MEMORANDUM

To: White House Staff
From: Health Care Delivery Room
Subject: Script of Tonight's Presidential Address to the Nation
Date: August 4

Tonight, the President will begin a series of nightly broadcasts to the American People about health care. These broadcasts from the Oval Office will air nightly at 7:50 pm Eastern time on CNN. Attached please find

-the script from tonight's broadcast;
-general talking points about the programs; and
-q's and a's.

We will circulate the scripts daily along with talking points. If you have any questions or need more information, please call Catherine Balsam-Schwaber 6-2566.

TALKING POINTS FOR WH OFFICIALS:
THE PRESIDENT TALKS WITH THE PEOPLE ON HEALTH CARE

* America faces a historic choice -- one that affects every American family. This is a serious decision for our nation -- a decision that should not be relegated to soundbites.

* Every American deserves to hear the details of what Congress is deciding. Every American deserves the opportunity to express his or her opinion before the critical vote is cast.

* The President wants to takes his case directly to the American people. For the next several evenings -- until the Senate roll is called on the vote to decide universal coverage -- the President will speak to the public about the central elements of the approaches before Congress. At 7:50 pm Eastern time each night on CNN, the President will speak from the Oval Office for 2 minutes about a different key element.

* Only a clear explanation of the proposals before Congress can cut through the haze of misinformation thrown up by the special interests who oppose reform. $50 million have already been spent on advertising. As Kathleen Hall Jamieson of the Annenberg School of Communications said, "We are witnessing the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

* The series will begin on the evening of August 4 and will continue until the Senate's critical vote on universal coverage. [Do not indicate they will run every night -- they will run every night in the beginning, but if the vote stretches out too far the broadcast might be spaced out across more than one day.]

QUESTIONS AND ANSWERS

Q: Why paid ads on CNN? Why not just a prime-time Oval Office address on the networks?

A: We asked ABC, NBC, CBS and Fox if they would broadcast an address by the President to the American people on this critical issue of health care. They all said no. But the President strongly believes that the American people must have the facts before Congress votes on this historic decision. That is why we decided to take this unpredecented step in doing a series of broadcasts on CNN.

[So far in 1994, the President has made no Oval Office addresses. In contrast, in the second year of his first term, President Reagan was able to make 6 Oval Office addresses.]

Q: Isn't this just a last minute attempt to save a dying bill?

A: Not at all. Studies show that $50 million has already been spent to influence this decision -- most of it by opponents of reform. And millions more will be spent in the coming weeks. The President wants to take his case directly to the American people before this historic vote.

Q: What is the President selling? Is it Mitchell? Is it Gephardt?

A: The President will be talking about key elements of reform that are contained in both approaches. And he will be talking about the importance of universal coverage -- the central element in his original proposal, the House bill and the Senate bill.

"Introduction"
DNC-TV-2:00

President Clinton:

Good evening.

In the coming days, Congress will face a critical vote that will measure our national character. In that vote, our nation will have its best chance -- maybe it's last change this century -- to assure that every American, regardless of wealth or privilege, will be helped or healed when they're sick.

This is something Hillary and I both care deeply about --

To make sure all Americans have health care;

To preserve the quality of that care;

And to bring costs under control.

As you know, the plan I originally advanced has been changed. In many ways for the better. And besides, in the end, whose plan passes is not important. What is important is that you have guaranteed private health insurance that can never be taken away.

We've listened...

We've heard you...

And the new health care approach that will be voted on soon is less bureaucratic.

It offers more choice, not less; you can keep your doctor and the coverage you now have or you could choose a new plan that saves your family money.

This approach contains new protections for small business -- and will be phased in over a longer period of time to make sure we do things right.

In the truest sense, this is a conservative approach that keeps what's best in the present system -- and fixes what's wrong.

For example, it establishes controls on government spending and relies on competition in the market place to hold down the ever-increasing cost of private insurance premiums.

GRUNWALD
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DONILON

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Yet many of you still have doubts about reform and I sure can understand why. I see the same TV ads you do. Never in the history of the Republic has so much money been spent to defeat an idea.

The vote will be close -- the vote will be soon.

So, if you decide this legislation is good for your family, join the fight. Call your Senators and Members of Congress. Talk with your neighbors. Make sure they understand the facts.

That's all I ask -- that we as people make this historic decision based on facts and not fear.

Thank you and I'll talk with you again tomorrow night.

THE MITCHELL HEALTH CARE REFORM BILL: A MODERATE APPROACH TO ACHIEVING UNIVERSAL COVERAGE

Universal coverage is achieved in two stages. First, market incentives, insurance reforms and assistance for low and middle-income families are provided. These market-based reforms and incentives are allowed to work until the year 2000. Second, if the market reforms do not provide coverage for 95% of Americans by the year 2000, a commission would submit recommendations to the Congress on how to achieve coverage for every American. If the Congress does not then act to achieve universal coverage, employers and employees would be required to contribute evenly to the cost of health coverage. Small employers with fewer than 25 employees would not be required to contribute.

Here are the central elements of the Senate compromise bill:

Affordable Insurance For Working Families. Insurance companies will be forced to compete for business, lowering prices through market forces. There will be a limit on what families pay for insurance. And if you're in between jobs or living paycheck to paycheck, you'll get a discount.

Coverage That Can't Be Taken Away. It will be illegal for insurance companies to drop people from coverage if they get sick, grow old or change jobs. People with insurance will know that they can never lose it.

Choice of Doctor and Insurance Plan. Families will be able to keep their doctor and insurance, or choose a new plan. No one-size-fits-all approach -- people will be able to choose the benefits and plan that best fits their needs.

Preserve and Strengthen Medicare. Medicare will be protected and strengthened. Older Americans have a right to count on Medicare and choose their doctor. Prescription drug coverage will be added to Medicare, and there will be additional help with home- and community-based care.

Help For Small Businesses. The smallest businesses will not be required to provide insurance. But they will be able to join voluntary purchasing cooperatives so they can get affordable insurance.

Improve the Quality of Insurance and Care. The guaranteed benefits include preventive care and prescription drugs. And part of each insurance premium will go to medical research -- to ensure the high quality of American medical care.

Improvements in the Mitchell Bill

Complete Freedom of Choice:

- People can just stay with their current doctors and insurance plan, or they can choose from any number of new plans with choice of doctor.

Added Protection Against Rising Costs For Families and Businesses

- Through expanded competition and by creating purchasing cooperatives for small businesses to purchase cheaper insurance, costs will be brought under control.

Extra Protection For Small Businesses

- If employers and employees do end up splitting the cost of insurance, businesses with less than 25 employees will be exempted. There will be voluntary purchasing cooperatves so small businesses can get affordable insurance.

No More Mandatory Government Alliances and Bureaucracy

- There is no more requirement to join government alliances. Instead, there will be voluntary purchasing cooperatives to allow small businesses and individuals to join together to get high-quality insurance at an affordable rate.

More Businesses Can Self-Insure

- Many more companies which do a good job of controlling costs and providing high-quality care may continue to do so through their own health care plans.

Additional Protection For Federal Budget

- Written into the law will be a guarantee that the cost of health reform does not exceed the savings and revenues earmarked for health reform.

SUMMARY OF THE HOUSE BILL

Coverage

- Universal coverage achieved by January 1999, offered through private plans, including an expanded FEHBP plan, and a new Medicare Part C program for the unemployed, low-come and others not served by private system (see below).

- Standard benefits package includes inpatient/outpatient hospital and physician services, prescription drugs, mental health, substance abuse, preventive care. HHS Secretary defines 10 classes of supplemental packages that insurers can offer.

Insurance Reforms

- Insurance reforms include guaranteed issue, guaranteed renewability, ban on pre-existing condition exclusions, patient access improvements, and anti-discrimination provisions.

- Insurers must sell policies to individuals in firms or groups of 100 or fewer at a "pure" community-rate.

- Employers or associations with 100 or more members can self-insure.

- Any provider willing to accept a plan's fees/schedules is guaranteed ability to contract with any plan.

- Individuals have choice of at least one fee-for-service, and one managed care plan, and a catastrophic plan with a medical savings account.

Financing

- Employers required to contribute 80% of the cost of employees premiums by 1997; small (100 or fewer workers) firms not required to contribute until 1999. Subsidies in the form of tax creditsavailable to firms of 50 or fewer workers, based on average payroll.

- Individuals required to pay 20% of premium costs. Full subsidies for individuals up to the pverty level. Sliding scale of subsidies from 100% to 240% of poverty.

Cost Containment

- Federal spending is constrained by integrating the Medicaid program into Medicare C and by limiting the growth for Medicare part A through C to the rate of GDP growth by 2000.

- A National Health Cost Commission would monitor national health care costs and make recommendations to Congress in 2000 if expenditures exceeded targets. Congress must approve the cost containment on its own, otherwise Medicare's payment methods would go into effect on January 1, 2001.

Medicare, Medicare Part C, Medicaid, UFEHBP

- Medicare would be retained and strengthened through drug, preventive and mental health benefits. Caps and other savings mechanisms would be added to slow spending to targeted growth rates.

- Medicare Part C would be established in 1999 for all those not covered by employer provided insurance plans and for individuals in firms with fewer than 100 workers who choose the Part C option.

- Employers could offer coverage to their early retirees through Medicare Part C. Medicaid program for acute care would be replaced by the Medicare Part C program. States would continue to manage Medicaid's long-term care component.

- Universal FEHBP would be established after insurance reforms and would be available to individuals working in firms of 100 or fewer employees.

States

- Those states who have already started reforming their systems will be able to continue with these reforms, and those would like to establish their own systems -- including single payer, managec competition or employers mandate systems -- will be able to.

Tax Provisions/Miscellaneous

- The bill also includes investments in public health initiatives, a consumer protection program, a commission for studying integrating worker's compensation and automobile insurance, a $.45 increase in the cigarette tax, an expansion of rural health care facilities, and a 2% surcharge on private premiums.

Cabinet Health Line

Health Care Qs and As
July 31, 1994

Talking Points on Universal Coverage and Minorities

* Without universal coverage, hard working middle class Americans will be hurt. For example, even though Hispanics have high workforce participation, they are often employed in jobs which provide little or no coverage. As a consequence, Hispanics have the largest proportion of uninsured workers of any minority group. In 1990, only 40% of Hispanics received insurance from their employer or a relative's employer, compared to approximately 70% of all Americans.

* Without universal coverage, insurance reforms won't work. Latinos have diabetes rates almost double the population at large. Diseases like diabetes are often treated as pre-existing conditions, denying millions of Americans coverage.

