pay taxes; people do, as the taxes are shifted to workers or consumers. Labor will do the reverse, sometimes arguing (for lack of alternative) in favor of a nominal business tax that its own economists recognize is likely to be passed along to the public at large.

The bulk of this country's health care is now financed through employment-related and essentially regressive means—either employer-paid insurance or Medicare taxes. (The premiums are also excluded from taxable income, a provision which benefits those in the highest tax brackets most.) The president could have chosen to start over. He chose instead to build on the existing system (but round off its regressive edges by subsidizing premiums for small and lower-wage employers and low-income employees). Most of the rival health care plans are also wage-based, one way or another; the so-called single-payer plan would rely heavily on an explicit payroll tax, the Cooper plan on limiting the current deductibility of employer-paid premiums.

We can think of plenty of reasons why business groups might object to the Clinton plan. The cost estimates are chancy; the plan includes a lot of regulatory gingerbread—and not all businesses would be affected equally. Some would face much larger additional costs than others and find it harder to adjust. Those are all real questions to be addressed, and with regard to every plan in the field. But for the most part business isn't likely to pay whatever added cost of health care may appear to be laid upon it. In one way or another it is much more likely to shift and pass the cost along—and the serious question is, to whom?

Restoring Somalia

SOMALIA 1994: Can a crisis-torn nation that the United Nations failed to put back together put itself back together? The optimistic theory that launched the first American-led U.N. intervention after the Cold War was that the world body would conduct an enlightened and generous revival; this effort was undone when both the United Nations and, in its own way, the United States let themselves be drawn into rivalries of local factions and clans. The no less optimistic theory underlying withdrawal now is that the same Somalis, seeing finally that their future hinges on their own deeds, will turn around and start acting differently.

The most evident and disheartening development in Somalia is the violence being carried on by the bandits and small groups that have moved into the power vacuum created by the departure of American and European peace-keepers, who will all be out by March 31. Mostly local and spontaneous, this violence threatens to return Somalia to the anarchy that sparked the American-led humanitarian intervention in 1992. Less visible but still a major part of the unfolding reality is the political consultation going on among the major Somali factions, including the one led by the intervenors' former nemesis, Gen. Aideed. The race is on between the explosive violence and the slow and indirect Somali bargaining style.

Not that the whole answer will be known on March 31. Peace-keepers from India, Pakistan and elsewhere will remain, though these contingents lack the equipment and capabilities of those departing. From trying to run Somalia, the United Nations has trimmed back to "assisting" local factions; it has halted attempts at coercive disarmament and is easing out those of its aides most identified with the earlier overreaching. In conjunction with this, the United States has changed its own policy, encouraging local political cooperation without taking sides and warming up to the formerly demonized Aideed. African and Arab regional groupings are being asked to help.

"Somalia" has become a metaphor for the U.N. and the United States' attempting more in peace-keeping and "nation-building" than either was willing or able to achieve. The disappointment that Washington suffered there helped stir a sharp American reaction against participation in these roles everywhere. Similarly, a halt to the renewed disintegration that now looms over Somalia would have positive effects in other lands. Much is riding on what the Somalis do.

TUESDAY, FEBRUARY 15, 1994 THE WASHINGTON POST

February 18, 1994

MEMORANDUM TO DISTRIBUTION

FROM: ALEXIS HERMAN

RE: BUSINESS ROUNDTABLE

I think we should respond to this. What do you think?

DISTRIBUTION:

HAROLD ICKES
BOB RUBIN
GENE SPERLING

The Business Roundtable

John D. Ong
Chairman

Charles A. Corry
Cochairman

Richard J. Mahoney
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Samuel L. Maury
Executive Director

February 15, 1994

I want to follow up with you on the Policy Committee's decision last week to support the Cooper-Grandy/Breaux-Durenberger bills as the "starting point" for health care reform.

The press focused a great deal of attention on our decision, and I have included some press clips from The Wall Street Journal and The Washington Post.

As you all know, the press puts its own spin on events. In this regard, I would like to emphasize one point. As we discussed and decided, we are supporting the framework of Cooper/Breaux as a "starting point". Our goal is to shift the debate to a framework other than the Clinton framework and do it on a bipartisan basis. It is important to emphasize this since there are some people in Washington who are misrepresenting our position and attempting to polarize the debate.

Now that we have made this decision, it is important that we communicate our position to our elected officials. Please note that I have included in your materials a letter John Ong sent to each Member of Congress as well as an op-ed piece he submitted to The Washington Post explaining our decision.

This week Members of Congress will be home on recess. I urge each of you to speak to your Congressional representatives about the Roundtable's position before they return to Washington. You may want to refer to the page of talking points also included in your package.

Obviously, the most important focus will be Washington, and I would ask that you work with your Washington offices so that our message is heard loud and clear on Capitol Hill. Earlier this week, our Washington representatives met to discuss a plan for activities over the next few months. I have enclosed that as well.

It will not be long before Congressional committees are marking up health care legislation which will affect all our companies. Now is an excellent time to let Members know where we stand.

Sincerely,

Robert C. Winters
Chairman
The Prudential
Chairman
The Business Roundtable
Health, Welfare & Retirement
Income Task Force

RCW:e:lm

Enclosures

Healthy Businesses

The Business Roundtable's overwhelming vote against supporting the Clinton health care propcsal deserves some attention, for what it says about this issue and more generally about business's dealings with Washington.

Up to now, there's often been a demarcation line between big and small business on issues like this one. The National Federation of Independent Business, the small-business lobby, has come to be viewed as the main opponent of government expansions, while the Business Roundtable historically has been suspected of an instinct to cut a deal, absorb the costs and let their smaller competition figure out how to survive the added burdens.

The Clinton Administration seems to have been surprised to discover that the Roundtable's normally round heels are suddenly dug in. We know the Clintonites dislike the 1980s, but maybe they should have been paying closer attention to what was going on then in corporate America. Better yet, rather than giving off the impression that they're too smart to talk to businessmen (we're thinking of the eyes-only White House health care task force), they might have spent some time with the CEOs now running these companies. The key, though, would have been to talk to them about *business*, not the blue sky of public policy.

They'd have learned that the old-style corporate empire-builders are largely gone. During the 1980s, corporate America was forced to restructure, downsize and adopt some new ways of doing business. The new breed of CEOs who've gone through those wrenching changes are obsessed with controlling costs.

President Clinton and Hillary Clinton both made personal appeals to the Roundtable. So did superwonk Ira Magaziner. They apparently didn't shift a single vote. One big reason, we suspect, is that the pitch had no credibility on the cost side.

One of the most important lessons business leaders have been forced to learn the past 20 years is: Mandates conceal costs and so tend to proliferate like mushrooms. State and local governments have long been burdened by federal mandates that drive up budgets and restrict flexibility. They also know that the feds largely turn a deaf ear to complaints about enforcement absurdities; and they rarely suffer politically for the damage mandates cause.

Members of the Roundtable and the U.S. Chamber of Commerce, which also declared its opposition to the Clinton plan yesterday, say they are convinced the employer health-insurance mandate in the Clinton plan would work the same way. Business would become, in effect, the tax collector for the health care state. When the system's financing proved inadequate, price controls would be tightened and the plan's insurance "alliances" would start rationing some types of care.

There's another significant shift evident in the Roundtable outcome. On most such issues, it's often the corporations' Washington reps who shape their public posture. These folks are Beltway lifers. Many are ex-Congressional staffers, and historically few executives were willing to ignore the road maps the reps drew to steer firms around legislative road hazards and other arcana.

But we're talking here about repaving one-seventh of the economy. Ira Magaziner told the Roundtable's Washington reps that the center of the health care debate lies between between the Cooper bill and Canada, namely Clinton. That's the kind of "compromise" reps have sold to CEOs in the past, but it appears this issue's implications are too vast to "absorb" the costs of another Beltway deal.

We hope that now the Roundtable's members will put the health care plan drafted by Democratic Rep. Jim Cooper under the same glass they used to flyspeck the Clinton plan. Some members privately agree that Cooper contains provisions that could expand bureaucracy and mandates, though it avoids the one-size-fits-all Clinton approach.

It looks, though, as if folks on both sides of the issue learned a few things this week. It'd be nice to think that a lot of Beltway folks learned what the business community discovered in the '80s: You get punished for trying to hide or ignore your real costs.

The Washington Post

AN INDEPENDENT NEWSPAPER

Business and the Health Bills

IT'S MUCH TOO early for the White House to get frantic about the defense of its health care bill. President Clinton and his staff lobbied furiously to dissuade the Business Roundtable, which represents 200 big companies, from endorsing an alternative bill. That whole effort was not only futile, as it turned out, but unnecessary as well. Mr. Clinton keeps saying that all but the fundamental purposes of his own plan are wide open to discussion and revision. Nothing is lost by having another variation, like Rep. Jim Cooper's bill, out in public view being defended by articulate business organizations. That can only be helpful to all the people—congressmen and their constituents alike—who are trying to see the implications of this immensely complex undertaking.

The differences between the president's bill and Mr. Cooper's are instructive. It's probably not terribly important that the Cooper bill, unlike the administration's, fails to promise guaranteed coverage for everybody. Mr. Cooper is well aware that the political momentum is running strongly in favor of universal coverage, and he argues that his strategy would in fact achieve it as soon as the president's would. The larger difference is in the way they would finance this coverage.

The Clinton bill would require employers to provide coverage for their employers, while the Cooper bill prefers to let people get their own insurance. To provide the necessary subsidies for the poor, Mr. Cooper would tax the cost of health insurance above a certain minimum level. Both plans would mean a substantial redistribution of income among various industries and among taxpayers. The next stage of this debate requires a careful examination of those financial transfers.

While the Business Roundtable has not supported the president's program, it has endorsed another coherent proposal and is prepared to defend it. In contrast, there's the U.S. Chamber of Commerce. It originally was going to support some employer contributions, at least in principle. But at the last minute it backed off—apparently more in response to shrieks from conservative politicians than its own members' reactions. Its members, after all, include a great many business people who want to see their employees covered one way or another but are increasingly desperate about the continued run-up in health insurance costs. For the Chamber, as for the rest of the country, the question isn't simply whether it opposes the Clinton plan. The question is: Which alternative does it prefer?

A "STARTING POINT" FOR REFORM
BY JOHN ONG, CHAIRMAN
THE BUSINESS ROUNDTABLE

The Congressional Budget Office, a respected nonpartisan organization, has predicted that the Administration's health care proposal would actually increase the federal deficit by 74 billion dollars over the first 6 years of its imposition. The CBO report will spur heated debate over which health care reform proposal can best achieve our nation's health care goals.

The Business Roundtable, a group of 200 major U.S. corporations, has joined the debate and taken a stand on health care reform. The Business Roundtable voted to embrace the Managed Competition Act, sponsored by Representatives Cooper and Grandy and Senators Breaux and Durenberger, as a "starting point" for the upcoming Congressional debate.

Much has been written about The Business Roundtable's action and some have wondered why The Business Roundtable rejected the President's plan rather than staying neutral at this point in the debate.

We share the Administration's goal of health care reform this year and commend the President for focusing the nation's attention on health care reform. We want to build on what's good in the system by making it even better, and we want to fix what's wrong.

Roundtable companies are leaders in providing health care security to workers and are innovators who have proven that health care costs can be brought down. We want to end the inefficiencies that plague the system, reduce the cost-shifting and make affordable, quality health care available to all Americans. We want to change the system so that Americans keep their health coverage even if they change jobs, get divorced or become seriously ill.

The question is how to achieve this reform. The Roundtable believes that private markets, not government regulation, are our best hope for gaining meaningful reform in the system. Let me explain.

In the last several years, this country has witnessed dramatic change in health care. Not only are our employees more directly involved in choosing their health care but costs are going down as well. According to the Labor Department, health care prices rose 5.5% between November 1992 and November 1993--the smallest increase in over 20 years. In some areas of the nation, companies are actually experiencing a decline in health insurance premiums while quality of care remains high.

