business, small
— health

OFFICE OF PUBLIC LIAISON

MEMORANDUM FOR ALEXIS HERMAN

FROM Caren Wilcox

SUBJECT: CURRENT ACTIVITIES IN OPL

DATE: September 22, 1994

With the slowdown in health care activities, I have had some time to organize some other data and ideas for the future. In addition, I have been conducting the following activities:

HEALTH CARE

1. Follow up with Chris Jennings regarding individuals who may be willing to write op-eds and other supportive materials, go on TV etc., in defense of Clinton initiatives for health care including employer responsibility and cost containment.

2. Conversations where appropriate with core supporters, including Small Business Coalition for Health Care Reform, National Leadership Coalition for Health Care Reform (Simmons) and the Chambers/Moody group as to their future plans for health care reform.

a. The Small Business Coalition for Health Care Reform has informed us that they would like to stay involved as a coalition. They have agreed to find key members in states who may wish to participate in the approaching White House Conference on Small Business meetings in states.

The Coalition will also aid in the Rural Summit in areas where they can be helpful in identifying panelists etc. Several of these groups can be helpful including the Corngrowers, local pharmacists, architects, and independent drivers.

Marilyn DiGiacobbe, Melissa Murray and I will keep an eye out for other areas in which they can be allies, and thus keep their coalition intact.

b. The National Leadership Coalition for Health Care Reform also wants to fight on for reform in another Congress. They were in existence prior to our administration, and have had a meeting in which they discussed strategy for the future. They have received a grant from the Robert Wood Johnson foundation to go out and describe to business people the need for comprehensive reform. They want our help in identifying the locales for these meetings.

c. The Chambers/Moody group is also trying to determine if it can maintain a base of support sufficient to warrant staff support for health care reform in the future. (Their activities in 1994 were pro bono.)

ALL ARE AWAITING GUIDANCE AS TO THE PLANS OF THE ADMINISTRATION FOR 1995/96.

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

1. Meetings with various people and telephone follow up to identify experienced small business people in key states.

2. Participation in strategy meetings regarding administration support for WHCSB, appointments process by POTUS etc.

OTHER BUSINESS CONSTITUENCIES

1. Identification with Amy Zisook of hardcore supporters of the President for inclusion in meetings with him.

2. Identification for White House Personnel of business people from a diverse universe for consideration as appointees to various advisory committees.

3. Work with some specific companies regarding coming initiatives, visits, such as Yeltsin, APEC etc.

4. Work with women's groups and business liaisons in other departments to assure inclusion in women's business meetings. (To include leaders identified by Edie Fraser for us for special project.)

MISCELLANEOUS

1. Continuing discussions with appropriate individuals regarding future business outreach effectiveness, planning etc.

2. Meetings with DNC personnel where appropriate such as Minyon Moore, Women's Leadership Forum, staff for Trustees, Business Leadership Forum.