* Preventive care is also extremely important to the minority community. For example, minorities have higher-than-average rates of infant mortality. African-American infant mortality rates are double (18.5%) those in white communities (8.1%).

Senator Dole is demanding that the Senate have a full week to review Senator Mitchell's health care bill. Won't this dangerously push the timetable for passing health care legislation this year?

Senator Mitchell said there will be ample time to review and debate health care on the Senate floor. The majority leader is moving the process forward and I am confident that we will see a health care bill this year.

Were the President's partisan remarks to the ADA a signal that the Administration is willing to wage a democrat-only battle?

The President has said all along that I want a bi-partisan health care bill. I have reached out to Republicans from the very beginning, but as I said, we dare not wait longer. The American people want action, not obstruction.

According to the Wall Street Journal, 2/3 of those surveyed said that you should veto a bill which does not achieve universal coverage. Will you stick to your veto threat if there is a bill which falls short of 100%?

Health care reform must work for hard working middle class Americans. Measures which do not achieve universal coverage simply do not work for ordinary Americans. My bottom line remains the same -- The President want to sign a bill which guarantees health insurance to every American that can never be taken away.

Reports are that the leadership may be considering a 50/50 split on mandates. Would this be acceptable to the White House?

The Administration believes that shared responsibility is the most workable way we have yet to see to achieve universal coverage. It works for ordinary Americans. As far as a split, we would have to see the entire package.

Majority Leader Mitchell seems to be heading towards introducing a hard trigger. Reports are that the White House is working with Mitchell on this idea. Are you encouraging Mitchell to introduce a trigger bill?

The Majority Leader is working with members of the Senate to bring a bill to the floor soon. He said last week that he wants to move forward on legislation that guarantees private insurance to every American, contain costs, maintain quality care and preserve choice of doctors and plans.

But would you accept a hard trigger?

We have said all along that we are open to a hard trigger, but it has to work. It has to achieve universal coverage.

Mitchell is also talking about providing children with coverage first. Does the Administration support this?

The Administration is fighting to guarantee in law health care coverage to children and all other Americans - and, as we have previously stated, we are flexible on how you phase in universal coverage.

Would the Administration accept a longer phase in of universal coverage?

We have a phase in our original bill. We have said that we are flexible on a phase in but it has to be in a reasonable time period and at a date certain.

You said this week that you have reached out to Republicans to no avail. How come you are meeting just with Democrats?

Throughout the past year, we have reached out to both Democrats and Republicans to work on legislation that achieves universal coverage. The fact is that Republicans have been moving away from a goal that two dozen of them once supported - universal coverage. We want to work with members from both sides of the aisle to give the American people what they want - health care coverage that can never be taken away.

You said this week that you have not seen a better way than shared responsibility to achieve universal coverage. Are you signalling that you are no longer flexible on employer mandates?

We have said all along that shared responsibility is the best and fairest way to achieve universal coverage. The President has told people to show him another way and he will look at it. No one has yet come forward with a workable solution other than shared responsibility.

Will you sign a bill without abortion coverage?

The President included pregnancy-related services, including abortion coverage, in my original proposal. Most plans currently cover abortion. It is my understanding that there are members of Congress who are working on different proposals. This is obviously a contentious issue that will play itself out on the House and Senate floors.

BC-ABC-GMA-PANETTA SKED
THE FEDERAL NEWS REUTERS TRANSCRIPT SERVICE

ABC "GOOD MORNING AMERICA" INTERVIEW WITH:
LEON PANETTA, WHITE HOUSE CHIEF OF STAFF

WEDNESDAY, AUGUST 3, 1994

7:10 A.M.

TRANSCRIPT BY: FEDERAL NEWS SERVICE
620 NATIONAL PRESS BUILDING
WASHINGTON, DC 20045

CHARLES GIBSON: Tonight President Clinton will hold a prime-time news conference. The president continues to try to find a way to pass a health care plan, and reporters, of course, will also ask about Haiti and Whitewater, and so joining us now from the White House, Mr. Clinton's chief of staff, Leon Panetta.

Mr. Panetta, good to see you again.

MR. PANETTA: Good morning, Charlie. Nice to be with you.

MR. GIBSON: We now have a health care package from Senator Mitchell in the Senate. Are you happy with it? Can the president endorse and sign Senator Mitchell's plan, were it to pass?

MR. PANETTA: Well, we're very pleased with the state of affairs now in the Congress. We've got a House bill introduced by Congressman Gephardt, we've got the Senate bill now introduced by Senator Mitchell. For the first time in 60 years, the House and the Senate are going to be debating real health care reform.

I think what's important for us is that both of these bills will achieve the goals that we've had and that we proposed in the health care reform bill. Both achieve guaranteed coverage for every American, both achieve affordability, and both achieve quality and choice, and that's what we were after.

MR. GIBSON: Well, let me ask you about that point, because in September,

when the president outlined health care reform, he held up his pen and he said, "I will veto any bill that does not provide universal health care coverage."

Senator Mitchell says his bill does not cover everyone. It is not universal health care coverage.

MR. PANETTA: Oh, no, on the contrary. He says that he has achieved universal coverage and that, as a matter of fact, he has a trigger that is part of his bill that would, in fact, go to a mandate if, in fact, he does not achieve the goals of universal coverage that he has in the bill. So we're very satisfied with the mechanisms he's built into his bill.

Don't forget, this is not the end of the road. You're talking about the House passing a very strong bill that achieves universal coverage on a faster track, you're talking about a Mitchell bill that phases it in over a longer period of time. Both of these bills go to conference. I think you're going to see a very strong health care reform bill as a final product.

MR. GIBSON: Well, I hate to debate the chief of staff of the White House about what these mean -- (laughter) -- Mr. Panetta, but --

MR. PANETTA: Charlie, you know better than that. (Laughs)

MR. GIBSON: -- the Mitchell -- the Mitchell bill provides 95 percent coverage -- hoped for 95 percent coverage -- by the year 2000, and Senator Mitchell said yesterday, "95 percent, in my judgment, is not universal coverage. It's an important measure on the way to universal coverage" --

MR. PANETTA: Sure. Sure.

MR. GIBSON: -- "but it's not universal coverage."

MR. PANETTA: No, I think that's right. He recognizes that it's not total universal coverage, but he has built into his bill mechanisms to push it beyond 95 percent. He's got a commission that would continue the effort to achieve universal coverage. He's got a very strong trigger if we don't get to 95 percent, so we think he's got a proposal that, very frankly, keeps the health care debate moving forward, and that's what this is all about.

This is the legislative process, Charlie, and the fact is you've got a very strong bill in the House side, you now have a very good bill on the Senate side moving forward. We are approaching what I think is a very historic moment when the American people are going to get strong health care reform, and that's what we're after.

MR. GIBSON: It is a stronger bill on the House side. The Senate takes out employer mandates, it delays many provisions until after the turn of the century, so how can you ask for House votes? How can you ask for House members to make what is a very difficult vote, knowing that the Senate isn't going to come anywhere near what you're asking the House to pass?

MR. PANETTA: Charlie, as I said, this is a historic moment. For 60 years, we've been fooling around with health care reform. Roosevelt tried it, didn't achieve it; Truman. We had it with Johnson, Nixon tried it.

The reality is that for the first time in 60 years, both the House and the Senate are facing a very tough vote.

This is not easy. Nobody said it was easy. The economic plan last year was not an easy vote, and yet by doing that, we achieved economic recovery. I think the bottom line here is that both the members of the House and Senate know that history is going to determine whether they were successful or whether they failed at this effort. I think they're going to make the tough vote.

MR. GIBSON: You're a strong vote -- or you're a strong voice in the administration for holding the deficit down. This Senate bill leaves cost containment in health care largely up to private industry. Are you comfortable with that?

MR. PANETTA: Well, frankly, I'd like something stronger on the cost containment side, and have indicated that to Senator Mitchell. We hope that it is strengthened on the Senate side. We've got a very strong cost containment on the House side, so by the time -- as I said, by the time we get to a final product, I think we'll see something that has a much stronger provision with regards to cost containment.

MR. GIBSON: Mr. Panetta, the Whitewater questioning in the Senate committee last night of the deputy Treasury secretary went until after 2:00 a.m. Do you think he's been entirely candid with the Congress?
-END-OF-AUTOBREAK(1)-
-AUTOBREAK(2)-FOLLOWS

**** filed by:RB--(--) on 08/03/94 at 08:37EDT ****
**** printed by:WHPR(LMCH) on 08/03/94 at 08:39EDT ****

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **August 2, 1994**

Statement by the President

The bill unveiled by Senator Mitchell achieves what the American people want - health coverage that can never be taken away. The bill provides health security for hard working middle class Americans who deserve nothing less. And it places a high priority on covering the nation's most precious resource, our children. I applaud the Majority Leader and the members of the Senate who have been working diligently to bring a bill to the floor that works for ordinary Americans.

The Senate bill provides for universal coverage, enables Americans to keep their current insurance and their doctor, maintains quality health care and provides greater opportunity to keep health coverage affordable. It builds on the current system of shared responsibility which we already know works.

We have made tremendous progress. The Senate and House are poised to vote for legislation that covers every American for the first time in our nation's history. We have come this far, and we must not turn back now. If Congress fails to achieve universal coverage, if hard working middle class Americans are left out in the cold, and if costs are not controlled, that's simply unacceptable.

The House and Senate will soon begin this debate - a debate that will engage every American family concerned about their health security. While differences in the House and Senate bills will be worked out as the legislative process moves forward, achieving universal coverage remains the critical goal. During the course of this historic floor debate , there will be those who say that reaching universal coverage is not necessary. To those people I say, let the debate begin. Those of us who are fighting for universal coverage are fighting for middle class Americans. This is a debate that we must win and that we will win.

#

cc: melanne
chris
Jennifer

HARRIS WOFFORD
PENNSYLVANIA

UNITED STATES SENATE
WASHINGTON, D. C.

JUL 26 [illegible]

July 22, 94

Dear Hillary,

The enclosed letter to George may be of interest.

On to battle!

Warmly, as ever,

Harris

HARRIS WOFFORD
PENNSYLVANIA

ENVIRONMENT AND PUBLIC WORKS
LABOR AND HUMAN RESOURCES
FOREIGN RELATIONS
SMALL BUSINESS

United States Senate

WASHINGTON, DC 20510-3803

July 22, 1994

The Honorable George J. Mitchell
Majority Leader
United States Senate
Washington, D.C. 20510

Dear George,

I am encouraged by the results of your meeting with the President last night. As I have been urging for many months, we must move away from a debate over the "Clinton bill." The direction you indicated is just right: toward a less bureaucratic, less governmental approach, while preserving the central goal of guaranteeing affordable, private health insurance for all Americans. It is precisely what I have been working to achieve.