Cooper-Grandy/Breaux-Durenberger relies on market forces not price controls and global budgets to reform the system. It eliminates current barriers to coverage--income, health status and employment. It makes coverage portable and prohibits insurers from denying coverage to

those with pre-existing conditions and it makes health coverage more affordable for small businesses and individuals through purchasing cooperatives. This approach fosters competition which yields a better health care product for the consumer at a lower price. Some bills currently being considered in Congress place too much control in the hands of government bureaucracies. And quite frankly, many of our employees are concerned that Washington's attempt at reform will lead to lower quality health care at a higher cost.

The bipartisan proposal that we support as a "starting point" achieves our goals without creating a new government bureaucracy or a new entitlement program with open-ended government spending. This is juxtaposed to the Administration's proposal which creates government controls to regulate one-seventh of the economy and promises new benefits costing more than $70 billion a year without credible and sustainable sources of funding.

Why did the Roundtable endorse this proposal as the "starting point" in the debate? It did so because it is a bipartisan plan that offers practical solutions to a very complex system. It doesn't destroy the 85 percent that's working in the system to fix what's wrong. It patches the hole in the roof without demolishing the house.

We believe that only a bipartisan effort will produce the needed changes in our health care system. There's just no way either political party can do it themselves. This is especially true since the President's proposal with its price controls, bureaucracy and mandates, is contrary to what many on both sides of the aisle in Congress stand for.

For there to be reform, our political leaders must reach a consensus. There are a number of thoughtful Republican proposals that should be looked at carefully that strive to achieve market-oriented solutions not government control of the health care system. The Business Roundtable has chosen a bipartisan proposal as simply a "starting point"--a framework for discussions.

This plan is not perfect--none of the current proposals is. In fact, The Business Roundtable has serious concerns over the tax provisions that limit health care costs deductibility as well as concerns about cost shifting in the Cooper-Grandy/Breaux-Durenberger proposal. But, their plan offers a good foundation. The Business Roundtable hopes that Congress and the Administration can build a bipartisan consensus on health care reform on that foundation for the good of consumers, for the good of business, and for the good of the nation.

The Business Roundtable

This letter was hand-delivered to all members of the House and Senate on 2/14/94.

John D. Ong
Chairman

Charles A. Corry
Cochairman

Richard J. Mahoney
Cochairman

Robert C. Winters
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Samuel L. Maury
Executive Director

February 14, 1994

The Honorable James H. Quillen
U.S. House of Representatives
102 Cannon House Office Building
Washington, DC 20515

Dear Congressman Quillen:

The Business Roundtable is an association of approximately 200 chief executive officers who examine public issues that affect the economy and develop positions which seek to reflect sound economic and social principles. Last week the Roundtable voted to support Cooper-Grandy/Breaux-Durenberger as a "starting point" for health care reform.

The Clinton Administration deserves much credit for focusing the nation's attention on health care reform. The Roundtable shares the Administration's desire to reform the health care system. We differ, however, with the Administration on how to get that done.

The Roundtable thinks the best way to provide quality health care is through increased competition and consumer choice, not through price controls, bureaucracy, and unbridled government spending.

The Roundtable's longstanding philosophy is that government costs need to be controlled. Since our "Halt the Deficit" campaign in 1985, we have sent messages to all Administrations that the primary focus needs to be on restraining government spending. With this philosophy as a backdrop, we are concerned that the President's plan carries a price tag of at least $80 billion annually.

The Roundtable wants health care reform this year. As part of our basic tenets for reform, we want better access to health care for all, including expanded coverage for the poor and near-poor; we want lower costs; and we want better quality. We want to change the system so that Americans keep their coverage even if they change jobs, get divorced, or become seriously ill.

The Roundtable is concerned that the Administration's proposal attempts to reform the health care system primarily by establishing a government bureaucracy that would control one-seventh of the economy. It relies on government rather than encouraging the market to fix what's wrong with the system.

The Roundtable thinks that's the wrong way to go.

As a "starting point," the Roundtable voted to support the Cooper-Grandy/Breaux-Durenberger managed competition bills because they give the private market room to work. Their proposal eliminates barriers to coverage, makes coverage portable, and prohibits insurers from denying coverage to those with pre-existing conditions. And this framework manages all this without creating new government bureaucracies, without price controls, and without laying the foundation for a new entitlement program with open-ended government spending.

The plan is not perfect. In fact, the Roundtable is concerned about the tax provisions that limit health care costs deductibility. We also have concerns about cost shifting in the Cooper-Grandy/Breaux-Durenberger proposal.

But these bills offer a better "starting point" for legislative consideration of health care reform. They concentrate on fixing what is wrong with the system while preserving what is right. They allow large employers to continue their efforts to get health costs under control and get employees even more involved in the system. They also allow small employers to create cooperatives designed to give them access to the same health care of large employers at the same cost. And these bills have bipartisan support.

For there to be reform, there must be a bipartisan consensus. There are a number of thoughtful Republican proposals that should be looked at carefully that strive to achieve market-oriented solutions, without government controlling the health care system. The Business Roundtable has chosen this bipartisan proposal because it is a better "starting point" than the Administration's bill.

The Roundtable looks forward to working with you as well as other Members of Congress and the Administration to ensure that health care reform -- reform that builds on market- oriented solutions -- is achieved this year.

Over the next several weeks, we will be contacting your office to see if we can be helpful to you or your staff. We look forward to being a contributor to a meaningful, bipartisan debate.

Sincerely,

John D. Ong

John D. Ong

BUSINESS ROUNDTABLE TALKING POINTS

On February 2, 1994, The Business Roundtable announced its support for the Cooper-Grandy/Breaux-Durenberger health care bills as a starting point for the health care reform debate. The Business Roundtable's consensus decision to support the Cooper-Grandy/Breaux-Durenberger bills is based on the following observations about the legislation:

- Offers the strongest bipartisan support and greatest potential for passing a health care policy reform act this year;
- Balances government-led reforms with market-oriented solutions;
- Fosters competition which will result in better health care at lower cost;
- Recognizes the current problems without discounting successes as a result of market reforms.

The Business Roundtable supports the following basic tenets for health care policy reform:

- Universal access for all Americans;
- Cost reductions through increased competition and consumer choice;
- Insurance reform;
- Expanded coverage for the uninsured;
- Portability of coverage and an end to restrictions of pre-existing conditions.

The Business Roundtable recognizes and appreciates the leadership and dedication of President Clinton and Hillary Rodham Clinton for their commitment to putting the health care issue on the top of the national agenda. However, the proposal on health care put forth by the Clinton Administration is unacceptable to the Roundtable because it:

- Inhibits competition;
- Stifles market-oriented solutions;
- Calls for government control over employer-provided insurance;
- Begins with an uncertain financing system which will add to the deficit.

The Business Roundtable's support for Cooper-Grandy/Breaux-Durenberger does not mean it will break off discussions with the White House or any other parties interested in reform.

February 4, 1994

Implementation of BRT Decision

Goal: Communicate BRT decision to Congress and continue momentum for Cooper-Breaux as starting point for debate on health care reform.

Implementation

- Letter to every member announcing decision
- Washington company representatives
  - Visits or letters by CEOs to constituent members or special relationship members
  - Visits to all members of the Ways and Means Committee, House Energy and Commerce, House Education and Labor, Senate Finance Committee and Senate Labor and Human Resources Committee.
  - Visits to designated "swing vote" members
  - Activate grassroots operations of companies
  - Seek local media coverage and support
- Testimony at chosen Congressional hearings
- Other organizational factors to consider:
  - Potential business trade association coalitions



Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 4

To Bob Chlopak	From Julianna Smoot
Co.	Co.
Dept.	Phone #
Fax #	Fax #

TO: Joseph Bilich
The Drummond Coal Company

FR: Julianna Smoot
Friends of Senator Rockefeller
202/544-8073

COPY

DT: March 3, 1994

RE: Lunch on Friday, March 4, 1994

Senator Rockefeller and Chairman Dingell wanted me to invite The Drummond Coal Company to lunch on Friday with approximately 20 other businesses to discuss health care reform and the role that businesses are playing in the current debate.
The lunch will be held at:

The Washington Court Hotel
525 New Jersey Avenue, NW
Washington, DC
12 noon

Please call and let me know if you or someone from The Drummond Coal Company will be able to attend.

3/3/94 1:00 pm

ATTENDEES FOR MARCH 4th LUNCH

Mr. Michael W. Naylor
Corporate Director, Public Policy & Government Relations
Allied Signal
1001 Pennsylvania Avenue, NW
Suite 700
Washington, DC 200041~
Mike2~

Mr. Edward P. Faberman
Vice President, Government Affairs
American Airlines
1101 17th Street, NW
Suite 600
Washington, DC 200361~
Ed2~

Mr. William B. Wickert, Jr.
Vice President, Federal Government Affairs
Bethlehem Steel Corporation
1667 K Street, NW
Suite 600
Washington, DC 200061~
Bill2~

Ms. Kerry Walsh Skelly
Assistant Vice President, Director Government Relations
Brown & Foreman Corporation
P.O. Box 1080
Louisville, KY 402011~
Kerry2~

Ms. Catharine R. Batky
Assistant Vice President, Legislative Affairs
Burlington Northern Railroad
801 Pennsylvania Avenue, NW
Suite 220
Washington, DC 200041~
Cathy2~

Mr. Robert G. Liberatore
Vice President, Washington Affairs
Chrysler Corporation
1100 Connecticut Avenue, NW
Suite 900
Washington, DC 200361-
Rob2-

Ms. Rebecca Cox
Vice President, Government Affairs
Continental Airlines
1300 Eye Street, NW
Suite 950 East
Washington, DC 200051-
Rebecca2-

Mr. Woodruff M. Price
Vice President, Government Relations
CSX Corporation
1331 Pennsylvania Avenue, NW
Suite 560
Washington, DC 200041-
Woody2-

Mr. Joseph P. Bilich
Vice President, Human Resources
The Drummond Coal Company
P.O. Box 10246
Birmingham, AL 352021-
Joe2-

Mr. Mark D. Nelson
Vice President, Federal Affairs
E.I. du Pont de Nemours and Company
1701 Pennsylvania Avenue, NW
Suite 900
Washington, DC 200061-
Mark2-

Mr. Gael M. Sullivan
Director, Federal Relations
The LTV Corporation
1133 Connecticut Avenue, NW
Suite 620
Washington, DC 200361-
Gael2-

Mr. John F. Corcoran
Vice President, Public Affairs
Norfolk Southern Corporation
1500 K Street, NW
Suite 375
Washington, DC 200051"
John2"

Mr. Terrance M. Adlhock
Counsel
Southern California Edison Company
1001 Pennsylvania Avenue, NW
Suite 450N
Washington, DC 200041"
Terry2"

Mr. Max Goldman
Sr. Federal Government Affairs Representative
Texaco Incorporated
1050 17th Street, NW
Suite 500
Washington, DC 200361"
Jim2"

Mr. Jack Frestel
Senior Vice President, Human Resources
USAir
Crystal Park 4
2345 Crystal Drive
Arlington, VA 222271"
Jack2"

Ms. Marilyn A. Harris
General Manager, Federal Government Affairs
USX Corporation
1101 Pennsylvania Avenue, NW
Washington, DC 200041"
Marilyn2"

2/29/94

- Pam Zeigler
- Charles Wood — 703-683-8200
- Tod
- PW Schneider
- Ron Z
- Charles Wood person
- 703-549-3001
- Small business assistance
- Alights Name
- Pete Cuny
- Amy Zimmerman
- Chairman dinner
- retail dinner

C. Wood - long range - documentary - planning -

- Chris Jennings
- Ira
- Lynn Schenk
- Bonnie
- Shelley

Small business Health care consultant

- PW Schneider
- 549-3001
- 703-

1 mos

① documentary planning -

- need this language by Friday
- Negotiated ROO is supporting this language in an proposal that RZ + CW don't want
- Community planning want equal access to all documents

+ apparent to moderate women unexpected by Lewis report - don't subscribe other alternatives rationale

market research + formulary

→ ② Cost + Schultz - have been different on this issue.