cc: Harold Ickes
Steve Hilton

F
Small business
hc

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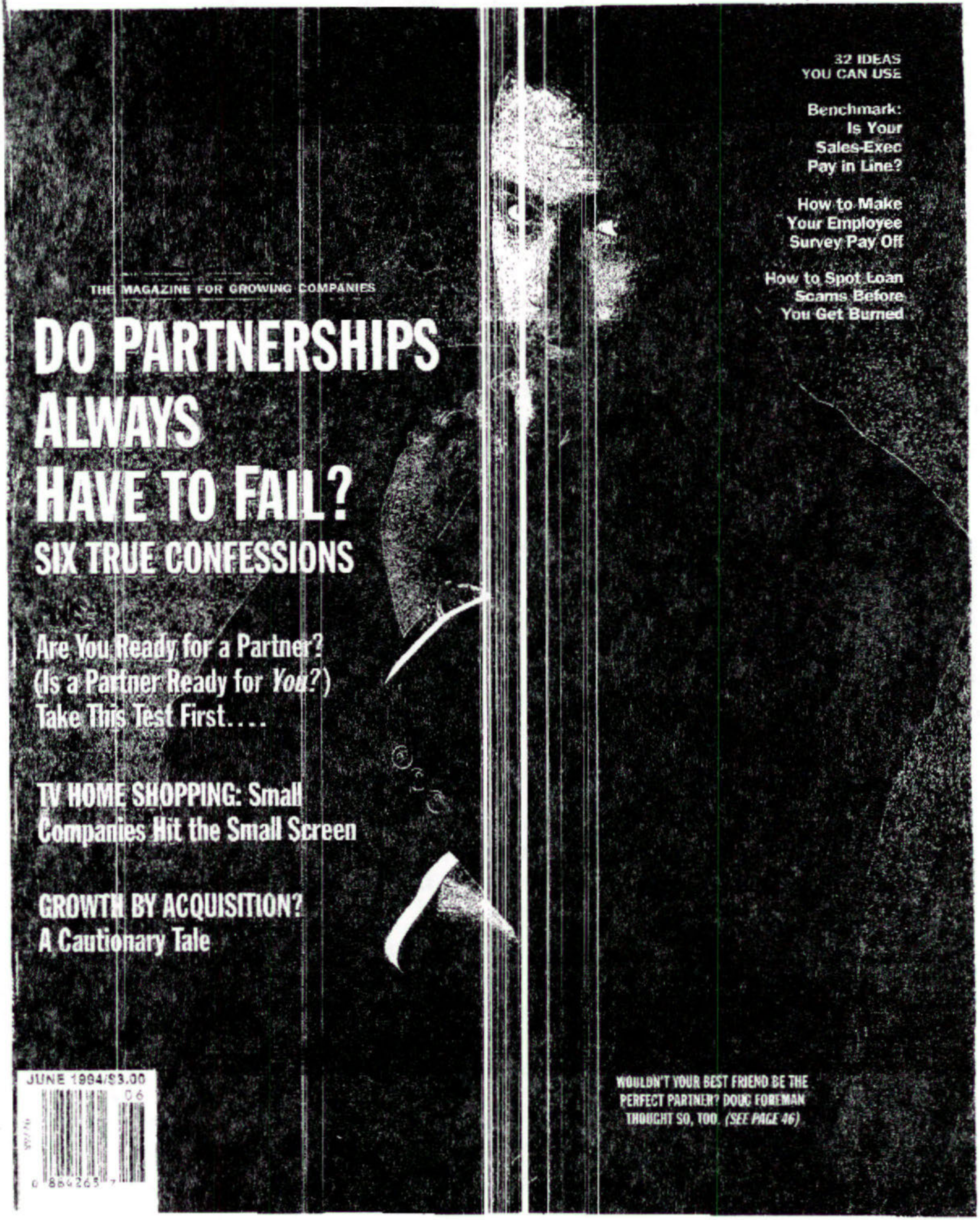
FROM: Alan Patricof
DATE: June 8, 1994

I thought the attached article which appeared in this month's Inc. Magazine says more to set the record straight than any other article I have read about the need for an appropriate healthcare program in this country. It sounds like Judy Wicks, the writer, would be a good spokeswoman for the cause, particularly from the perspective of a small business person.

copies 6/10
to –
✓Ira ✓
✓Greg
✓Alexis
✓Lucy

Do Your Marketing Materials Work? See Page 81



Why Us?

That was my first reaction to the idea of having businesses—especially small businesses—fund the nation's health care. Then I ran the numbers for my company' • By Judy Wicks

As a restaurant owner who loves the business, I'm getting tired of having our employees say to us, "It's time for me to go out and get a real job." Why aren't jobs in the restaurant business considered real jobs? Ask employees, and the most likely response will be "Health-insurance benefits."

Take Keith, a young man who walked into my restaurant a few years ago looking for a job as a waiter. Keith was a little rough around the edges at first, but after he had several months of training and experience, customers were requesting him. He learned the job of making people feel cared for and happy. His cheerful suggestions gave him a high average check per customer, while his efficiency got those tables turned for a third seating, with just the right timing to keep customers from feeling rushed.

Before long Keith became one of the top salespeople in a company grossing $3.6 million. He got good tips. Everyone was happy. And then the other day Keith showed me pictures of his young daughter and explained that a second child was on the way. I knew what was coming next, because I had heard it so often during my 22 years in the business: "Time for me to go out and get a real job." Keith is now headed for a big hotel chain where he can get full health-insurance benefits for his family, something we could never afford to offer.

My restaurant, the White Dog Cafe, in Philadelphia, employs 96 people, including the staff of our adjoining gift shop, the Black Cat. Like many small businesses, we're providing just what the economy needs. We employ lots of people; many are low-skilled and at entry level. But as in other restaurants, profit margins are slim, and the concept of providing health insurance for all just doesn't compute. It's not that we don't want to do so. We believe that all our staff should be covered, but under the current system we can afford to cover only 15 people.