In that spirit, let me make several points of strategy and offer some specific suggestions about provisions to be included in the bill.

First, universal coverage, of course, must be our goal -- the prize on which we keep our eyes. The Mitchell bill must chart a way to get there. In doing so, let's break out of the statistical definitions and reject the misleading debate over whether "universal coverage" means 91 or 95 or 98 percent. Instead, let's put forth real tests for universal coverage that have a practical, personal meaning to people: If you have a job, you have health insurance; if you change jobs, you have health insurance; if you lose your job, you have health insurance; if you leave welfare for a job, you have health insurance; and if you retire from a job, you still have health insurance.

Those are the actual gaps into which more and more middle-class families are falling. Those are the gaps we have to fill. Your bill should demonstrate that reform is designed above all for the health security of middle-class, working families, the citizens who are most likely to already be uninsured today, the people at greatest risk of losing the coverage they do have. The poorest have Medicaid. The wealthy can afford their own coverage. Health care reform must protect middle-class families who are in danger of losing coverage under the current system.

Second, as a main theme and guiding principle, let's make it clear that the new Mitchell bill builds on and makes more secure our existing private, employer-based health care system, and is not government-run health care. I've found that the best-kept secret about the current status of health reform is that, beginning with the Labor Committee markup and through the Finance Committee markup, we've already removed from the President's original proposal the mandatory, governmental health alliances that concerned many people -- including me.

There is broad bipartisan support for improving the health insurance marketplace so that small businesses and individuals can bargain for and purchase health insurance on the same basis as large employers. Mandatory, government-run health alliances are not necessary to achieve that goal. Rather, voluntary, non-governmental purchasing cooperatives can achieve the same result, without imposing a large, new semi-governmental structure.

Another well-kept secret is that we propose to give the poor in the Medicaid system choices of private health insurance. Similarly, the Labor Committee bill, like the original Health Security Act, allows people at age 65 to continue with private health insurance instead of going into Medicare. And it protects and improves Medicare, by covering prescription drugs and long-term care. These provisions will make it clear that we seek less government-run health care, not more.

Third, we can clarify what we are trying to accomplish by ensuring that our bill makes it possible for all Americans to have the kind of affordable coverage at work and choice of private health plans that members of Congress have. Opening the Federal Employees Health Benefits Program to all individuals and employers is one way to demonstrate that what we support is guaranteed private health insurance, choice of doctor and health plan, affordable rates, no exclusions for pre-existing conditions, and employer contribution. Most Americans rightly sense that what's good for members of Congress (and millions of federal employees and their families) will be good for them. Let's actually make the Federal Employees Health Benefits Program available as one of the ways that people can choose to get private health insurance.

Fourth, it is imperative that the bill be fiscally responsible and provide that health reform will not increase the federal deficit. The Labor Committee bill has a strong mechanism to assure that the cost of new financial obligations under health reform will not increase the deficit. We required the National Health Board to review the benefit package prior to the implementation date and recommend any changes necessary to ensure that health reform does not add to the deficit.

At the same time, financing for health reform must not only be adequate, it must also be fair. No single sector should be asked to contribute an unreasonable portion of the cost of health reform. For instance, if we rely too heavily on Medicare cuts, seniors and the hospitals and doctors who serve them will suffer. Some propose large Medicare cuts, but would use those savings for deficit reduction. That is wrong. While we must control costs in publicly-funded health programs, this should be done in the context of real and comprehensive health reform that also brings down the inflation in private sector costs -- the costs people and businesses feel in ever-increasing premiums.

Fifth, we must be responsive to the concerns expressed by small business owners. Small businesses that currently provide health insurance, often at unfairly high rates, should be major beneficiaries of health reform. At the same time, we must not place too great a burden on small businesses, many of whom operate on very small profit margins. The Labor Committee bill proposes a significant adjustment for small business and businesses with low-wage workers. Specifically, the bill exempts companies with 10 or fewer employees from the

80 percent employer contribution, and instead assesses a small payroll contribution to assist with the health insurance coverage of their workers. Other committees have suggested different levels of adjustment. Whatever the form of accommodation you select, it is essential that the final health reform bill contains protections for small businesses and a reasonable phasing-in of any new financial commitments.

Sixth, many of the proposals that have been put forward recently have the potential to make things worse, not better. In particular, there is a great risk of giving companies that currently provide health insurance a "green light" to drop or reduce coverage for their employees. That is already happening and is reflected in many labor disputes and strikes over reduced benefits or level of employer contribution. Under the economic pressure that companies face from rising health insurance costs and from competitors who don't provide health insurance, the current trend is toward less coverage. Our bill must reverse this trend.

Seventh, instead of focusing on how to stretch out the time before universal coverage becomes a reality, let's see what can be done sooner rather than later. With each provision in the act, let's try to make it effective as early as possible. The so-called "Kids First" amendment that the Finance Committee adopted is one example of a tangible benefit that can be made available in year one. A prescription drug benefit should become part of the Medicare program quickly.

A number of other initiatives that I have worked on and are incorporated in the Labor Committee bill (some of which I point out below) can be put in place almost immediately to improve the current situation for millions of Americans. In moving to universal coverage, let's not drag it into the next century -- let's set the year 2000 as our date certain.

Here are some of the specific measures that I hope you will include in your bill from the beginning, and that I will be fighting for on the floor:

- Protecting Retirees -- The coverage of early retirees proposed in the original Health Security Act would provide enormous relief both to early retirees and their former employers. Until that benefit is implemented, certain protections included the Labor Committee bill can relieve the anxiety many retirees feel.

Based upon the Retiree Health Protection Act (S.1268) which I introduced last year, the Labor Committee bill includes provisions that make it easier for retirees to maintain their promised benefits. The bill will give employees greater protection when their former employers unilaterally attempt cutbacks that leave people vulnerable at a time in life when age and pre-existing conditions make it virtually impossible for many of them to obtain affordable health insurance.

- Long-Term Care -- The original Health Security Act proposed expanded coverage for home and community-based long-term care. It is essential that this be included in the final health reform legislation we pass. But the President's plan did little to address the problem that people face when they or a family member needs more extensive, nursing home care. So many families across our nation have a personal story about a parent or grandparent

who has had to impoverish themselves in order to pay for expensive nursing homes or qualify for long-term care benefits under Medicaid.

The Labor Committee bill includes the Life Care Act (S. 1833) that I introduced with Senator Kennedy, establishing a voluntary, self-financing insurance system that will allow older people to protect a portion of their life savings and pay for long-term nursing home care. Congressional Budget Office analyses show that such a program can be self-financing and premiums can be kept affordable.

A related provision of the Labor Committee bill establishes for the first time consumer-protection standards for private long-term care insurance policies, based on legislation (S. 203) that Senator Kennedy and I introduced last year.

▸ Privacy and Administrative Simplification -- The Labor Committee bill also made enormous improvements over the original Health Security Act in the areas of administrative simplification and privacy protections. The President's bill proposed a new network of federal data collection centers to gather and analyze health information. The Labor Committee adopted an amendment that I proposed, based on a bill that Senators Bond and Riegle had introduced (S. 1494), to base the information systems in the private sector. Rather than duplicating what is taking place in the private sector and replacing it with a government-run apparatus, the Labor Committee bill now uses the existing private system with simple federal standards. In addition to its advantages in building on what already exists, this amendment can save the federal government billions of dollars because we will not create new, unnecessary federal data centers. Notably, the Finance Committee adopted a similar provision that I support.

The Labor Committee bill also dramatically improves the protections for individual privacy. The President's bill created a commission and gave it three years to recommend legislation to protect the privacy of health information. The Labor Committee adopted strict and sensible privacy standards, based on legislation that Senator Leahy originally proposed (S. 2129). These standards, which have strong bipartisan support, would be effective immediately.

* * *

Mr. Leader, your leadership in crafting a bill and piloting it through the Congress is the key to success. As I emphasized in our private meetings last week and earlier this week, you have my night-and-day help with this, as you've had since I was elected with a special mandate for health reform that assures all Americans affordable, private health insurance.

Referring to the challenge before you, a Pittsburgh friend remarked that if you could mate a bull and a bee, you'd be in the land of milk and honey -- but it's not easy to do. I'm confident you will be able to draw on the best of the ideas in the Senate Finance and Labor Committee bills, the House bills, and other suggestions to produce a bill that will win the support of the majority of the people -- and of the Senate. If you build it -- they will come.

In the days and nights of hard work and big battles ahead, I look forward to winning the battle that Harry Truman began nearly fifty years ago. I was there cheering him on when he called for affordable, private health insurance for all Americans. I'm glad to be at your side as we work and fight to finish the job. As he might have said, it's time for the buck to stop with us, in this Congress, this year.

With warm regards,

Harris Wofford

HEALTH BENEFITS GUARANTEED AT WORK

SUMMARY: *The President's bottom line is guaranteed private health insurance for every American. In order to achieve this, the President chose to build upon the current system and ask all businesses to do what the most successful American companies do today -- provide health coverage for their employees. The critics' claim that this will lead to job loss has been disputed by independent economists -- and a number of studies have concluded that the plan will create jobs.*

BUILDS ON CURRENT SYSTEM:

- Nine out of ten (88%) Americans with private health insurance receive their coverage through an employer-sponsored plan.[1]

- Excluding the very smallest companies -- those with less than 5 employees -- the **vast majority** of businesses provide insurance.[2] Even among the smallest companies, more than half provide coverage[3] and many of the rest say they would if they could afford it.[4] And the most competitive American businesses -- including nearly every company on the Fortune 500 list -- provide medical coverage to their employees.[5]

CONSERVATIVE APPROACH PROPOSED BY NIXON 20 YEARS AGO:

- In 1971, President Nixon first proposed extending the employer-based health insurance system to all employees. Nixon's proposal was one of shared responsibility between employers and employees -- with the employer paying 75% of the premium and the employee paying 25%.[6]

- In support of his employer mandate, President Nixon said: *"In the past, we have taken similar actions to assure workers a minimum wage, to provide them with disability and retirement benefits, and to set occupational health and safety standards. Now we should go one step further and guarantee that all workers will receive adequate health insurance protection."* The costs would be *"shared by employers and employees, much as they are today under most collective bargaining agreements."*[7]

SHARED RESPONSIBILITY – EMPLOYERS, FAMILIES, GOVERNMENT:

- Under the President's approach, employers will contribute 80% of the average cost health insurance plan in an area. Employees will pay the difference between this contribution and the plan they choose.