③ $5 fee -

to set this to $3 would raise mentality nothing

Ron Z

- have space

[Palmer et al Small Business - frames on community outreach]

- Small business need funds
- Waiver Corp is big deal for small business

Medical Waiver operation -

U.S. DEPARTMENT OF COMMERCE
Office of the Secretary
February 23, 1994

To : Distribution

From : Jonathan M. Silver
Assistant Deputy Secretary

In mid-January, Secretary Brown sent a letter to each of the CEO's of the Fortune 1000 firms, asking for their thoughts on national health care reform.

Attached are the first responses we have received. We have responded with a brief note thanking them for their input and indicating that we would forward their comments for review.

I will continue to batch these and forward them to you as they are received.

Attachment

Distribution:
Roger Altman
Richard Celeste
Alexis Herman
Harold Ickes
Mike Lux
Ira Magaziner
Robert Rubin
George Stephanopoulos
Karen Wilcox
Marilyn Yeager
Amy Zisook

965 - 0076

FORM CD-82A LF
(REV. 10-93)
DAO 214-2

THE WHITE HOUSE

WASHINGTON

February 24, 1994

MEMORANDUM FOR ALEXIS HERMAN

FROM: MACK McLARTY

SUBJECT: CLINTON BUSINESS SUPPORTERS

As a follow up to my February 19th memorandum, I am attaching a letter from Samuel Fried with the President's handwritten notations for your review. The President asked me once again about our plan for business outreach to Clinton supporters. He specifically mentioned including Fried, Bob Farmer, and Paul Montrone, who has visited with me about a concept similar to that Fried outlines in his letter. Obviously, this outreach is on the President's radar screen, and we should follow up promptly.

I think it would be helpful if Marsha Scott, working with you, would prepare a list of the top five business supporters from each state in the Clinton campaign. If possible, I would like to know how many times they have been included in White House events. I would suggest you involve Mark Middleton of my staff in this project, since he has met with a number of our key supporters over the past year.

It is essential that we develop, promptly, a Clinton business supporters' strategy and plan. I look forward to meeting with you about this matter in the near term.

M.F

Attachment

cc: Joan Baggett
Harold Ickes
Bruce Lindsey

THE LIMITED, INC.

THE PRESIDENT HAS SEEN

THREE LIMITED PARKWAY
COLUMBUS, OHIO 43230
TEL 614 479 7000

SAMUEL P. FRIED
Vice President
and General Counsel

Tel 614.479.7199
Fax 614.479.7188

Mail
Need to follow up as discussed w/ Mack, Montrose Farmer -
B

MACK
Need to follow-up as we discussed w/ KRIM, MONTROSE FARMER -

February 17, 1994

Mr. Andrew Friendly
The White House
Washington, DC

Dear Mr. Friendly:

Attached is the memo the President requested from me during our conversation in Columbus, Ohio this week.

As the largest single fundraiser for the Clinton-Gore campaign in Ohio, and as a concerned citizen, I feel duty-bound to help the Administration deal more effectively with business and other constituencies.

Sincerely,

MEMO

TO: The President

FROM: Sam Fried

DATE: 2/17/94

SUBJECT: Developing Business Support

Problem. The Administration has not built a broad-based, enduring reservoir of support within the business community, despite significant pro-business elements of the economic agenda, the completion of highly successful trade initiatives, and the Little Rock Economic Conference. Yet we ignore or alienate the business constituency at our peril -- not only for the obvious reasons, but also because business leaders have learned how to mobilize grass roots efforts in key Congressional districts. The ability to tap into the grass roots networks controlled by business will be an increasingly important factor in achieving our policy goals and re-election.

Proposed Solution. The Administration should establish an informal "kitchen cabinet" of about 10 outstanding business leaders. The members of this group would be selected based on their proven vision, commitment to progressive change, and ability to energize multiple constituencies and significant resources. They would meet with the President two or three times a year in a relaxed, off-the-record setting. The goal would be to institutionalize a process of building personal relationships and loyalty based on respectful dialogue *outside the context of single-issue lobbying.* The President's investment of time would then be leveraged through at least monthly telephone follow-up by high-ranking cabinet officials, seeking the latest input and involvement from this circle of advisors. If successfully implemented, a powerful snowball effect of increasing goodwill and political support would be unleashed throughout the network of relationships enjoyed by these business leaders and their employees.

Discussion. As a Democratic President, you face the challenge of overcoming the mutual antagonism produced by the traditional Republican bias of business, on the one hand, and populist Democratic impulses, on the other. The genius of the Clinton-Gore campaign was to break out of that obsolete paradigm and immediately move to consolidate gains with the Little Rock Economic Conference. *Tragically, the dynamic momentum of that process has been squandered over the past year by treating business as either an enemy or as a shill, depending on which short-term objective was being promoted.*

The Economic Conference dramatically demonstrated that progressive business leaders whose opinions are solicited and treated with respect -- particularly by a President with your unsurpassed people skills -- will respond in kind, raising the political dialogue above the stereotypical ideological divide. This, in turn, creates new opportunities to form political coalitions, or at least to neutralize opposition. Democrats sometimes need to be reminded that business people are human beings who respond to most, if not all, of the same stimuli that move ordinary voters. Business is the segment of our society on which we depend to create the jobs that will promote America's economic renewal and social healing. A simple, leveraged program of sustained, respectful engagement with this critical constituency will produce generous political rewards.

SAMUEL P. FRIED

Samuel Fried has been Vice President and General Counsel of The Limited, Inc. since November, 1991. The Limited is the nation's premier specialty retailer, with sales of over $7 billion through approximately 4,500 stores under the following names: Express, Limited Stores, Lerner New York, Lane Bryant, Victoria's Secret, Structure, The Limited Too, Abercrombie & Fitch Co., Henri Bendel, Bath & Body Works, Cacique and Penhaligon's. The Limited also distributes apparel through the Victoria's Secret Catalogue.

Mr. Fried began his legal career in 1974 with a Boston law firm, specializing in securities and tax matters. From 1977-1981, he held legal and international finance positions with The Bendix Corporation, a multinational company serving the aerospace-electronics, automotive, forest products and machine tool industries. From 1982-1987, he was Vice President and Chief Legal Officer of Clevite Industries, a multinational company engaged in the manufacture and distribution of component parts for the transportation and general industrial markets. From 1987-1991, Mr. Fried served as Vice President and General Counsel of Exide Corporation, the oldest and largest US manufacturer and distributor of automotive and industrial batteries.

In all of the foregoing positions, Mr. Fried was responsible for the efficient delivery of quality legal services to highly entrepreneurial organizations. In addition, he was charged with negotiating complex domestic and international transactions requiring the coordination of multidisciplinary skills.

Mr. Fried joined The Limited as its first in-house counsel and is responsible for all legal matters affecting the corporation. By applying entrepreneurial principles to a formerly bureaucratic function, he has significantly increased the quality and responsiveness of legal services provided to The Limited while, at the same time, dramatically reducing cost.

Mr. Fried has assumed leadership roles in numerous civic, community and religious programs. Mr. Fried is also active in Democratic politics and was an early and key supporter of the Clinton-Gore campaign in Ohio.

Mr. Fried is a member of the Illinois, Massachusetts, Michigan and Ohio bars. He received his A.B. (magna cum laude and Phi Beta Kappa) from Washington University in St. Louis and his J.D. (with honors) and Masters of Law in Taxation from Boston University School of Law. He also received rabbinical ordination from the Chief Rabbinate of Israel. Mr. Fried served as Editor of the Boston University Law Review and edited Psychosurgery: A Multidisciplinary Symposium (Lexington Books, 1974, with a foreword by Senator Edward M. Kennedy).

Mr. Fried and his wife, Gigi, have five children and reside in Bexley, Ohio.

Whitewater Grand Jury Approved by U.S. Judge

LITTLE ROCK, Ark. (AP) – At the request of Whitewater special counsel Robert Fiske, a federal judge agreed to create a special grand jury to look into President Clinton's real estate investment.

The extensive scope of Mr. Fiske's investigation was revealed in the judge's order, which said the inquiry was expected to involve more than one million documents, 200 to 300 interviews and more than 20 Federal Bureau of Investigation agents and other assistants.

Mr. Fiske also disclosed that his office next month will try the case of Little Rock businessman David Hale. Charged with defrauding the Small Business Administration, Mr. Hale says he was pressured by Mr. Clinton and James McDougal, the owner of a failed S&L, to make a $300,000 loan backed by the SBA. The loan went to a company owned by Susan McDougal, Mr. McDougal's wife at the time. Mr. Clinton has steadfastly denied pressuring Mr. Hale.

In addition, Mr. Fiske said he also would try any new indictment against Mr. McDougal, who was acquitted in 1990 of bank fraud charges.

The Clintons were 50-50 investors with the McDougals in Whitewater Development Corp. Mr. Fiske is investigating Whitewater and the failed S&L, Madison Guaranty Savings & Loan.

THE WALL STREET JOURNAL, THURSDAY, FEBRUARY 17, 1994

U.S. Chamber of Commerce Splits Again Over Issue of Health-Insurance Mandate

By Jeanne Saddler
And Kevin G. Salwen
Staff Reporters of The Wall Street Journal

WASHINGTON—Underscoring a rift in the nation's largest business organization, a key committee of the U.S. Chamber of Commerce again recommended that the organization endorse requiring employers to help pay for their workers' health insurance.

The health policy panel's action comes less than two weeks after a Chamber official withdrew copies of written testimony endorsing the so-called employer mandate shortly before it was to be delivered to the House Ways and Means Committee.

The latest action highlights tension between the chamber's big corporate members and the small businesses that make up 95% of its members. Some small-business members, who complain that an employer mandate would force them to lay off workers or even shut down, say the health policy committee is dominated by big businesses, including Chrysler Corp. Larger companies, which are more likely than small ones to provide health coverage for their workers currently, tend to support mandates; they say they currently end up paying higher health-care costs to cover a large portion of the uninsured population.

Essentially Same Mandate

The mandate endorsed by the health policy committee this week is essentially the same it had favored in the revoked testimony – namely, that employers' health-care payments be phased in until they reach 50% of the cost of a "lowest-priced" plan by the year 2000. The Clinton administration favors requiring employers to pay 80% of the cost of workers' health coverage.

Two weeks ago, after withdrawing the chamber's earlier testimony, Robert Patricelli, chairman of the health policy committee, complained that the president's plan "gives mandates a bad name."

A Chamber official refused yesterday to confirm the policy committee's latest action, and stressed that five other committees will vote on the health-care issue before the full board makes its decision at the end of the month.

But two of the Chamber's affiliates that represent small businesses said they were alarmed by the policy committee's move. "I went to that meeting hoping they'd changed their minds; we were very heartened after the Business Roundtable came out against mandates, and after our testimony before" the Ways and Means Committee, said Kathy McKimmie, vice president for human resources of the Indiana Chamber of Commerce. "But every time I go to Washington I'm amazed. . . . We don't support big government and mandates, and we continue to distance ourselves from the U.S. Chamber in all our communications with our members," she added.

'Disarray' Is Seen

John Polk, president of the Council of Smaller Enterprises, a Cleveland-based organization affiliated with the Chamber, said he would be "astonished" if the Chamber ultimately decides to back employer mandates. "There's a clear perception on Capitol Hill that the chamber is in a certain amount of disarray," he said.

But Dorothy Sander, vice president for benefits for Hanson Industries, a manufacturing holding company in Iselin, N.J., said the clear consensus of the health policy committee was that businesses do support some form of a mandate, although not the one proposed by the president. "I think they [Chamber officials] see this as clarifying their position," she said. "If you support universal coverage, you have to have some form of a mandate." The committee also suggested that Chamber officials to poll all their [company] members on the mandate issue, she said.