When I heard that the Clinton health-care-reform plan mandated that all employers provide health insurance, my first reaction was, "Why us?" We're already burdened with the enormous task of collecting income and sales taxes, matching social security, and paying unemployment taxes and workers' compensation, let alone city, state, and federal business taxes and property taxes—the list seems endless.

Then I thought of Keith and how most of our staff members are not covered by health insurance. Jeannie, one of our cooks, insures her two children under a welfare plan, but she does not qualify herself because she works. She is typical of the people not covered by health insurance: employees of small businesses who can't afford coverage for themselves and whose employers don't provide it. Eighty-eight percent of people with private insurance are covered through the workplace; the majority of those not covered live in families headed by working people like Jeannie and Keith.

It's no secret that most business organizations, including the National Restaurant Association, have come out against the Clinton plan. I've been hearing wild stories about how a pizza would cost $37 if the plan were passed and how the restaurant industry would be forced to lay off more than 800,000 workers. So I decided to take a closer look to find out exactly how the plan would affect the White Dog Cafe.

Judy Wicks c... with Hillary Rodham Clinton.

Through a formula that takes into consideration the number of employees in a business and the average wage earned, the proposed plan caps the amount a small business must pay at 3.5% to 7.9% of total payroll. We currently pay an average of around $30,000 in annual health insurance to cover 15 employees. Under the Clinton plan, in which our cap would be set at 3.5% of payroll, our costs would increase to around $60,000 to insure all 96 employees. The additional $30,000 expense could be covered by increasing our prices by less than 1%. Covering all 96 employees under the current system, even with a 20% employee contribution, would cost us $140,000. Opponents of the plan call it a new payroll tax; I call it a bargain. Here's an opportunity to insure all our employees at an affordable rate, something we cannot do under the present system. We increase our capacity to attract and maintain valuable employees. I can see some sense in big-business opposition to the plan, but how can small businesses not see the benefit?

Our office spends hours researching health-plan options, and we know that as a small business we cannot get the same rates that are available to large companies. Some sort of purchasing-alliance system would give us a competitive bargain-

Judy Wicks is the co-owner of the White Dog Cafe, in Philadelphia.

ILLUSTRATION: ANTHONY RUSSO; PHOTOGRAPH: AP/WIDE WORLD ing position and eliminate the hours we spend not only in researching plans but also in collecting employee contributions, both of which would be handled by the alliance. We currently offer two health-plan options to our employees; the proposed plan would offer three. Another thing our office hates to do is send checks for workers' compensation insurance, which cost us more than $50,000 last year to provide medical coverage for a few minor cuts and burns. The Clinton plan suggests transferring the financial responsibility for all medical benefits, including those under workers' comp and auto insurance, to the new universal health system.

Under the current system, we cannot change insurers for a better plan, because one of our employees with a preexisting health condition would lose his coverage (something we're not willing to let happen). The Clinton plan prohibits insurance companies from refusing or dropping coverage because of poor health. That is an experience many employers with a small employee pool have run up against and one of the main reasons we all seem to be in agreement that universal coverage is the fair and practical solution. The argument is about who's going to pay, but the way I see it, we're all going to pay one way or the other—either through the government with increased taxes or through the workplace with increased prices. Currently, we small-business people are paying for generous full-coverage health benefits for government workers through the taxes we pay and we're paying for those same benefits for big-business employees through the consumer prices we pay. So why shouldn't our employees get the same coverage?

I've been hearing wild stories about how a pizza would cost $37 if the Clinton plan were passed and how the restaurant industry would be forced to lay off more than 800,000 workers.

Small companies like mine would greatly benefit by offering health insurance to all employees, because it would make us more competitive with big business in the labor market. For so long, restaurant workers have been like second-class citizens in this economy. The fact of the matter is, unlike other industries, we small restaurants have never charged our customers what it really costs to run our businesses, which should include the cost of health insurance for all our workers. And the proposed plan presents an opportunity to provide full health-care coverage for all our employees at such a low cost that we would have to raise prices only slightly. All restaurants could make that increase without losing business; after all, we're not an industry that is losing its customers to Mexico.

Right now our worry is more about losing our best workers to big companies. I want to be able to call Keith up and say, "Come back to the White Dog. We have a real job for you." ■