- The President's approach ensures affordable health care by providing significant discounts to both employers and families. For all firms, except those that choose to form their own alliances, premiums would be capped at 7.9% of payroll and would be as low as 3.5% for the smallest businesses.

- According to a Washington Post survey, 73% of Americans support an employer requirement for full-time workers and 69% for part-time employees. A Wall Street Journal poll found that 65% of Americans support shared responsibility for small firms.[8]

PROVIDES DISCOUNTS TO HELP SMALLEST BUSINESSES:

- Many small businesses -- those with fewer than 75 employees and an average wage of under $24,000 -- will be eligible for substantial discounts on the cost of the insurance they provide their employees. In many cases, contributions for health coverage will be a little over $1 a day per employee for the small employer whose average worker earns minimum wage.[9]

- The non-partisan Congressional Budget Office concluded that: "*[The proposal] would benefit smaller firms that typically pay much higher premiums than larger firms. This leveling of costs could* ***benefit all small businesses – not just those that provide insurance today.*** *With access to more affordable insurance, small businesses would be better able to attract workers who now demand health insurance as a condition of employment.*"[10]

NO COST-SHIFT SAVES MONEY FOR FIRMS THAT NOW PROVIDE:

- Right now, eight out of ten people who do not have health insurance are in working families -- workers or dependents of workers.[11]

- When all employers take responsibility, costs will be substantially reduced for businesses that currently provide insurance. The CBO confirmed that: *"Universal coverage would mean that those firms that now offer insurance would not longer need to pay indirectly through higher doctor and hospital bills for the care given to uninsured workers and their families. On the other hand, firms that do not now provide insurance could no longer ride free."*[12]

- In 1991, employers who took responsibility for their employees' insurance paid an additional $10.8 billion in premiums to cover uncompensated hospital care -- nearly half of which was provided to workers, or dependents of workers, in firms that didn't provide coverage. In addition, those same employers spent $26.5 billion that year to cover dependents who are employed by firms that did not offer insurance.[13]

- A recent study found that **from one quarter to one third** of premiums currently paid by employers who provide coverage for employees and dependents goes to cover the shortfall resulting from companies who do not cover their employees and the dependents of their employees.[14]

- This is why the Wall Street Journal wrote: "*For many small businesses, saddled with escalating health-care costs,* ***President Clinton's health-care package comes as an unexpected windfall***"[15] and Henry Aaron of the Brookings Institution said that "*Successful implementation of health care reform is one of the best pieces of news American business could receive.*"[16]

EVEN WHILE COVERING EVERYONE, BUSINESSES SAVE BILLIONS:

- Even when new spending from those businesses that do not now provide insurance is included, CBO concluded that American businesses as a whole see dramatic savings under reform. *"Overall, businesses' costs for health insurance would be significantly reduced by the proposal. Businesses' insurance premiums for active workers would drop by about $90 billion below our baseline level in the year 2004 . . ."*[17]

JOBS – EXPERTS SAY NEGLIGIBLE IMPACT OR NET CREATION:

- The CBO analysis states clearly that the President's approach will have a negligible net effect on employment. *"The Clinton plan, [CBO] concluded, would not significantly slow the economy or result in the loss of jobs, as many critics have charged."*[18]

- In fact, some experts say there will be **job creation**. Two independent studies -- one from the Economic Policy Institute and one from the Employee Benefit Research Institute -- predict that health reform will cause a net increase in American jobs. The EPI projects that 258,000 manufacturing jobs will be created over the next decade.[19] And the Employee Benefit Research Institute predicts that the President's proposal could produce as many as 660,000 jobs.[20]

- For example, the health care sector should produce a significant number of new jobs. One health expert at the Brookings Institution predicted that the plan will create 750,000 home health care jobs alone.[21]

HAWAII PROVES IT WON'T COST JOBS:

- Hawaii's real world experience suggests that required employer contributions do not necessarily have adverse economic or employment effects. Since Hawaii began asking all employers to provide insurance for their employees in 1974:
  - The unemployment rate has dropped to one of the lowest in the nation;
  - Small business creation rates have remained high;
  - The rate of business failures has been less than half the national rate;
  - In addition, Hawaii's "rainy day" fund, which set up to assist the small businesses provide insurance, has only been used 5 times over 19 years.[22]

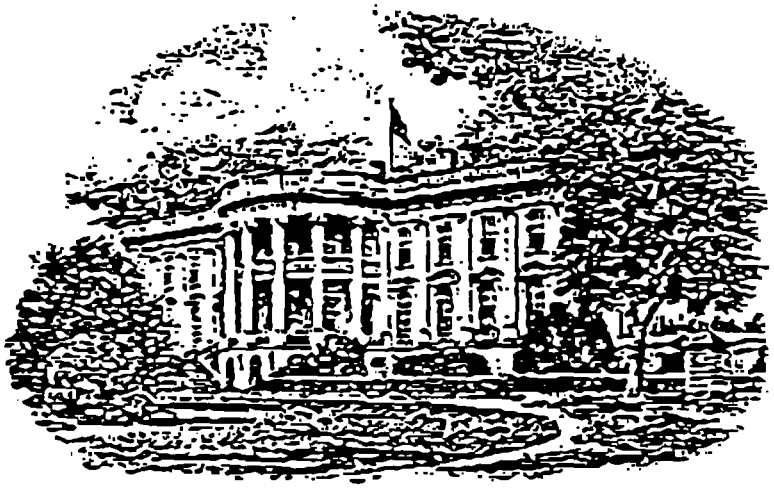
SOURCES:

[1]Employee Benefit Research Institute with 1993 Current Population Survey data, January 1994.
[2]*"Health Care Coverage and Costs in Small and Large Businesses"*, Lewin-ICF Retirement Plan Survey for SBA Office of Advocacy, 6/92.
[3]*"Small Business and the National Health Reform Debate"*, Jennifer Edwards, et al, Data Watch, Spring 1992.
[4]*"Small Business and Health Care: Results of A Survey"*, Charles Hall and John Kuder, NFIB, 1990.
[5]Daily Labor Report, 3/1/94.
[6]S. 2970 *"Comprehensive Health Insurance Act of 1974"*, Congressional Record (p. 2291), February 6, 1974.
[7]*"Special Message to the Congress on Health Care,"* President Nixon, Public Papers of the President, 3/2/72.
[8] ABC/Washington Post, 2/24 - 27/94; Wall Street Journal, 12/93
[9]*"In Clinton Plan, Economic Result Rests on How We Spend Health Savings; Unambiguously Positive Results Predicted for Manufacturing, Exports and Trade Balance,"* Edie Rasell, Roll Call, 2/21/94.
[10][emphasis added] *"An Analysis of the Administration's Health Proposal"*, CBO, 2/9/94, p. 54.
[11]Employee Benefits Research Institute, 1994.
[12]Reischauer Testimony, Senate Finance Committee, 2/9/94.
[13]National Association of Manufacturers, *"Employer Cost-Shifting Expenditures,"* prepared by Lewin-ICF, December 1991.
[14]*"How Would Business React to an Employer Mandate,"* Hewitt Associates, January 1994.
[15] [emphasis added] *Small Business Sees Burdens Getting Lighter,"* Wall Street Journal, 9/13/93.
[16]CBS News.
[17]*Analysis of the Administration's Health Proposal"*, CBO, 2/9/94.
[18]Pearlstein and Broder, Washington Post, 2/9/94.
[19]*"The Impact of the Clinton Health Care Plan on Jobs, Investment, Wages, Productivity and Exports,"* Economic Policy Institute, November 1993.
[20]*"An Employer Mandate: What's Known and What Isn't,"* Employee Benefits Research Institute, November 1993.
[21]Reuters, 9/17/93.
[22]The Hawaii Department of Health, June 8, 1993.

DATE: 7/7
TIME: 5:15

THE WHITE HOUSE

WASHINGTON



FAX COVER SHEET

TO: Jen Klein

RE: Small Business letter

PHONE: ( ) 62599

FAX: ( ) 62878

FROM: Christopher Dodd

PHONE: (202) 456- 5578

DATE

NAME
STREET
CITY, STATE, ZIP

Dear : UNDER?

Thank you for sharing your thoughts about health care reform. You expressed concern about small and mid-sized businesses ~~and the~~ President's health care reform proposal. This is an issue that the Administration considered carefully while formulating the proposal.

The President's plan is sensitive to the concerns of small and mid-sized business owners and employees. The plan contains exceptional benefits and protection for small businesses nationwide. Under the current health care system, small businesses pay much higher insurance rates due to underwriting and administrative costs. The President's proposal, by contrast, provides small businesses with affordable coverage for their employees; as a result, small businesses will no longer face disadvantages in the marketplace. They will join together with other consumers to achieve the bargaining power and administrative simplicity that big businesses have today.

It is the intent of the President's plan to reduce the costs of health care coverage for small employers that currently provide coverage. Many small firms, as the plan is currently written, are eligible for subsidies which reduce health care costs. The President's plan provides subsidies, based on a sliding scale, for businesses with fewer than 75 employees. Firms that already provide health care coverage today will see their costs go down. The independent, non-partisan Congressional Budget Office estimates that the President's reform approach will save businesses $90 billion per year by the year 2004.

This nation now has a historic opportunity to change our health care system to make it work for all of us. I hope you will work with the President to make health security a reality for all Americans.

Regards,

Ira C. Magaziner
Senior Advisor to the President
for Policy Development

July 27, 1994

MEMORANDUM FOR AGENCY STAFF:

FROM: HEALTH CARE DELIVERY ROOM

SUBJECT: HEALTH SECURITY EXPRESS BUS TRIPS

Thank you for your participation in the Health Security Express Bus Trips. Outlined below are the basic themes we would like to convey in press interviews and public events along the way. It is critical that we continue to underscore the President's bottom line -- universal coverage -- as well as the importance of providing health benefits through the workplace.

If you need additional information please feel free to contact us at 456-2566.