In addition, the committee suggested that any health-care system force companies to cover all their workers, instead of permitting some to be covered under spouses' plans. The idea was seen as favoring big manufacturers.

Mr. Patricelli, the committee's chairman, was out of the country and couldn't be reached. He is president of Value Health Inc., a Connecticut company that provides managed health care and health information services. A Chrysler official who attended the meeting couldn't be reached for comment.

Warning From Clinton

Meanwhile, President Clinton warned a senior citizens group that they could lose health benefits if his health care plan isn't passed.

"There are a lot of people who really believe the only way to reduce the deficit and to reform health care is to basically take benefits away from older Americans," Mr. Clinton told a generally reserved crowd made up largely of members

Please Turn to Page A18, Column 2

Big Business Group Again Splits on Issue Of Health Insurance

Continued From Page A3

of the American Association of Retired Persons in Edison, N.J. "We have shown . . . that you can reduce the deficit and reform health care and be fair to older Americans."

Mr. Clinton's own health proposal would reduce projected Medicare spending, primarily by squeezing doctors and hospitals rather than their patients. It would use the savings to pay for a new prescription-drug program for Medicare beneficiaries.

The president, who was accompanied by Hillary Rodham Clinton, urged his audience to apply its considerable lobbying clout to counter industry groups that oppose his plan. "I would respectfully suggest that the AARP ought to be for the only plan that helps you," he said. "Otherwise, the interest groups will convince Congress that you don't really care, and you will lose these parts of our plan. The time has come to be counted, to stand up, to take a stand and to fight with us."

58

Researchers Call Insurers 'Arbitrary' In Covering Bone-Marrow Transplants

By George Anders
Staff Reporter of The Wall Street Journal

Two Duke University researchers charged that insurance companies can be "arbitrary and capricious" when they deny coverage of a costly therapy for breast cancer patients even though the companies approve 77% of initial requests for coverage.

The Duke physicians said they examined the insurance coverage of 533 patients who were candidates for high-dose chemotherapy followed by bone-marrow transplants. The doctors, William Peters and Mark Rogers, specialize in cancer and bone-marrow transplants. Their findings are published in this week's edition of the New England Journal of Medicine.

The question of who will pay for bone-marrow transplants has become one of the biggest controversies in medical ethics. Such treatment for breast-cancer patients often costs more than $100,000. The procedure is still in clinical trials to determine whether it works better than standard care. Many doctors regard the treatment as promising but some insurance carriers view it as still experimental. Patients and their lawyers have pressed hard for insurers to cover the procedure.

Duke's Dr. Peters has been an especially spirited advocate of wider insurance coverage of pioneering care — frequently pitting him against health insurers. In an interview, he stepped up his criticism of the carriers' practices, saying the practices often amount to "barriers to care."

Several big insurers disputed the Duke researchers' claim that coverage decisions are arbitrary. "I don't know how we could be more systematic and formal about it," said William McGivney, director of technology assessment at Aetna Life & Casualty Co.

Mr. McGivney said Aetna relies on independent cancer specialists at leading research centers to assess its cases. Aetna then follows these doctors' recommendations on whether bone-marrow therapy is warranted.

Still, the Duke study found wide variances in the ways that different insurers handled requests to cover the breast-cancer therapy. Of the 20 largest insurers providing coverage in the study, four approved 100% of initial requests, and another 12 approved at least two-thirds of requests. But three insurers denied more than half the requests. The insurers weren't identified.

When coverage was denied, Drs. Peters and Rogers said, the decision didn't seem to have much to do with the health status of the patient. The doctors said they checked to see if denial rates were higher for sicker patients or ones who hadn't responded to prior chemotherapy. But, Dr. Peters said, the odds of denial "appeared to bear little relation to available medical or scientific information."

Thomas Spitzer, head of bone-marrow transplants at Massachusetts General Hospital, said insurers lately have seemed more willing to pay for bone-marrow transplants for breast-cancer patients. That may reflect a greater concern about lawsuits. Late last year, Health Net, a Woodland Hills, Calif., health-maintenance organization, was ordered by a California jury to pay $89 million to the estate of a 37-year-old woman whose request for a bone-marrow transplant had been rebuffed.

For the period covered by the Duke study, however, Drs. Peters and Rogers said they didn't find a statistically significant change in insurers' willingness to cover bone-marrow transplants. They looked at data from 1989 to 1992.

The Duke doctors found that 77% of patients got insurers' approval of their initial requests for coverage of bone-marrow therapy. Of the 121 patients who initially were denied coverage, 62 nonetheless received transplants. In 39 of those cases, insurers ultimately did pay, sometimes after patients hired attorneys. In the other 23 cases, patients got the treatment either as charity care or by paying the bills themselves.

Even though suits and appeals help more patients get insurance coverage, Dr. Peters said such challenges are a less-than-ideal way to pay for care. "It's terrible that patients who already are facing a life-threatening illness have to worry about having their lives dragged through court," he remarked.

Accompanying the Duke study was a guest editorial in the New England Journal that further rebuked insurers. In that editorial, Donald Light, a professor at the University of Medicine and Dentistry of New Jersey, charged that insurers use a host of "standard practices to delay or deny payments to doctors, clinics, hospitals, medical suppliers and patients for legitimate medical services."

THE WALL STREET JOURNAL THURSDAY, FEBRUARY 17, 1994

THE WALL STREET JOURNAL FRIDAY, FEBRUARY 25, 1994

Small Businesses Oppose Compromise Health Proposal

Democratic Plan Would Exempt Some Employers From Paying for Insurance

By JEANNE SADDLER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON -- The nation's leading small-business group said it opposes a possible Democratic health-care compromise designed to win small-business support.

But the group, the National Federation of Independent Business, indicated that the compromise seems less onerous for small businesses than the Clinton administration's approach.

Some Democrats in Congress are seriously considering a plan that would exempt small businesses from the administration's proposed requirement that employers help pay for their workers' health insurance.

John Motley, the chief lobbyist for the NFIB, said his group opposes the suggested compromise in principle because it would require midsize and larger companies to provide health insurance for their workers. But for small businesses, he added, the alternative idea is "certainly a better solution" than the Clinton plan, which would require all employers to pay 80% of the cost of their workers' basic health-insurance costs.

Staunch Critic

The NFIB has been among the most vocal opponents of the Clinton plan and of employer mandates in general. Any softening of its opposition could be a major factor in the final congressional overhaul of the nation's health-care system. At the moment, however, there is a stalemate in Congress over the shape of that overhaul. A plan that ultimately emerges may differ radically from Mr. Clinton's proposal or the Democratic compromise.

The compromise under consideration would exempt employers with 100 or fewer workers from the mandate. Under the suggested compromise, the government would use tax incentives to help those companies' employees purchase health insurance. Midsize and large businesses would be required to pay for a portion of their workers' health-care coverage. The Clinton plan has been criticized for imposing too great of a burden on small business, though it would provide subsidies to hard-pressed employers.

> The NFIB opposes employee mandates in principle, though the group sees the compromise as superior to the Clinton plan.

The NFIB and several other small-business groups said that the compromise idea sounded intriguing, though there still are few details. "NFIB will never support a mandate on any employer, large or small. Philosophically we're against it," Mr. Motley emphasized. "But if this [proposal] becomes a viable bill, we'd have to recalculate our efforts. The mandate would become less of an issue, the impact on our members would be less and the degree of our opposition would be less." Most of the federation's 607,000 members employ fewer than 100 workers.

"The discussion of this compromise shows how effective the small-business argument has been and the problem it's creating" for the Clinton administration, Mr. Motley added.

Promise Is Seen

Other small-business organizations also see promise in the compromise proposal. "In looking for a compromise that makes sense, they're getting closer," said John Galles, executive vice president of National Small Business United, the second-largest small-business membership organization. But "I'm not sure this is the answer yet," he cautioned, noting that Congress still has to decide how to finance the alternative plan and how rich any health-benefits package would be.

The Small Business Legislative Council, which has been generally supportive of President Clinton's reform proposal, also wants to pursue the compromise idea. "It has significant potential because the significant majority of small businesses have under 100 employees," said SBLC president John Satagaj. "We're not saying throw everything else out. But we're interested in exploring this option."

Small-business organizations agreed that if a compromise exempting the smallest concerns seems likely to pass, they would concentrate instead on fighting other provisions of the Clinton plan. Among them: requiring bigger employers to provide a costly set of health benefits and forcing companies to join health-care purchasing groups. It's unclear whether the suggested compromise would include those requirements.

If it does, the compromise may still rankle small and midsize firms with more than 100 workers. The National Association of Manufacturers says 60% of its members are small companies and 98% of all members already provide employees with health insurance. "The real fear is that this will become a government entitlement program and expand," said Christian Braunlich, director of the association's Smaller Manufacturers Council.

The U.S. Chamber of Commerce, currently involved in a bitter internal debate over which health-care plan to support, declined to comment on the congressional compromise proposal.

Last week, the chamber's health committee recommended that it endorse requiring employers to help pay for their workers' health insurance. Many of the chamber's small-business members strongly oppose that stance. The chamber says it plans to poll all members for their views on several different approaches to health-care reform before the business group's full board makes a decision.

AFL-CIO Releases $1.25 Million for Ads On Health Reform

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON -- The AFL-CIO has released an additional $1.25 million for advertisements backing health-care reform, including a tough series of ads noting the generous benefits received by members of Congress.

The timing and tone of the ads have been a subject of dispute within the labor federation. While all AFL-CIO member unions back health-care reform, a splinter group wants to run hard-hitting ads urging viewers and listeners in targeted districts to compare their benefits with those of lawmakers. That approach bothered some top Democrats on Capitol Hill, including House Majority Leader Richard Gephardt (D., Mo.), who fears a backlash against incumbents if Congress is held out as an island of perks.

The AFL-CIO will feed $500,000 to the Campaign for Health Security, whose ads will make the comparison with congressional benefits. Originally put together to support a "single-payer" health-care system, the group now has become a hard-line supporter of the Clinton administration's plan. A single-payer system, in which the government would provide benefits to everyone, is politically all but dead.

The federation will send $750,000 to the Health Care Reform Project, a group made up of labor representatives, the American Association of Retired Persons and others. Those funds will be used for more general ads.

The AFL-CIO is planning to spend more than $3 million for health-care ads this year, but has sent out less than $500,000 so far. Crucial House negotiations on the health-care plan will begin next month.

...lth-Care Reform Faces Deadlock in Congress As Lawmakers Wrangle Over Rival Proposals

By David Rogers
And Hilary Stout
Staff Reporters of The Wall Street Journal

WASHINGTON — The great danger for President Clinton on health-care these days isn't just that his plan has stalled in Congress but that none of the alternatives are moving either.

"Mother Teresa couldn't get a majority vote on a health plan right now," says health-care lobbyist Fred Graefe. And unless the administration or its allies move to break the stalemate, they risk having lawmakers revert to the familiar Washington pose of no consensus, no action.

Still, lawmakers expect some kind of health bill to be enacted this year. After deadlocking earlier this week, Democrats on the Ways and Means health subcommittee were more hopeful of agreement last night. And ironically, the administration is looking to its sometime critic, California Democratic Rep. Fortney "Pete" Stark, to report a plan that will show some movement toward reform — albeit with more of a government role than the president's proposal.

'Somebody Has to Move'

"Somebody has to move," says Democratic Rep. George Miller of California, one of about 10 liberals who participated in a sober meeting with the president at the White House late Wednesday. "If there's no consensus, nobody has to do anything. Then time becomes your enemy."

Small Business's View

The National Federation of Independent Business said it opposes a possible Democratic health-care compromise meant to win sma'l-business support. But it indicated that the plan seems less onerous for small businesses than the Clinton approach. Enterprise, page B2.

The White House's most urgent challenge is to keep up the pressure for action while preserving the basic elements of the Clinton plan in some recognizable form. Yesterday, Mr. Clinton touted his plan among senior citizens in Connecticut, where he brushed aside recent setbacks in House subcommittees and pointedly praised Rep. Stark, the chairman of the Ways and Means health panel, as an ally committed to universal coverage.

For the moment at least, there is no broad White House strategy to jump-start the process. With no other health-care proposal in a commanding position on Capitol Hill, there is no clear camp right now with which to bargain. But with full committee action in the House and Senate not scheduled before mid-April in most cases, the next six weeks provide a window for all camps to re-evaluate and refine their positions.

For the administration, which lacks a clear path in the House, the most important task may be to fortify relations with Senate GOP moderates. The moderates are under pressure from conservatives to resist any compromise, and partisan lines could harden after a Senate Republican retreat next week. Mindful of this, Mr. Clinton struck a bipartisan note by hosting a White House dinner Tuesday for senators of both parties. But the dinner's outward conviviality — and wide expressions of support for the president's goal of universal coverage — contrasts with the thicket of details ahead.

What makes the task so difficult isn't just the immensity of the legislation, but the fact that pulling at one thread can unravel the larger fabric. Congress is accustomed to big budget bills that can involve many committees. But the lines of authority are much clearer in those cases, and the pieces are interchangeable as long as the bottom line is met.

Where It Hurts

Major trouble spots for President Clinton's health-care plan:

- **MANDATORY ALLIANCES** Clinton calls for large, regional insurance-buying pools; rivals want voluntary arrangements, or to permit more businesses to opt out.
- **PREMIUM CAPS** By the year 2000, Clinton would cap the allowable annual increase in health-insurance premiums at the general inflation rate. But conservatives fear price controls, while some Democrats would trigger controls only if competition first fails.
- **EMPLOYER MANDATE** Clinton would require companies to pay 80% of premium costs for workers. Rivals want no mandate, or want the burden placed on the individual. Hybrid proposals could prove hard to administer.
- **TAXATION OF BENEFITS** Clinton would impose a modest future cap on what health-care benefits could be excluded from income. Proponents of a purer "managed competition" approach want tax changes but disagree over where to impose tax penalties and how to recycle revenues as tax breaks.

In the case of health-care, though, lawmakers must not only be cost-conscious but create a system that works. The administration could win votes easily enough by abandoning controversial pieces of its plan, but it and Congress will still need to come up with solutions to replace jettisoned provisions.

Alliance Concept Scares Many

The president's proposal to set up so-called "alliances" — huge, powerful regional health-insurance-buying pools — won't survive Congress. But it is still likely that some type of purchasing pools will be enacted, since portions of the same idea are part of rival plans proposed by Democratic Rep. Jim Cooper of Tennessee and GOP Sen. John Chafee of Rhode Island.

The real debate over the purchasing pools is about how far to go and what to make mandatory. Supporters of the Cooper bill believe that enrollment in the pools should be required of businesses with fewer than 100 workers. But moderate Republicans like Rep. Alex McMillan of North Carolina would like to see a more voluntary approach akin to Sen. Chafee's, in which enrollment would be optional for all employers. Fearing that the alliances could prove too big, like giant farm cooperatives, they also want more than one in a single region or state, to ensure competition.

Cost Controls Are at Risk

While open to compromise, the administration worries that if it gives away too much, it will undermine its ability to enforce proposed caps on the allowable annual increase in health-insurance premiums. "Frankly, I think the premium caps have very little chance of passing around here," says Democratic Sen. Kent Conrad of North Dakota, a member of the Finance Committee.

Yet, as with the buying pools, the cost controls have been embraced in concept by moderate Republicans like Missouri Sen. John Danforth, a Finance member, and Sen. Nancy Kassebaum of Kansas, the top GOP member of the Labor and Human Resources Committee. The White House privately expects premium caps will be diluted to a ceiling that's higher than the general inflation rate, and one that's phased in over a longer time period. Among the competing plans in the Ways and Means Committee, for example, is one to set a series of markers that would trigger cost controls if competition alone doesn't hold down expenditures in the future.

On a host of issues, the middle ground is occupied by young, ambitious political brokers who swear by the ideas of "managed competition," but have each made compromises to satisfy important constituencies.

Jackson Hole Revisited

Many of the experts and academics who helped shape the original managed-care debate are meeting this week at Jackson Hole, Wyo., to revisit the issue. But in terms of practical politics, their ideas are fraught with contradictions. On one hand, their faith in markets makes liberals uneasy; on the other, their willingness to use the tax code to influence individual health-care choices frightens conservatives.

This is clearest in the debate over the administration's proposal to require employers to contribute as much as 80% of the cost of premiums for their workers. That burden has provoked anger among businesses; Mr. Clinton brought this on himself in part because he was reluctant to buck organized labor and embrace provisions on the taxation of benefits that were espoused by the Jackson Hole group.

Mr. Cooper has reshaped these tax provisions himself in a more regressive fashion, and his plan lacks any employer mandate such as the one proposed by the Jackson Hole group. Mr. Chafee's plan is in fact the boldest on the tax side, but by rejecting any employer mandate, his plan, like Mr. Cooper's, comes up short in dollars to make health care truly affordable for working-class families.

This has encouraged interest in a hybrid scheme that would exempt small business from the employer mandate and instead combine elements of Mr. Clinton's plan and of Mr. Chafee's proposal that all workers be required to buy insurance. Even some Senate conservatives speak of the need to require employers who now provide insurance to continue coverage whatever scheme is adopted. But any such hybrid scheme could lead to market distortions because of necessarily arbitrary definitions such as what constitutes a small business.

However the congressional debate unfolds, it will be influenced by forthcoming estimates by the Congressional Budget Office, which is openly skeptical of much of what pure managed competition promises. As a rule, CBO's score-keeping conventions tend to give less credit to new policy ideas. And one of the risks now is that budget standards will discourage innovative thinking and lead lawmakers to make choices that could prove more costly in the long run.

"These are the opening moves in about three or four different chess games, and there are masters on all sides," says Iowa Democratic Sen. Tom Harkin. "I never predict the outcome of a chess game after the opening moves."

65

Business – sphere and contents

- Wofford
- Lenf
- Alleyne
- Bruce _____ (Wofford group)

Group

- group of businesses to support sphere contents
- argued by Wofford et al.

- Henry Simmons organizer – unaffected
- NIAA ?

- Pan Pulses
- Sunkist Calif Edison
- Chrysler

THE WHITE HOUSE

WASHINGTON

February 19, 1994

MEMORANDUM FOR ALEXIS HERMAN
BOB RUBIN

FROM: MACK McLARTY

SUBJECT: CLINTON BUSINESS SUPPORTERS -- STRATEGY

The President commented this past Friday before his CEO luncheon that he was concerned about Clinton supporters not being involved in our Public Liaison and National Economic Council strategy. He noted that several of the people invited to the luncheon had been to the White House several times and were not supporters.

While I think a large number of the Clinton business supporters have been invited to the White House, either to small dinner parties or to briefings held on various issues, I think the President has a good point. I would appreciate a one-page memorandum regarding our plan to make sure we include, on an orderly and regular basis, Clinton business supporters in our NEC and Public Liaison outreach. Included in that memorandum, I would like to know who is going to be responsible in your respective areas for the follow through on this. I would suggest that you include Political and Bruce Lindsey in the development of your thoughts.

Thanks.

Mack

cc: The President
Joan Baggett
Harold Ickes
Bruce Lindsey

Ickes

The Business Council Dinner

Edward L. Addison, President & CEO, The Southern Company
Howard P. Allen, Chairman, Executive Committee, SCEcorp & Southern California Edison Company
Robert E. Allen, Chairman & CEO American Telephone and Telegraph Company
Rand V. Araskog, Chairman, President & CEO, ITT Corporation
Riley P. Bechtel, Jr., President & CEO, Bechtel Group,Inc.
S. D. Bechtel, JR., Chairman Emeritus, Bechtel Group, Inc.
Samuel W. Bodman, III, Chairman & CEO Cabot Corp.
Lawrence A. Bossidy, Chairman & CEO Allied-Signal Inc.
John E. Bryson, Chairman & CEO, SCEcorp & Southern California Edison Company
James E. Burke, Retired Chairman & CEO, Johnson & Johnson
M. Anthony Burns, Chairman, President & CEO, Ryder System,Inc.
D. Wayne Calloway, Chairman & CEO, PepsiCo, Inc.
Lodwrick M. Cook, Chairman & CEO, ARCO
John W. Creighton, Jr., President & CEO, Weyerhaeuser Company
Robert F. Dee, Former Chairman & CEO, SmithKline Beecham
Robert J. Eaton, Chairman & CEO, Chrysler Corp.
William T. Esrey, Chairman & CEO, Sprint Corp.
B. Hervey Evans, Jr., Former President & CEO,McNair Seed Company
John B. Fery, Chairman & CEO, Boise Cascade Corporation
Donald V. Fites, Chairman & CEO, Caterpillar Inc.
Thomas F. Frist, Jr., Chairman, Hospital Corporation of America
Richard Gelb, Retired Chairman & CEO, Bristol-Myers Squibb
Louis V. Gerstner, Jr., Chairman & CEO, IBM Corporation
Sam L. Gin, Chairman & CEO Pacific Telesis Group
David D. Glass, President & CEO, Wal-Mart Stores, Inc.
Joseph T. Gorman, Chairman & CEO, TRW, Inc.
Harry J. Gray, Chairman, Executive Committee, American Medical International, Inc.
H. J. Haines, Retired Chairman & CEO, Chevron Corporation
Richard E. Heckert, Former Chairman & CEO, E.I. duPont de Nemours & Company
Glen H. Hiner, Chairman & CEO, Owens-Corning Fiberglas Corporation
Amory Houghton, Jr., United States House of Representatives
James R. Houghton, Chairman & CEO, Corning, Inc.
Jerry R. Junkins, Chairman, President & CEO, Texas

Instruments, Incorporated
David T. Kearns, Retired President, Xerox Corporation
Robert D. Kennedy, Chairman & CEO, Union Carbide
James L. Ketelsen, Retired Chairman & CEO, Tenneco
James W. Kinnear, Retired President & CEO, Texaco, Inc.
Charles F. Knight, Chairman & CEO, Emerson Electric Co.
Kenneth Lay, Chairman & CEO, Enron Corp.
William S. Lee, Chairman, President & CEO, Duke Power Company
Vernon R. Loucks, Jr., Chairman & CEO, Baxter International, Inc.
James T. Lynn, Retired Chairman & CEO, Aetna Life & Casualty Company
Robert Malott, Chairman, Executive Committee, FMC Corporation
Robert E. Mercer, Retired Chairman & CEO, The Goodyear Tire & Rubber Company
Buck Mickel, Chairman Emeritus, Fluor-Daniel
Michael Miles, Chairman & CEO, Philip Morris Companies
G. William Miller, Chairman, G. William Miller & Co., Inc.
Roger Milliken, Chairman & CEO, Milliken & Company
John J. Murphy, Chairman & CEO, Dresser Industries, Inc.
Paul H. O'neill, Chairman & CEO, Aluminum Company of America
Thomas L. Phillips, Retried Chairman & CEO, Raytheon Company
Dennis J. Picard, Chairman & CEO, Raytheon Company
Lewis Platt, Chairman, President & CEO, Hewlett-Packard Company
Frank Popoff, Chairman & CEO, The Dow Chemical Company
Edmund T. Pratt, Jr., Chairman Emeritus, Pfizer, Inc.
Lawrence R. Pugh, Chairman & CEO, VF Corporation
Lee R. Raymond, Chairman & CEO, Exxon Corporation
John Reed, Chairman & CEO, Citicorp
John Richman, Former Chairman, Kraft, Inc.
James D. Robinson III, Former Chairman & CEO, American Express Company, President J.D. Robinson Inc.
David M. Roderick, Retired Chairman & CEO, USX Corporation
Henry B. Schact, Chairman & CEO, Cummins Engine Company, Inc.
John Sculley
Walter V. Shipley, Chairman & CEO, Chemical Banking Corporation
Frank Shrontz, Chairman & CEO, The Boeing Company
Andrew C. Sigler, Chairman & CEO, Champion International Corporation
C.J. Silas, Chairman & CEO, Phillips Petroleum Company
John F. Smith, Jr., CEO & President, General Motors