I. UNIVERSAL COVERAGE

Throughout this process the President has repeatedly underscored his commitment to one principle - universal coverage. That commitment is unwavering. We must pass guaranteed private insurance for every American in order to:

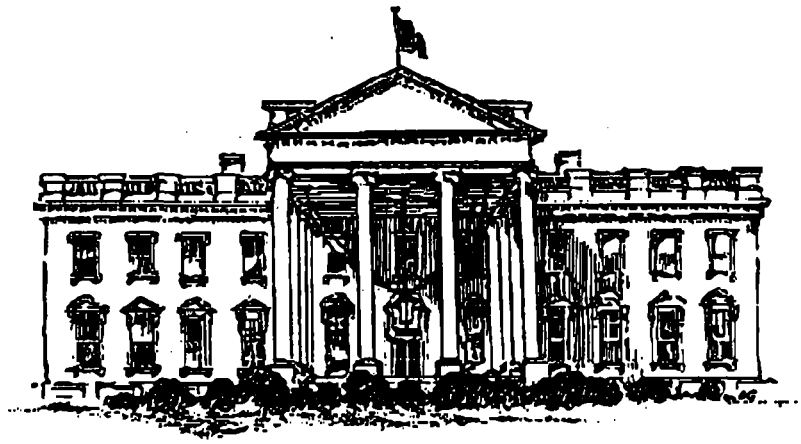
Protect the Middle Class: Without universal coverage the poor will continue to receive benefits through Medicaid and other programs. The rich will still be able to afford comprehensive health care coverage. But, according to CBO estimates, at least 24 million Americans, most of whom work for a living, will have no coverage at all.

Control Spiraling Health Care Costs: People without health care coverage still get health care. But many of them don't pay for it. Their costs are shifted onto everyone who does pay an insurance premium. And their costs are higher because the uninsured often seek treatment after a problem has become a crisis, in a hospital emergency room.

II. SHARED RESPONSIBILITY: THE AMERICAN WAY

Shared responsibility is the American way - part of the American tradition of work and reward. Nine out of ten Americans with private insurance already get it through their workplace. Real health care reform will continue this tradition, building on the existing system and expanding it to include all Americans.

This health care reform debate is coming down to a choice between two approaches. One builds on our American system of workplace health benefits, and makes sure employers live up to their responsibilities. The other approach encourages employers to drop health care coverage for its workers. For middle class Americans, its an obvious choice.



THE WHITE HOUSE

To: Klein, Jennifer Date: 7-29-94

From: Jason Goldberg Page 1 of 2

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1994

Statement by the President

Hard working middle class Americans have moved a step closer to real health security today. House Speaker Foley and Majority Leader Gephardt said they would put forward a bill that achieves universal coverage and controls costs. They have met their goal and the goal of the American people.

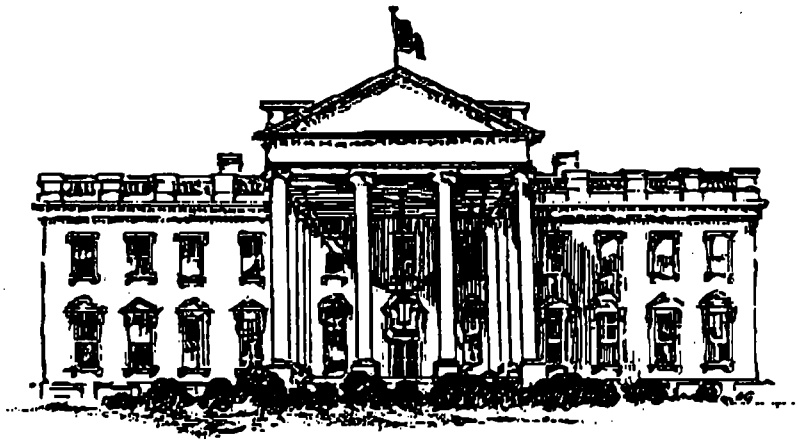
The House bill tells the American people that they have been heard. The bill is simpler, more flexible and more sensitive to the needs of small business. Gone is the bureaucracy they didn't like. Protections for small businesses have been strengthened. And the bill is being phased-in over a longer period. All Americans can keep their health plan and doctor and everyone will have coverage.

The bill also recognizes that shared responsibility is the best way to achieve universal coverage. It works. Building on the current system where nine out of ten Americans receive private insurance through the workplace just makes sense. It works abroad and it's supported here at home by the AMA, AARP, AFL-CIO, hundreds of thousands of big and small businesses and a majority of the American people.

Speaker Foley, Majority Leader Gephardt, the Committee and Subcommittee chairs and many members of the House should be commended for their tireless work to fashion a bill to go to the House floor. They chose a pragmatic and more moderate path, they've achieved the shared goal of universal coverage, and it works for ordinary Americans.

The time has come to pull together and work in a bipartisan manner to deliver guaranteed health care coverage to all Americans.

#



THE WHITE HOUSE

To: Klein, Jennifer Date: 7-27-94

From: Kelcey Kintner Page 1 of 3

Updated Health Care Q & A's

Health Care Talking Points: July 27, 1994

Q. What does the Administration think of the proposal being circulated by Gephardt's office?

A. My understanding is that it is a staff draft and is a work in progress. As the leaders said last week, they are committed to moving forward a piece of legislation that guarantees private insurance to every American, contains costs, maintains quality care and preserves choice of doctors and plans.

Q. Reports are that the leadership may be considering a 50/50 split on mandates. Would this be acceptable to the White House?

A. The Administration believes that shared responsibility is the best and fairest way to achieve universal coverage. It works. As far as a split, we would have to see the entire package.

Q. Majority Leader Mitchell seems to be heading towards introducing a hard trigger. Reports are that the White House is working with Mitchell on this idea. Are you encouraging Mitchell to introduce a trigger bill?

A. The Majority Leader is working with members of the Senate to bring a bill to the floor soon. He said last week that he wants to move forward on legislation that guarantees private insurance to every American, contain costs, maintain quality care and preserve choice of doctors and plans.

Q. But would you accept a hard trigger?

A. We have said all along that we are open to a hard trigger, but it has to work. It has to achieve universal coverage.

Q. Mitchell is also talking about providing children with coverage first. Does the Administration support this?

A. The Administration is fighting to guarantee in law health care coverage to children and all other Americans - and, as we have previously stated, we are flexible on how you phase in universal coverage.

Q. Would the Administration accept a longer phase in of universal coverage?

A. We have a phase in our original bill. We have said that we are flexible on a phase in but it has to be in a reasonable time period and at a date certain.

Health Care Talking Points Continued:

Q. The President said today that he has reached out to Republicans to no avail. How come he is meeting just with Democrats?

A. Throughout the past year, the President has reached out to both Democrats and Republicans to work on legislation that achieves universal coverage. The fact is that Republicans have been moving away from a goal that two dozen of them once supported - universal coverage. The Administration wants to work with members from both sides of the aisle to give the American people what they want - health care coverage that can never be taken away.

Q. The President said today that he has not seen a better way than shared responsibility to achieve universal coverage. Is the President signalling that he is no longer flexible on employer mandates?

A. The President has said all along that shared responsibility is the best and fairest way to achieve universal coverage. He has told people to show him another way and he will look at it. No one has yet come forward with a workable solution other than shared responsibility.

Q. What's the Administration's reaction to the Kristol memo?

A. Bill Kristol continues to remain out of touch with what the American people want. If he thinks that denying American families real health security is in the best interest of the Republican party, all I can say is that he will be proven wrong in November.

We are at an historic time for health care reform. This is not the time to talk about turning back or not acting. This fight has been waged for sixty years and the opposition has always kept American families from receiving the health security they deserve. This cannot happen again this year.

Shared Responsibility: The American Way

Shared responsibility is the American way -- part of the American tradition of work and reward. Nine out of ten Americans with private insurance already get it through their workplace. Real health care reform will continue this tradition, building on the existing system and expanding it to include all Americans.

And shared responsibility will lower costs for businesses that already insure their workers. Small businesses who pay the most today will benefit most from reform. And studies reveal that real reform will not slow the economy, and may even create jobs.

This health care reform debate is coming down to a choice between two approaches. One builds on our American system of workplace health benefits, and makes sure employers live up to their responsibilities. The other approach leaves every family at risk of being dropped. For middle class Americans, its an obvious choice.

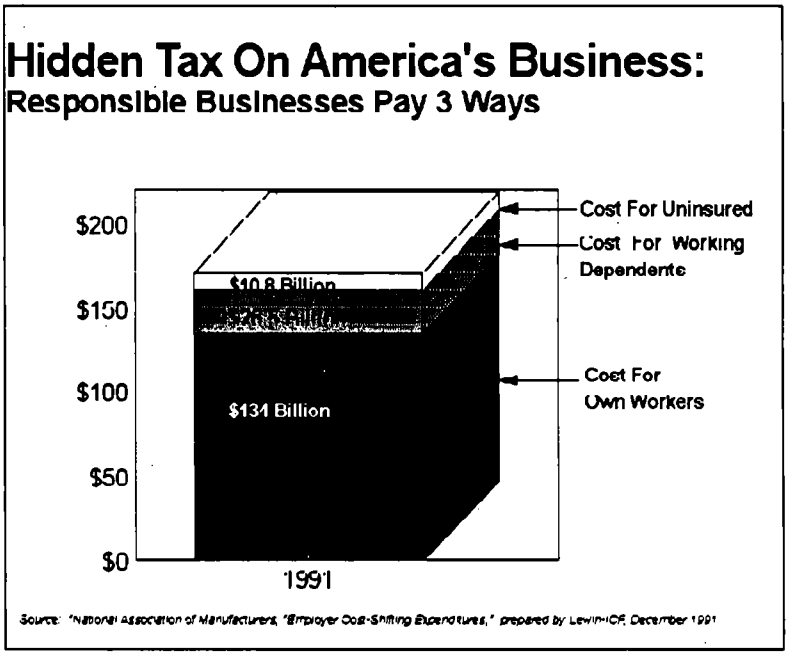
The American people overwhelmingly support Universal Coverage: 78% according to a recent *ABC News/Washington Post* Poll [June 27, 1994]. And shared responsibility is the fairest, and least disruptive way to get there.