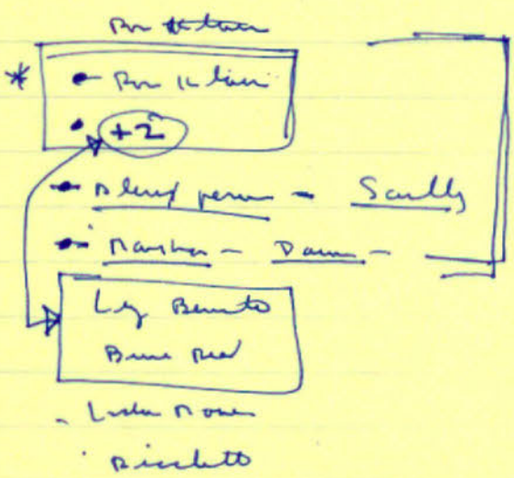
Corporation
Roger B. Smith, Retired Chairman & CEO, General Motors Corporation
Sherwood, H. Smith, Jr. Chairman, President & CEO, Carolina Power & Light Co.
William D. Smithburg, Chairman & CEO Quaker Pats Company
John W. Snow, Chairman, President & CEO, CSX Corporation
W. Reid Thompson, Chairman, Executive Committee, Potomac Electric Power Co.
Alexander J. Trotman, Chairman & CEO, Ford Motor Company
Michael H. Walsh, Chairman & CEO, Tenneco Inc.
Dennis Weatherstone, Chairman & CEO, J.P. Morgan & Co. Incorporated
John L. Weinberg, Senior Chairman, Goldman Sachs & Co.
William L. Weiss, Chairman, Ameritech Corporation
John F. Welch, Jr., Chairman & CEO, General Electric Company
Joseph H. Williams, Chairman, The Williams Companies, Inc.
Edgar S. Woolard, Jr., Chairman & CEO, E.I. duPont de Nemours & Company

Group meeting 2/14/94

- A. Hansen
- N. Levy
-

1. Labeling on Hall
2. Committee structure
3. Constitution groups

- Group meetings begin 23 Feb
- 2 per week

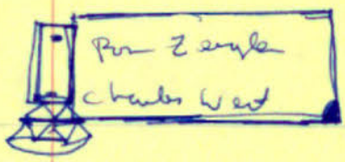


Burns - Heath 2/22/94

Small burns

Small burns (1)

- Pre Z angle
- Chronic Wound
- ...



- chronic during stay [Trouble Assessing]
- related during stay stays (small)

① identify small burns in key database
② identify neurogenic interventions
③ identify small burns in which need related that could benefit from the interventions

All surgical RFACV have up this of question
- Type of name & stay
other areas -
- assessing delays
- fluency
etc

Relevance - during appeal - if showed it would hurt C. West areas

~~Discounting policy~~
Discounting policy - work on

- want same discounts as to be given to key chronic as is given to HMOs & key chronic during stays.

Wal Mart
K-Mart
Longs Supermarkets

(*) chronic during stays - concerned about same on variable, because they cannot keep paying as benefits

Small during stays - concerned about.

(*) [~~a stay extension~~ ; a discounting policy issue ; b relevance]

Relevance
Relevance & freedom of choice are key issues

Small business

THE WHITE HOUSE

WASHINGTON

February 22, 1994

MEMORANDUM TO HAROLD ICKES, ALEXIS HERMAN, AND ERSKINE BOWLES

FROM: Marilyn Yager

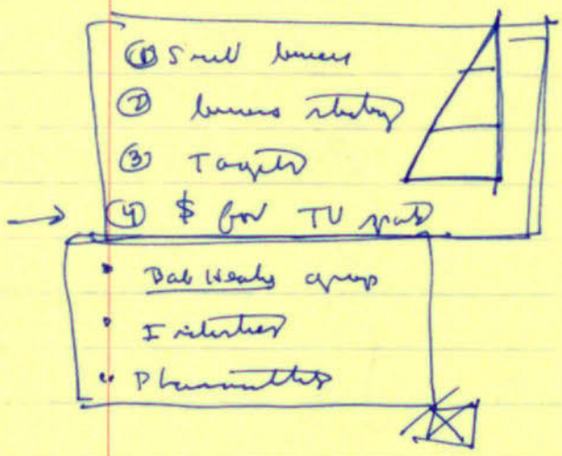
The meeting this morning at 11:00 am in Alexis's West Wing Office is with Ron Ziegler, President of the National Association of Chain Drug Stores, and Charlie West, President of the National Association of Retail Druggists.

The purpose of today's meeting is to seek their leadership in financing and managing a small business grassroots effort. This effort would also serve as a 'place for other small business supporters to go' to help participate in an organized effort both for purposes of building support and for purposes of education.

These two groups formed a coalition last year to promote the provision of a prescription drug benefit in healthcare reform and fair bulk pricing for pharmaceuticals.

They have been strongly supportive of the precription drug provisions of our legislation, and in fact worked closely with us in the development of workable language. They are already working closely with the National Health Care Campaign on grassroots activity.

• Sleep Harm re burns 2/15/94 •

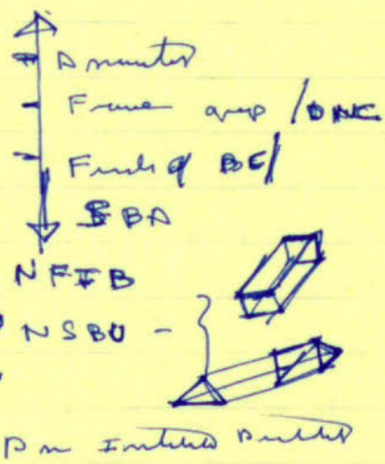


• Ron Zeigler
- Sleep Harm
- Ron Zeigler
- Burg Zumwalt
- $ Fund

→ NHCC

→ Ron Zeigler - National Assn of Chain Drug Stores -

→ Small Burns





NI - • Burned • Altrum

Rich • CEO lunch every week

• Ron Zeigler

Fed Medicare Pres mtg

Pres 192 5 phone

① → DNC -

Small burns ② need to oxygen - need bone of genetics

• Ron Zeigler - state Chair Drug Stores
• Charlie Wait - National Drug Stores

→ ② $ for long burns -

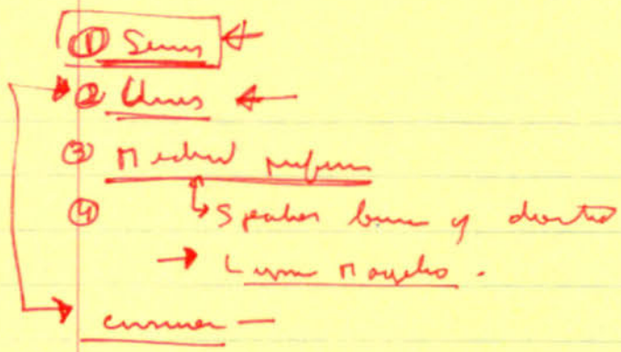
Jeff Watts

③ Large burns -:

- are big now -
- nurses of ~~burned~~ Congress - burns in these states centers
- infection - ⓐ removed
  - ⓑ amputee
  - ⓒ sleep loss

Burden Pres

→ Sears
→ Penney
→ Byerly's


① Sens
② Unus
③ Medius pulsus
④ Spatium breve et durum
Linea magna.
cursus

CORPORATE HEALTH CARE COALITION

1133 Connecticut Ave., N.W. Suite 1200, Washington, DC 20036
(202) 775-9834 Phone (202) 833-8491 Fax

— support employer mandate —

AlliedSignal Inc.
Ameritech
Amoco Corporation
Atlantic Richfield Company
Bell Atlantic
The Boeing Company
Cox Enterprises, Inc.
Dow Chemical Company
DuPont Company
General Electric Company
Hershey Foods Corporation
Intel Corporation
International Business Machines Corporation
McDonnell Douglas Corporation
Pacific Telesis Group
Ryder System, Inc.
Southwestern Bell Corporation

2/15/94

NAME/CEO	COMPANY	STAFF TELEPHONE/FAX	CEO TELEPHONE FAX
Dwayne Andreas, Chairman and CEO	Archer Danials Midland Company		217/424-5515 217/424-5581 CLaudia
Curtis H. "Hank" Barnette, Chairman and CEO	Bethlehem Steel Company	Bill Wickert 202/775-6200 202/775-6221	610/694-6137 617/694-3686
August A. Busch III, Chairman and President	Anheuser-Busch, Companies, Inc.	Rich Keating 202/293-9494 202/293-9594	314/577-3316
Garry N. Drummond, CEO	Drummond Company, Inc.	Joe Bilich (only if Garry is absent)	205/945-6502 205/945-6521 Sharon
Robert J. Eaton, Chairman	Chrysler Corp.	Wally Maher 202/862-5400	313/956-6728
John W. Hechinger, Sr. Chairman	Hechinger Company		301/341-1000
David H. Hoag, Chairman and CEO	The LTV Corp.	Doug Brook 202/872-5523	216/622-5300
John F. Smith, Jr. President	General Motors Corp.	James D. Johnston 202/775-5090 313/556-4671	313/556-5000
Stewart Turley, Chairman, President and CEO	Eckerd Corp.	John Scheels, Dir. Gov. Affairs 813/399-6329	813/399-6333
Alan L. Wurtzel, Chairman	Circuit City Stores, Inc.		202/265-3232 202/265-3019 Sharon
C. A. Corry, Chairman and CEO	USX Corp.	Terry Straub 202/783-6333 202/783-6309	412/433-1121

NAME/CEO	COMPANY	STAFF TELEPHONE/FAX	CEO TELEPHONE FAX
Robert "Bob" L. Crandall, Chairman, President, CEO	American Airlines	DeeGee Wilhelm 202/857-4202 Ed Faberman 202/857-4202	817/963-1234
Victor Lund David Maher	American Stores		801/539-4402 h801/582-6109 f801/531-1369
Thomas M. Downs, President and Chairman	AMTRAK	Tim Gillespie 202/906-3000	
Owsley Brown, II, President and CEO	Brown Foreman Corp.		
Alex Trottman, Chairman and CEO	Ford Motor Co.	Elliot Hall 202/962-5371 202/962-5456	
Harold (Red) Poling, Former Chairman and CEO	Ford Motor Co.		
Martin Davis, Chairman and CEO	Paramont Communications	Larry Levinson 202/429-9690	
Roberto del Rosal, President and CEO	Bacardi Corp.		
Earl Graves, CEO	Earl G. Graves, Ltd.		212/242-8000
Alex Grass, Chairman and CEO	Rite Aid Corp.	James Krahulec 717/975-5710 717/975-3760	717/975-5710 717/975-3760
Peter Manos, CEO	Giant Food	Barry Scher 301/341-4100	
George McCarthy	Hiram Walker Group	Nancy Jessick 202/628-5877	313/965-6611 #275 519/971-5716
Robert Hannan, President and CEO	Thrift Drug		412/967-8745 412/967-8293 Lola Burkhart

NAME/CEO	COMPANY	STAFF TELEPHONE/FAX	CEO TELEPHONE FAX
Peter Lynch	Fidelity Investments		
Thomas M. Culligan, VP	McDonnell Douglas Corp.		703/412-3807
Ronald L. Ziegler	NACDS	David F. Lambert, III 703/549-3001	703/549-3001 703/836-4869
A. Malachi Mixon III, Chairman of the Board, President and CEO	Invacare Corp.		216/329-6000 216/366-9008
Bernard Schwartz, Chairman and CEO	Loral Corp.	Fred Rhodes 703/412-0168 703/412-5508	212/697-1105 212/867-1147

February 10, 1994

BUSINESS STRATEGY FOR HEALTH SECURITY ACT - SUPPORTING DOCUMENT

I. Big Business

a) HSA Supporters
- work with supporters to secure commitments for activities in support of HSA.

b) Opinion Leaders/Coaltions
- continue work with Joint Consultative Team, Atkins Group, Simmons Goupr(we need real names) to improve plan and pick-off support.

- work with supportive members of BRT, NAM, Chamber, to recruit further support from within the organizations.

c) Friends/Supporters
- work with friends/supporters of The President to recruit their support and the support of their colleagues and friends.

II. Small Business

a) Internal Activities/White House Briefings
- conducted by Erskine Bowles and other, these brieifings for small business associaition and friends/supporters will educate small business owners on the HSA. Among the groups are constituents of adminstration departments(e.g. DOT, DOE) and associations who have been redlined(see attached list). They will be followed-up with literature and a worksheet to assist in recruiting support.

b) Field Activities

III. Cabinet Strategy

IV. Issue Tracking

V. Opposition Activities

2/10/94 – Patient meeting –

Health Care

(1) Agenda –

(1) Key and role supporter in hospital discharge

(2) meeting opponents
- NFIB
- Insurance

→ (3) enrollment strategy
- state open books hearings
- contact groups
- eg blank doctors
- eg – Card mailed before

(4) Barriers (a) (b) – big issues – now getting letters who waited for us in DRT/NAM/ Charles

- Rule Lny
- 50% of rest of stuff

(1) – Chiefs/ Core supporters

(2) – big retired groups –

- small issues strategy
- + individual chairs of committees
- Cabinet officers – to coordinate w/ cabinet officers; w/ hearings

- poly coordinator – Tissue poly consultant at this WH as it affects hearings –
- how to deal w/ moral issues –

– DH had daily meeting w/ Lny

– Karen Hofling – DNC
Myron Pope – DNC
– hearings hearings

(Carey Waldrop – forms sent to DNC

DNC – hearings boards

Stem boards – / Open meetings –
Pediatric Patient/ Entitlement/ etc
– began end of Feb
100 + from each state

(2) Journ //

- ~~No~~ [illegible] rules night -
- No new persons -
- Open lectures -
- Joe Valenzuela -

→ Polly Baca - NNS Crosses
Fenwick Gill Town - NNS - Sens

(3) NHEC -

- Sinowy -
- DNC report -
- Barry Walters - ~~left~~ field duties
  - persons -
  - persons actions
- Nesette ~~Boo~~ Boutte - out sick
  works w/ Duke Luf
  Bernard Craighead - boundaries dept
  Nancy Boyleff - Into grant
  John Barker - person speak of the Navy
- (#) - Search dept - Gov
  support region & Region 1 mtg
  Committee - NO operator rest
- * Surrogate Speaker John Christie Bros

(Fred - 18 months ski 18 states)

(4) Dan Schantz -

- concerned about how boutte case appeal
  deals reports on "94

① re arrest

~~② post trip~~

Dw

Fmt of structure needs

- Drift
- re - arrest
  re focus
  re - energy

= Need more info -

= Data coordinate

= regulation meetings

Business Groups and Labor Unions Attack Clinton on Health Plan

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Feb. 3 — President Clinton came under fire from opposite ends of the political spectrum today as the United States Chamber of Commerce joined the Business Roundtable in opposing his health plan, while liberal lawmakers and labor unions complained that the President was too willing to make concessions.

Robert E. Patricelli, head of the chamber's health committee, told Congress that the business group could not support Mr. Clinton's health care bill because "it proposes such a burden of high employer premium contributions, rich benefits and counterproductive regulation."

Even as business groups stepped up their criticism of the Clinton plan, a coalition of 29 labor unions, consumer organizations and liberal advocacy groups sent a letter to the President asserting that he was overly eager to compromise on "fundamental principles of health care reform."

Today's developments illustrate the political problems facing President Clinton as he struggles to fulfill a campaign pledge to guarantee health insurance for all Americans. There is broad, deep support for many of the President's objectives, but the support for the specific intricate mechanism of his proposal appears to be exceedingly thin.

Moving to Open Criticism

Business groups and medical societies that maintained a neutral public stance last year, while quietly trying to influence the White House behind the scenes, are now openly criticizing the Clinton plan, saying it would give far too much power to Government.

Liberals and labor unions that embraced the President's plan as a means to universal coverage, including some groups that preferred a Government-financed program of national health insurance, now express concern that Mr. Clinton seems to be drifting away from his natural allies on this issue.

Mr. Patricelli's comments were more negative today than when he testified before Congress in October. He said then that "all employers should provide and help pay for insurance" for their workers. But in an interview today, Mr. Patricelli, the chairman of Value Health Inc., said, "After a year of working with the Administration, we reluctantly concluded that we had to oppose the President's bill." Value Health, based in Avon, Conn., runs managed care programs that help companies control the costs of drugs and mental health services used by employees.

The chamber represents more than 215,000 businesses, including many small and medium-size companies. Its announcement comes one day after the Business Roundtable, which represents about 200 of the nation's largest companies, struck a blow against Mr. Clinton's health plan by endorsing a more modest proposal sponsored by Representative Jim Cooper, Democrat of Tennessee.

Asked if these events were a setback, President Clinton said: "I don't know what to make of it, but I wouldn't read too much into it. This is the beginning of what will be a protracted legislative discussion."

'Some Sort of Pressure'

In an interview on CNN, George Stephanopoulos, senior adviser to the President for policy and strategy, asserted that the Chamber of Commerce was "bowing to some sort of pressure — I don't know what."

The coalition's letter said that recent statements by Administration officials suggested a willingness to delay the date of universal health insurance coverage, to weaken cost controls in the President's bill, to reduce benefits and to increase the number of companies that run their own health insurance programs, outside the purchasing groups, or alliances, through which most people would get coverage.

Signers of the letter include the American Federation of State, County and Municipal Employees, the League of Women Voters, the Communications Workers of America, Consumers Union, Citizen Action, the International Brotherhood of Teamsters and the United Automobile Workers.

Liberal Democratic co-sponsors of the Clinton bill, including Senators Howard M. Metzenbaum of Ohio and Tom Harkin of Iowa, have said they share some of the concerns expressed by these groups.

Senator Paul Wellstone, sponsor of a proposal for Government-run health insurance, said the President was going too far in trying to placate businesses. Specifically, the Minnesota Democrat said Administration officials were making a big mistake by suggesting that the White House might let companies with fewer than 5,000 workers run their own health plans, bypassing the alliances. Such a concession, Mr. Wellstone said, "dramatically undercuts our ability to achieve universal coverage and meaningful cost controls."

Jeffrey L. Eller, a White House spokesman, said that liberals need not worry. The President, while indicating "flexibility on some details," remains firmly committed to the ultimate goal of health insurance for all, he said.

Fear of Being Overwhelmed

Cathy L. Hurwit, legislative director of Citizen Action, a consumer group with three million members, said: "A number of groups have either endorsed the President's plan or expressed support for the goals of his plan. But if those goals are bargained away, the support will no longer be there.

"If the President is not seriously committed to price controls, if he allows employers with 500 employees to opt out of the alliances, if he is willing to discuss an individual mandate rather than an employer mandate as a way to achieve universal coverage, that raises serious concerns."

Ms. Hurwit added: "We don't see how you can achieve the goals of universal, comprehensive, affordable health care by agreeing to those changes."

Under Mr. Clinton's proposal, employers would have to pay at least 80 percent of the premiums for insurance providing comprehensive medical benefits to their workers. Mr. Patricelli, speaking for the Chamber of Commerce, said that his group had not categorically rejected the idea of such an employer mandate, but that the one proposed by Mr. Clinton was unacceptable.

Mr. Patricelli said he feared that the employer mandate would "overwhelm us with new costs, regulations and bureaucracy." Bernard F. Brennan, chairman of Montgomery Ward & Company, speaking for the National Retail Federation, told Congress that the employer mandate would wipe out low-wage jobs and hurt "the very people Government is trying to help."

But Bruce C. Vladeck, the head of the Federal Health Care Financing Administration, said that elderly people would fare much better under Mr. Clinton's proposal than under alternatives like Mr. Cooper's bill. The President's proposal guarantees coverage of prescription drugs and some long-term care, he noted.

Quotation of the Day, page 2, every day, in the News Summary. The New York Times.

House Approves $9 Billion for Los Angeles Earthquake and Other Emergencies

By MICHAEL WINES

WASHINGTON, Feb. 3 — Congress has a rule that it will not spend money beyond what is budgeted, and thus add to the Federal deficit, except in an emergency. Today the House of Representatives decided that the Los Angeles earthquake met that test and voted $7.7 billion in aid to its victims.

The House also decided that the Pentagon had an emergency, and gave it $1.2 billion in unbudgeted money for operations in Bosnia, Haiti, Somalia and Iraq. And it decided that last summer's Midwestern floods were still an emergency, and voted to spend $300 million on levees and other projects there.

Indeed, it decided that the Loma Prieta earthquake, which struck San Francisco on Oct. 17, 1989, was still an emergency, too, and it voted $315 million in deficit spending for road work there.

Disasters, both old and new, qualify for deficit spending.

In all, the $9.7 billion in emergency aid that the House approved today, by a vote of 337 to 74, was 40 percent more than the White House had requested.

Some lawmakers suggested the White House and House Democrats were using the earthquake to shake loose mad money for their pet projects. Still others urged the House to cut spending elsewhere in the budget, offsetting the new expenses.

Neither argument washed with a majority of members, who said an emergency was no time for chatter about fiscal discipline.

"The people in Southern California don't need a Congressional debate," said Representative Richard J. Durbin, Democrat of Illinois. "They need a helping hand."

The legislation now goes to the Senate, where quick approval is considered very likely.

The core of the bill passed today — $6.1 billion for victims of the Jan. 17 earthquake in Los Angeles — was requested by President Clinton on Jan. 25. That allotment includes $1.35 billion in highway funds, $3.5 billion for the Federal Emergency Management Agency, a $400 million White House contingency fund and $500 million in housing and civic-project grants.

But on Tuesday, the Administration came back to the House Appropriations Committee with a request for $3.5 billion more in emergency money, only $1.55 billion of which would be added to the Los Angeles relief effort.

The remaining $1.95 billion, bound for the Pentagon and disasters of years past, was all designated emergency spending too, and placed outside the usual restraints on deficit spending. That led some members to ask how an emergency could be old and an immediate need at the same time.

Representative Barney Frank, Democrat of Massachusetts, asked the House to delete the $1.2 billion earmarked for the Pentagon, arguing that the emergencies date to the 1991 Persian Gulf war and could be financed through the military's annual budget.

Pentagon supporters disagreed. Representative Joseph M. McDade of Pennsylvania, the senior Republican on the Defense Appropriations subcommittee, said the Pentagon had absorbed $30 billion in military spending cuts in the last two years and was running humanitarian missions overseas "out of its own hide."

And Representative Frank R. Wolf, a Virginia Republican whose district abuts the Pentagon, suggested that Mr. Frank was promoting genocide in Bosnia and Russia by proposing to deny aid for the Bosnian airlift.

"Go see the movie 'Schindler's List,' " he said, referring to the motion picture about the Holocaust. "A vote for the Frank amendment would expedite that."

An incredulous Mr. Frank, who is Jewish, later wondered aloud what Mr. Wolf had meant by his remarks.

Mr. Frank's effort lost by a vote of 250 to 158.

Other Failed Attempts

Attempts to offset the deficit spending with cuts elsewhere fared only marginally better.

Representative John T. Myers, an Indiana Republican, urged the House to trim $7.5 billion from a grab-bag of Federal programs, but lost by a vote of 207 to 211.

Minutes later, Representatives Timothy J. Penny, a Minnesota Democrat, and John R. Kasich an Ohio Republican and Jim Nussle, an Iowa Republican, went even further, offering a plan to offset the entire $9.7 billion with new spending cuts.