I. WITHOUT SHARED RESPONSIBILITY, COST SHIFTING WILL PUNISH RESPONSIBLE BUSINESSES

There is often cost-shifting among firms in the same industry, "*creating a situation where some employers may actually subsidize health care provided to employees in competing firms.*" [National Association of Manufacturers, "*Employer Shifting Expenditures,*" prepared by Lewin ICF, December 1991]

The current system forces responsible employers to pay for insurance three times. First, for their own employees. Second, for dependents of their employees who work, but don't get health care from their own jobs. And third, for the uninsured -- many of them working people -- who show up in America's emergency rooms, and whose unpaid costs are added to the bills of those who do have insurance. **Cost shifting is a hidden tax on responsibility and on employment.**

- In 1991, employers who took responsibility for employees and their families **paid $26.5 billion to cover working dependents whose employers did not offer insurance to their workers.** [National Association of Manufacturers, "*Employer Cost-Shifting Expenditures,*" prepared by Lewin-ICF, December 1991]

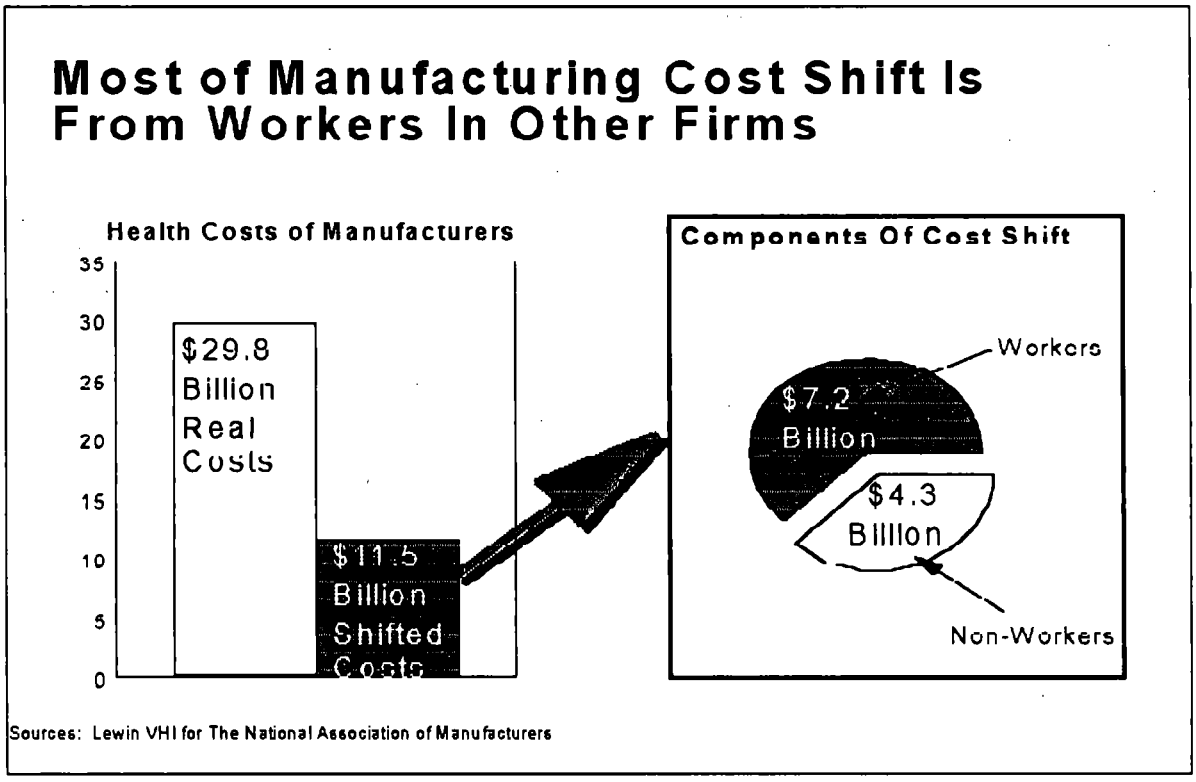


- That same year, employers who took responsibility for their employees' insurance also had an additional $10.8 billion added to their premiums to cover the uncompensated hospital costs of people without any insurance. Nearly half of these were to pay for **"workers, or dependents of workers, in firms that didn't provide coverage."** [National Association of Manufacturers, "*Employer Cost-Shifting Expenditures,*" prepared by Lewin-ICF, December 1991]

The manufacturing industry -- a critical source of high-wage jobs and export-quality American goods -- has been hard hit by cost shifting. America's manufacturers are among the nation's most responsible business, covering almost all of their workers. They must compete against foreign manufacturers with stable, insured, productive workforces, while carrying the extra burden of companies that do not provide coverage.

- **Bethlehem Steel has 20,000 employees but pays insurance for 160,000 people**. Although locked into a competitive battle with Canadian steel producers just across the border, Bethlehem is burdened by **$65 million in additional health care costs** -- almost a third of their total health care bill -- because of cost-shifting. [Testimony of B. Boyleston, V.P. for Human Resources, before Congressional Steel Caucus, 6/23/94]

- One study estimates that 28% or $11.5 billion of the health care costs paid by manufacturing companies are a result of cost shifting. Manufacturers buy insurance for over 3 million workers in other industries. [National Association of Manufacturers, *"Employer Cost-Shifting Expenditures,"* prepared by Lewin-ICF, December 1991]



- **Universal coverage will eliminate the penalty on businesses that provide coverage.** *"Universal coverage would mean that those firms that now offer insurance would no longer need to pay indirectly through higher doctor and hospital bills for the care given to uninsured*

workers and their families. On the other hand, firms that do not now provide insurance could no longer ride free." [CBO, 2/94]

II. AVOIDING SHARED RESPONSIBILITY MEANS MORE WORKERS WILL LOSE THEIR COVERAGE

"For those who have suggested that the best policy may be to muddle through with only small, incremental changes, our analysis suggests that the number of uninsured workers in small businesses will continue to grow. If our survey proves true, in the years ahead ***30 percent of small businesses currently providing insurance will drop their insurance coverage because of the high cost.***" [Health Affairs, Spring 1992]

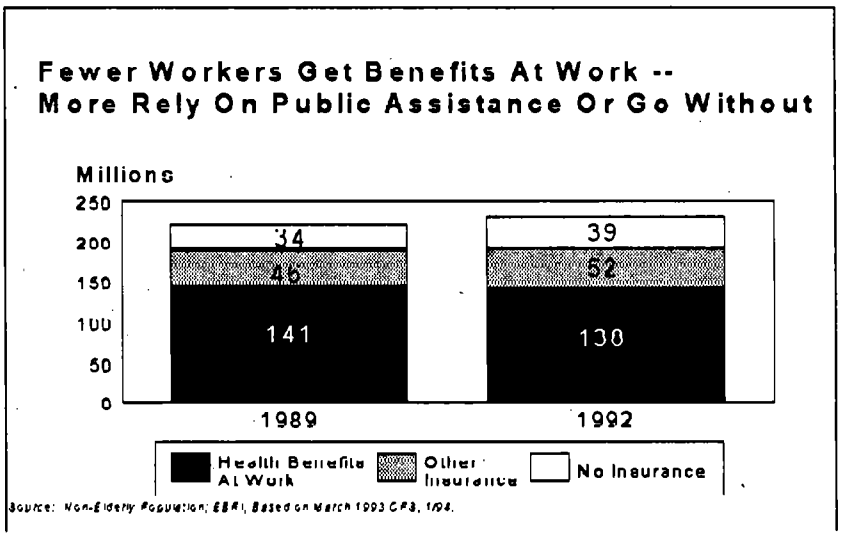
- Under one proposed plan, where benefits were not guaranteed at work, two million workers in small businesses would lose their employer's contribution. [CBO, 2/94]

- Another reform alternative would cost 1.3 million Americans their insurance every month. And 1.8 million Americans a month would lose their coverage under yet another leading alternative. [Lewin-VHI estimates for Families USA]

- If employers do not take responsibility, every worker in the United States will be at risk of having to bear the entire burden of health insurance alone -- $3,900 or more each year. ["Families and National Health Reform," Kaiser Commusission on the Future of Medicaid, 5/94]

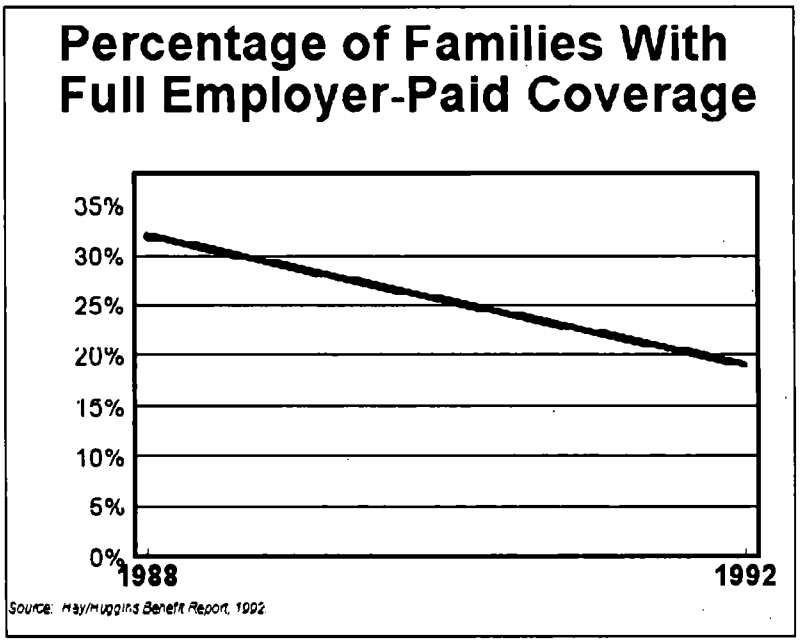
More and more, employees are being hurt as rising costs force companies that take responsibility to cut back.