"This is an emergency we can fit into our budget, our family budget," Mr. Nussle said. But the House disagreed, and the amendment foundered by a 178-240 vote.

The House then passed, 415 to 2, an amendment backed by the Democratic leadership that made $2.6 billion in so-called offsetting budget cuts. However, the House had actually approved all those cuts last year when it passed Vice President Gore's proposal to streamline the Federal bureaucracy; they now are before the Senate and assured of passage.

College Lauds Aide's Rebuke By Farrakhan

By JON NORDHEIMER

The chairman of Kean College's board of trustees yesterday hailed Louis Farrakhan's decision to suspend a top aide for an inflammatory speech he made at the state school more than two months ago.

"I applaud the many citizens, legislators and officials, appointed and elected, who have come forward to denounce the comments by Mr. Muhammad," said the chairman, Larry Lockhart. "Now is the time for the educational community to address the issues raised surrounding hate speech and racism in our society."

The wounds opened by Mr. Farrakhan's aide, Khalid Abdul Muhammad, still run deep on the campus in Union Township, N.J. The trustees and the college administration led by Dr. Elsa Gomez had come under withering criticism for not quickly condemning the Nov. 29 speech in which Mr. Muhammad supported the killing of whites in South Africa, denounced Jews as "bloodsuckers" and mocked Catholics and homosexuals.

Nor are the wounds likely to heal quickly.

A Complaint of Silence

Dr. Henry L. Kaplowitz, president of the Jewish Faculty and Staff Association at Kean, said the administration was still silent on the promotion and sale of anti-Semitic books at black-sponsored campus events. The most recent sale, Dr. Kaplowitz said, took place last month in connection with the observance of the Rev. Dr. Martin Luther King Jr.'s birthday.

"Many white professors wouldn't attend the event because of vendors offering books like 'International Jew' and 'The Secret Relationship of Blacks and Jews,'" he said, "but it didn't deter some black faculty" from attending.

Terence Hanratty, president of the Student Organization, the campus group that invited Mr. Muhammad to speak last November, said he was pleased by the public rebuke that Mr. Farrakhan, Minister of the Nation of Islam, had handed his lieutenant.

"The surrounding community is withdrawing support for our students," said Mr. Hanratty, a physical education major. "Local schools are not extending invitations to our education majors to come in and observe classrooms or practice-teach."

'Some Hostility'

Dr. Gomez, who met with local school superintendents yesterday, said that there had been "some hostility," but that most of the public school leaders continued to support Kean's programs.

Meanwhile, the Union County prosecutor said yesterday that he was investigating two incidents, one late last year and the other this year, in which white students at Kean College said that they had been harassed by black students.

The prosecutor, Andrew Ruotolo, said that he was looking into accusations that black students had shouted "Kill whites!" as they passed dormitories.

Chamber of Commerce Opposes Clinton Health Plan

After GOP Lobbying, Group Withdraws Conciliatory Testimony Prepared for House Hearing

By Spencer Rich and Ann Devroy
Washington Post Staff Writers

The U.S. Chamber of Commerce yesterday backed away from conciliatory testimony on President Clinton's health care proposal and instead became the second business group in two days to publicly oppose the administration's health plan.

The shift came after House Republicans launched an intense lobbying campaign on Wednesday, when they and others received advance copies of testimony of Robert E. Patricelli, a Chamber official scheduled to appear yesterday before the House Ways and Means Committee.

The advance testimony, which was repudiated by Patricelli yesterday, stated that the Chamber accepts "the proposition that employers should provide and help pay for insurance" for their workers but said the required employer contribution should be "no more than 50 percent" of the premium cost, not the 80 percent proposed by Clinton.

The statement was identical to testimony delivered before the Senate Labor and Human Resources Committee by Patricelli last Oct. 15 except for deletion of the word "all" before employers, and a slight difference in the wording of the 50 percent recommendation.

But Patricelli withdrew the prepared testimony when he appeared before the committee yesterday, saying it was "not reviewed by me and was inadvertently sent to the committee by Chamber staff and does not accurately reflect the position of the Chamber."

Patricelli said yesterday that the Chamber could support some form of "employer-employee contributions" or "shared responsibility" but that he had not yet seen any acceptable plan.

"We specifically cannot support the president's Health Security Act," he said. Despite some good elements, it would impose such a burden "of high employer premium contributions, rich benefits and counterproductive regulation and new federal and health alliance bureaucracy that we believe it cannot even be used as a starting point for committee markup."

The Chamber repudiation occurred only a day after the Business Roundtable, made up of 200 of the nation's largest companies, backed a pay-as-you-go health care bill sponsored by Rep. Jim Cooper (D-Tenn.) that does not guarantee universal insurance coverage. Clinton has threatened to veto any bill lacking that provision.

In another setback for Clinton, the National Association of Manufacturers and four other business groups sent letters to Cooper, his House cosponsor Fred Grandy (R-Iowa) and Sen. John H. Chafee (R-R.I.) saying they "support" discussions among the three to draft a health plan based on "market competition reform."

The movement against the president by the business community has upset the White House and prompted an internal debate over whether Clinton should, as one adviser put it, "take off the gloves" against the insurance industry. Leaders of that industry played a major role in the Business Roundtable decision to support the Cooper plan. Both Hillary Rodham Clinton and the president are considering launching verbal assaults on the industry.

Patricelli, under questioning by Rep. Fortney "Pete" Stark (D-Calif.), said, "We have not rejected mandates out of hand—we haven't found one yet in a balanced plan" that would work. He told a reporter, "There might be some conditions under which we could support a shared responsibility concept but we haven't seen anything yet."

Rep. John A. Boehner (R-Ohio), who launched the lobbying campaign against a more conciliatory Chamber statement, said yesterday the "Washington staff of the Chamber" was ignoring the concerns of business members across the nation who opposed the Clinton plan and was about to "sell out its members for 30 pieces of silver," that is, access to the Clinton White House.

"That statement is completely wrong and there is no basis of fact in it; he has a very vivid imagination," said a Chamber spokesman. "It's not the first time he has claimed credit for something he didn't do." The Chamber represents 215,000 companies, primarily those who have fewer than 100 employes.

White House officials privately expressed disgust at what one called "the fourth position the Chamber has had on these issues" and denied they had tried to stage-manage the early testimony to offset the bad news from the Roundtable.

Boehner said House Republicans were "shocked" and "outraged" when they learned that the Chamber's initial version of the testimony would specifically endorse "employer mandates," requirements that employers pay part of the cost of insurance for their employees. Boehner said he sent a letter to Richard L. Lesher, president of the Chamber, sharply attacking the Chamber for such a position and calling it unrepresentative of the Chamber membership. Boehner and many of those involved in the campaign are longtime Chamber backers and have voting records nearly 100 percent in line with Chamber positions.

Boehner said an estimated 30 to 40 House Republicans were contacted to call their local Chambers and have them call Washington to withdraw the earlier statements. Chamber officials said yesterday the campaign was not decisive, that officials working on final testimony Wednesday had received only three calls—one from a Democrat, one from a Republican and one from the New Jersey Chamber.

This is the second time this year the Chamber has run afoul of House Republicans, normally their closest allies. In the battle over Clinton's original budget, the Chamber, after three months of controversial neutrality, finally announced that it would oppose the business tax increases in the president's budget plan.

"We had a celebrated fight last year over the principles we believe in and we thought they were our allies," Boehner said of that dustup. "We thought we and the Chamber had a long-held belief that mandating benefits violated those principles. When we saw the Washington staff selling out our members again so they could stand arm-in-arm with the Clinton White House we felt we had to stop it."

THE WASHINGTON POST FRIDAY, FEBRUARY 4, 1994

'Break-Ins' Hit Huge Network Of Computers

Internet's Managers Act to Guard Security

By John Burgess
Washington Post Staff Writer

A1

Tens of thousands of users of the Internet, the global computer communications network, last night were advised to change their security passwords following a rash of break-ins to Internet computers here and abroad.

The federally funded Computer Emergency Response Team (CERT) issued the advisory, saying that thousands of passwords already have been collected illicitly by people using advanced surveillance software. The illegal collection may be continuing and accelerating, it said.

Authorized users of the Internet must type in a supposedly secret password when they link their own computers to the network to send or receive information. Anyone who discovers another person's password can enter the system as that person, gain access to their confidential files and destroy or alter them.

The security breach raises the specter of larger ones in the future as technology permits a more advanced "information highway," a high-speed channel for video, sound and text that the Clinton administration is promoting as a boon to the U.S. economy and society.

"The highwaymen are taking over the highway," said Eugene Spafford, a computer security specialist at Purdue University.

CERT declined to give details of the incidents or to say where they had occurred. Neither would it comment on whether people had used the illicitly obtained passwords to destroy information or cause other damage. But it said it was sending out software that would strengthen Internet computers against such intrusion.

An official at Rice University in Houston confirmed that that school had been hit. The operator of the

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INTERNET, From A1

campus's computer network began getting notice from other Internet systems of unusual events and cut off the university's network from Internet on the night of Jan. 23.

Investigators found intruding programs in several computers on the campus. To repair the breach, they replaced more than 3,000 passwords, beefed up their computer security and repaired incidental damage.

"We're keeping our fingers crossed in trying to get things up and running," said Patrick Humphrey, a network operator at the university.

The incident was first investigated by reporter David L. Wilson of the Chronicle of Higher Education, a trade newspaper. It also has confirmed a similar event at Bard College in New York State.

Computer security specialist Spafford said he had heard the number put at dozens in the last several months.

The Internet serves an estimated 15 million people worldwide. It allows people to use their computers to exchange electronic mail, browse through distant electronic libraries and transfer pictures and sounds.

Operators of Internet computers have been reporting scattered break-ins for several months, but the numbers had been viewed by many security experts as a routine hazard of running a network. Notable was Panix Public Access Network, a New York company that serves as a "gateway" to the Internet.

Computer security experts say the method of operation in the cases cited by CERT, the Internet's security overlord, is similar. All are aimed at large computers such as Panix's, which are wired to the Internet 24 hours a day.

Individual users typically connect their home or office computers to the large one by telephone lines and through it gain access to the network at large.

According to Vint Cerf, head of the Internet Society, a computer industry group, the CERT advice on new passwords does not apply to passwords that people use to dial up that "gateway" computer.

It applies only to passwords used by people who, after making that first connection, then "reach out" across the network and sign on to a second machine. That second password travels across the Internet when the person types it in and is therefore vulnerable to interception.

The password-collecting software exploits the same so-called "trap door" that a graduate student named Robert Morris used in 1989 to paralyze thousands of Internet computers. He sent out a so-called virus program that replicated itself and spread from machine to machine.

In the recent incidents, unknown parties have transmitted to the target computer a so-called Trojan Horse program, called that because it is not what it appears to be.

The program enters the computer on an apparently innocent errand. But in fact, it sits and monitors traffic passing through the machine. As people cross the Internet and "log on" to that computer, the program takes note of their names and passwords.

It remains unclear who is behind the acts. But Spafford said that special software that can accomplish this has been written and apparently traded electronically among many people.

The software is sophisticated enough to disable security features in the host machines that are supposed to sound an alarm when an intruder enters.

Cerf predicted the incident would lead to new calls for security on the network. Simple passwords, he said, might be replaced with systems by which the password changes with each use.

Staff writer John Schwartz contributed to this article.

THE WASHINGTON POST FRIDAY, FEBRUARY 4, 1994

FINAL

Business mtg 1/20/94

(1) - Fw, Dwyll, Porter lunch -
- Prudential - to get real mtg
- I'm to do sheet on ERISA - clarifying amn
purpose -
- Meet on Thursday -

- WSJ - Porter/Lunch mtg -
on Thurs / on Fri -

Phone calls to Tom

Roger Altman

- ERISA
- Alamos - too long
- Mutuals & Capitol Alliance
↓ 5,000 to buy -

~~Thurs~~

- after Thurs mtg, decide whether to make phone calls