- The percentage of workers whose employers sponsor a health insurance plan is already falling -- from 81% in 1988 to 78% in 1992. In 1978, 23% of new companies offered health benefits to their employees. In 1992, that percentage had dropped to 15%. [Department of Labor, 5/94; University of North Carolina, 8/92]



- Nearly six in ten Americans earning between $30,000 and $50,000 a year have experienced health benefit cutbacks in their households. The percentage of families with full employer-paid coverage fell from 32% in 1988 to 19% in 1992. [New York Times/CBS News Poll 4/7/93; Hay/Huggins Benefit Report, 1992]

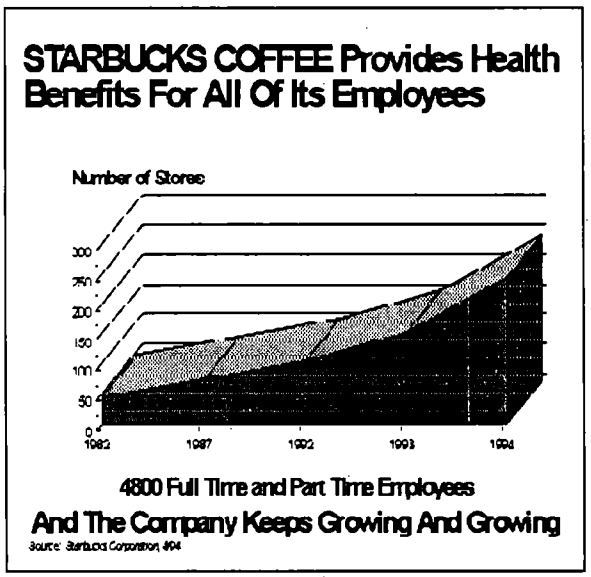
- Steve Burd, President and Chief Executive Officer of Safeway Inc -- one of the world's largest food retailers -- said his company competes "*with some very large companies that don't offer the same kind of coverage*." If health reform doesn't pass with the employer mandate, Burd fears that Safeway might be forced to curtail its coverage "*to level the playing field*." [LA Times Friday July 22, 1994]

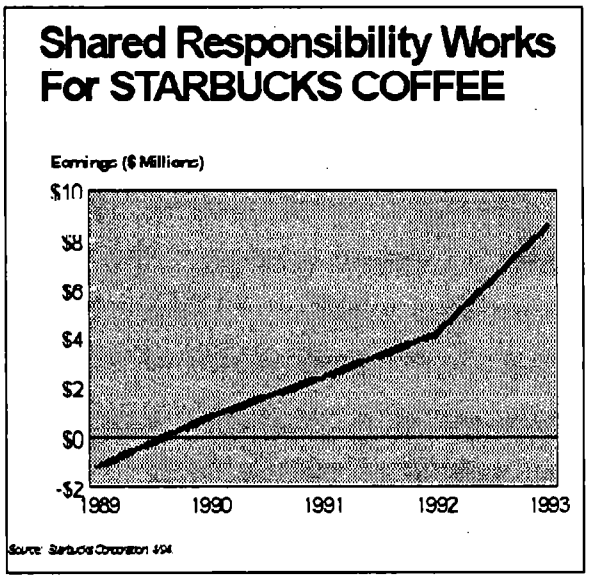


III. SHARED RESPONSIBILITY IS GOOD BUSINESS

"The simple math is it saves the company money. It costs about $1,500 per year to cover each employee, part time and full time, and the cost of attrition if we have to hire and retrain a new employee is over $3,000." [Starbucks CEO Howard Schultz]

- **Starbucks Coffee**, 4,800 employees, was named one of the fastest growing companies in America in 1993 by Fortune Magazine. CEO Howard Schultz believes that a comprehensive employee benefits package for all workers is the key to competitiveness: *"At Starbucks Coffee Company adding benefits for part-time and full-time employees is leading to a healthier workforce and bottom line. The longer an employee stays with us, the more we save."* Starbucks posts higher profits every year, sales have grown almost 80% over the last three years, and the stock price continues to climb.





- **PictureTel**, the technology and market leader in video conferencing, has doubled the number of its employees since 1991 to 865. They are able to provide health care benefits to all their employees and yet still grow at world class rates -- an astonishing compounded growth rate of 97% over the past five years. PictureTel is the market leader both in the U.S. and in Europe.

Shared responsibility works around the world.

"[Pizza Hut and McDonalds] are living proof that shared responsibility works for employers and employees, and as a means for a nation to achieve universal coverage," ["Do As We Say, Not As We Do." The Health Care Reform Project, July 1994]

- **Pizza Hut**, which earned a net profit last year of $372 million, does not contribute to health insurance for many of its hourly restaurant workers in the United States. The company does make a group insurance plan available, but employees are required to pay the full amount. After six months, the company will contribute to the cost of supplemental coverage, but paying for the basic plan is still the responsibility of the employee.

  By contrast, in Germany, Pizza Hut is required to pay 50 percent of its employees' premiums. As of 1991, there were 61 Pizza Hut restaurants in Germany with revenues of $39 million and 2,100 employees. In Japan, Pizza Hut is required to pay 50 percent of the premiums for employees who work at least 30 hours per week as most do at any of the company's 65 restaurants there. Pizza Hut is doing so well there that two years ago the company announced its intention to quadruple the number of Pizza Huts in Japan by 1997.

- **McDonald's** does not cover hourly or part time workers at its restaurants in the United States. However, McDonald's does pay for coverage for its workers in Belgium, Germany, Japan, and The Netherlands. Germany is one of McDonald's six largest markets, with 27,000 employees and revenues of nearly $1 billion in 1992. Likewise, in The Netherlands, McDonald's now has 100 stores a 17.6 percent increase over last year. In Japan, the number of McDonald's restaurants (1,018) has increased 8 percent since 1993.

IV. SHARED RESPONSIBILITY HAS A SMALL IMPACT ON BUSINESS

"In the past, we have taken similar actions to assure workers a minimum wage, to provide them with disability and retirement benefits and to set occupational health and safety standards. Now we should go one step further and guarantee that all workers will receive adequate health insurance protection." [President Richard M. Nixon, "Special Message to the Congress proposing National Health Strategy," 2/18/71]

"I can assure you that there's not going to be a single job lost if the insurance plan you are proposing goes into effect." [Eric Sklar, Owner, Burrito Brothers Restaurants]

- A system of employer-employee shared responsibility makes sense because it builds on the existing system. Nine out of ten Americans with private insurance get it through employers. [EBRI, 1/94] 85% of firms with more than 25 employees offer their workers health benefits. [HIAA, "Source Book of Health Insurance Data," 1992]

- A recent survey of over 1,000 major employers, including Fortune 100 and Fortune 500 companies, found that *"almost all provided medical coverage to full time salaried employees."* [Daily Labor Report, 3/1/94]

- Many businesses that already provide coverage could see costs actually drop as the burden of cost-shifting is lifted. Small businesses -- who can currently pay as much as 35% more than large businesses for the same coverage for their employees -- would benefit most dramatically. [Hay Higgins Report]

- The President's original proposal capped contributions at 7.9% of payroll and, with discounts, many small businesses would have paid only 3.5%. Every congressional proposal pending contains even greater protection for our nation's smallest companies. All of the proposals would cost far less than the 90 cent per hour minimum wage increase signed into law by then-President George Bush.

- Recent studies of the minimum wage increase show negligible effects on employment. A study comparing fast food employment in New Jersey where the minimum wage increased, and Pennsylvania where wages stayed stagnant, found a greater employment increase in New Jersey. [Card and Krueger, Princeton University]

- Studies have estimated that reform with shared employer-employee responsibility will create jobs -- as many as 258,000 in the manufacturing sector, and as many as 750,000 in home health care. ["The Impact of the Clinton Health Care Plan on Jobs, Investments, Wages, Productivity and Exports," Economic Policy Institute November 1993; Reuters, from Brookings Institute study, 9/17/93]

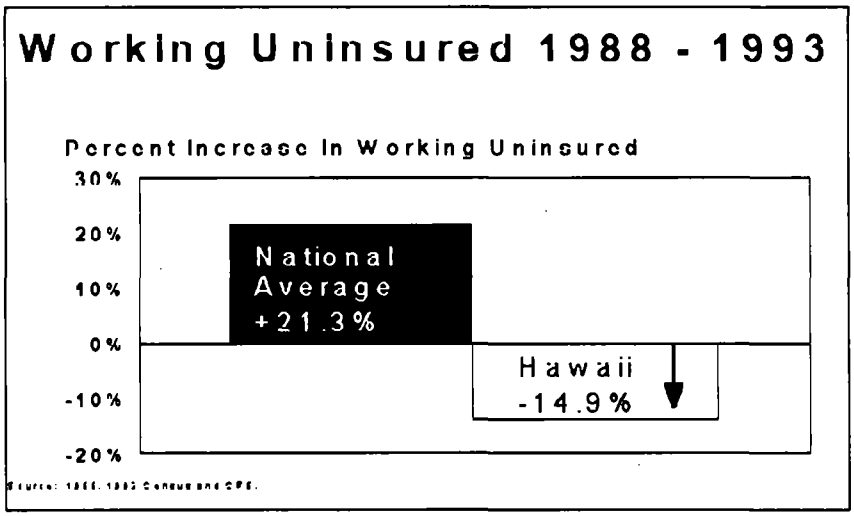
V. HAWAII: HEALTHIER BUSINESSES, HEALTHIER PEOPLE

"It is clear that the employer mandate, . . . has succeeded in bringing Hawaii to the threshold of universal health insurance coverage. That seems to have helped restrain health care inflation, a serious problem here but less critical than on the mainland: ***health insurance premiums are about 30 percent cheaper here****, while almost everything else in Hawaii is more expensive."*
[*"Hawaii is a Health Care Lab as Employers Buy Insurance"*, New York Times, 5/6/94]

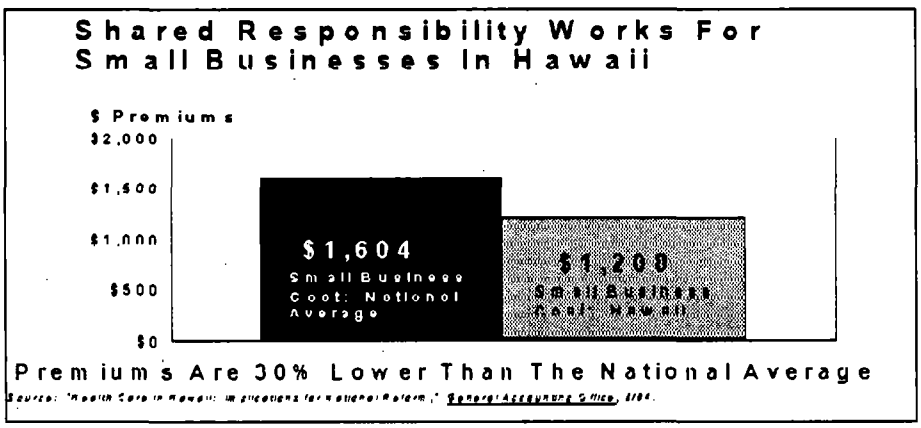
Shared responsibility is neither an untried novelty nor an exotic import unsuited to the American way of business.

Hawaii (1974), Oregon (1989) and Washington State (1993) are the only states with a current commitment to universal coverage. All have chosen employer employee shared responsibility as the most practical way to achieve it.

- Since 1988, the number of working uninsured in America has increased by 21%. But during that same period Washington enjoyed a 19% decrease in its working uninsured, Hawaii saw a 15% drop in working uninsured, and Oregon saw a 2% decline. [CPS and Census data, 1988, 1993]

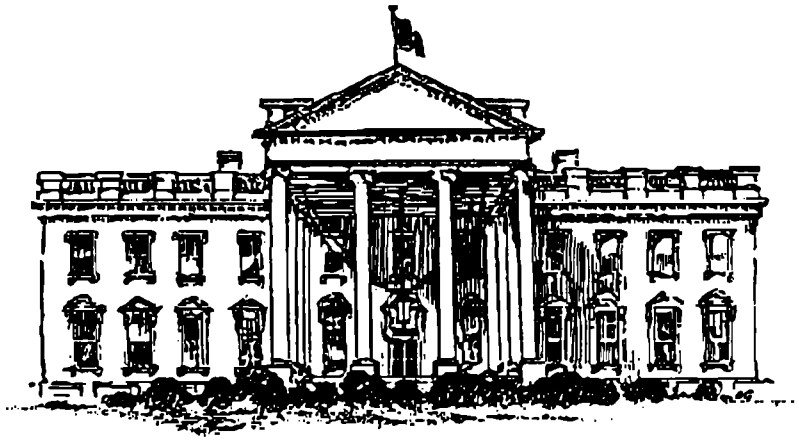


- Hawaii, the state that's had shared responsibility the longest, has 96% coverage. Employer-paid premiums are 30% lower than they are on the mainland. [GAO, 2/94; Hawaii Department of Health, 11/92].



- Since Hawaii began asking all employers to provide insurance in 1974, the unemployment rate has dropped to one of the lowest in the nation, small business creation has remained high, and the rate of business failures was less than half the national rate. [Hawaii Department of Labor and Industrial Relations; Dun and Bradstreet, *Monthly New Business Incorporation Rate*; Journal of the American Medical Association, 5/19/93]

"Universal access is in itself a cost-containment strategy. Because virtually all of Hawaii's people have access to primary care through the employer mandate and the state programs it has made possible, utilization of high-cost services is well below the rest of the nation. This leads to low health care costs, comparatively low small business insurance rates, and a lower portion of gross domestic product spent on health care when the state is compared to the rest of the nation." [*"Hawaii 's Employer Mandate and it's Contribution to Universal Access"* JAMA, 5/19/93]



THE WHITE HOUSE

To: Klein, Jennifer Date: 7-22-94

From: GOLDBERG/KINTNER Page 1 of 3

Cabinet Health Line

July 22, 1994

- The Bottom Line Is Universal Coverage -- Always has been...always will be.

- The American people want Universal Coverage (*ABC News/Washington Post Poll indicates that 78% of all Americans support Universal Coverage -- June 27, 1994)*

- The President remains strongly committed to universal coverage -- guaranteed private insurance for every American. In order for health care reform to work, universal coverage must be stipulated in law. That is his bottom line. His bottom line has not changed. Any proposal that falls short of universal coverage will not work for middle-class Americans and will not control costs.

- This Administration is not about to get into a debate over numbers. This debate is about providing hard working Americans with an ironclad guarantee of coverage.

- As the Democratic Leadership said last night, the Congressional Committees have considered the President's health care reform proposal, and have improved it -- making it "less bureaucratic, more voluntary, and phased in over a longer period of time" (Speaker of the House, Tom Foley).

- The Democratic Leadership reasserted that the President's bottom line of Universal Coverage remains the foundation upon which *real* health care reform must be built. Universal Coverage is needed in order for health care reform to work. Without Universal Coverage, millions of hard working middle-class Americans will be left out, and every American will remain at risk of having their health coverage taken away. The Congressional Leadership and the President are in agreement that health care reform *must* include Universal Coverage.

- Speaker Foley, Majority Leader Gephardt, and Majority Leader Mitchell issued a statement with their primary objectives:

  Health insurance for all Americans, which means providing security for those Americans who now have insurance as well as providing health insurance to those who don't have it;

  Cost containment, which means that health insurance becomes affordable to all Americans as well as controlling federal spending on health care;

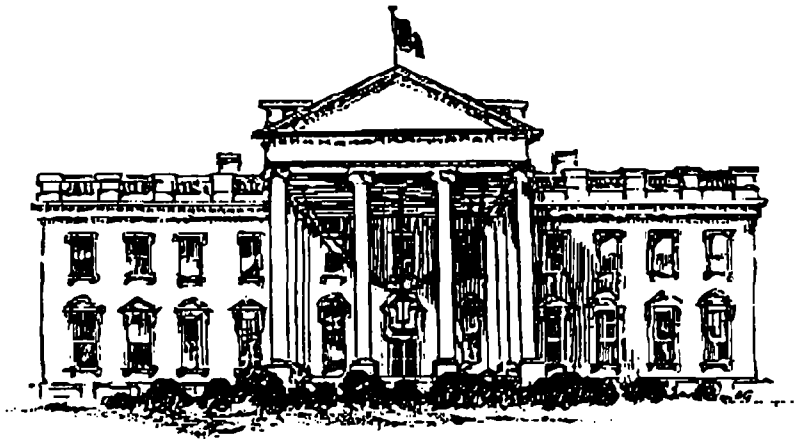
  Greater emphasis on preventive and primary care;

  Maintaining the **highest possible quality of care, and maintaining individual choice** of physicians and providing choice of health insurance plans.

- The President embraces these 4 objectives. The Leadership has taken the original Clinton proposal, and improved it -- while maintaining the bottom line of Universal Coverage.

- The President remains flexible on how to achieve Universal Coverage. This administration continues to believe that the most effective and least disruptive way to provide universal coverage and control costs is through some form of employer mandate. The American people overwhelmingly support employer mandates (*ABC News/Washington Post Poll indicates that 72% of all Americans support employer mandates -- June 27, 1994*).

- We are on the verge of making history. After 60 years of fits and starts, we are ever-so-close to providing Universal Coverage -- guaranteed private insurance -- for every American, that can never be taken away.



THE WHITE HOUSE

To: Klein, Jennifer Date: 7-20-94

From: GOLDBERG/KINTNER Page 1 of 4

Cabinet Health Line

July 20, 1994

- The President's bottom line is what it has always been - universal health care coverage -- guaranteed private insurance for every American.

- The President's remarks to the governors were not a change of course, nor a change in strategy -- We have always said that we are flexible on HOW we achieve universal coverage, but not WHETHER we achieve universal coverage.

- The President still feels that employer mandates are, in his words, the "best and fairest" way to achieve universal coverage.

- The President understands that 78% (Washington Post/ABC News) of the American people want universal coverage. And he's committed to providing it.

- Universal coverage is about giving every American - especially hard working middle class Americans - an ironclad guarantee of health care coverage that will never be taken away, even if they get sick or lose their job.

- We are going to continue to fight hard for universal coverage. We are going to continue to fight for the millions of hard working middle class Americans who will be left out in the cold if we enact legislation that does not achieve universal coverage.

- Members of the Cabinet will participate in 41 editorial board interviews the rest of this week and conduct 50 more before August 1st. **In each of these interviews, the Cabinet will emphasize the President's bottom line -- Universal Coverage. This Administration remains strong in its commitment to providing guaranteed private insurance to every American. We will continue to fight for this goal.**

- Let's look at what has been said already this week on what will happen under health care proposals that do not achieve universal coverage:

  AFSCME released a study saying that there would be a $115 unfunded mandate on states from the non-universal Dole plan.

  The Catholic Health Association released a Lewin Study showing middle class premiums will increase by as much as $700 each year in some categories under non-universal vs. universal plans. Health care reform without universal coverage will mean higher, not lower, health care costs for middle class Americans who presently have health insurance.

  SEIU released a study that reports that Senator Dole's plan would leave out nearly 27 million Americans -- mostly middle class working families, with Medicaid cuts that would shift $35.8 billion to state budgets.

  The Leadership Council of Aging Organizations stood up with Members of Congress to say that non-universal plans, like Senator Dole's, raid Medicare and are bad medicine for older Americans.

- Today, Secretary Bentsen will release a study which illustrates that 04% of the uninsured are in working families.

- Today, Secretary Espy and groups representing rural Americans will stand with Members of Congress to say that Senator Dole's plan does nothing to help rural America and does not meet their goals for reform.

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

A. Our definition is that every American have a guarantee in law of health care coverage that can never be taken away. That is the bottom line. The President stands strong in his desire to guarantee every American guaranteed private insurance that can never be taken away -- universal coverage.

The President was saying that we must have a guarantee in law that every American have health care coverage. That's the only way the system will work.

The real question here is what happens if we don't achieve universal coverage. The fact is that if we don't guarantee that every American has health care coverage, we will not be able to truly protect the middle class and control costs.

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

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

The President told America's Governors what he has always said -- he believes that shared responsibility between employers and employees is the best way to achieve universal coverage because it builds on the current system and is the least disruptive, fairest way. As the President said yesterday, he still believes that shared responsibility is the "best and fairest" way to achieve universal coverage.

Cabinet Health Line

July 18, 1994

Q and A

What is the Administration's view of where things are?

We are on a historic course. We have come further in the fight for health care reform in the last month than we have in the past sixty years.

Three committees have passed bills that guarantee universal coverage. Chairman Moynihan worked very hard to get a bill to the floor to debate. Real progress is being made in spite of the naysayers.

Will you really be able to get a bill out of the Senate which achieves universal coverage -- Senate Finance seems to have dealt the Administration a pretty big blow?

Senator Mitchell is now working to meld the Labor Committee and Finance Committee bills to bring to the floor. As you know, the Labor Committee bill does achieve universal coverage through shared responsibility.

An overwhelming majority of the American people (78% - Washington Post/ABC News poll) support universal coverage. We are confident that the Senate will want to listen to the concerns of the public.

While three committees reported out bills with universal coverage and employer mandates, the Finance Committee rejected mandates both mandates and guaranteed universal coverage. Are mandates dead?

Shared employer-employee responsibility has been approved by three full Committees. There is overwhelming support for shared responsibility - just last week, a Washington Post/ABC poll indicated that 72% of the public preferred this approach. It builds on the current system where nine out of ten Americans get private insurance through the workplace. It's the simplest, least disruptive means of achieving universal coverage.

Now that the bills are out of Committee, will the real horse trading begin?

As you know, the Administration has been fully engaged in the health care debate. We have been talking both directly to the American people and to members of Congress. Nonetheless, during the Committee debate, we have stayed away from micromanaging. And I think that has served us well.

Between now and when bills go to the floors, we will talk to the leadership, Committee chairmen and members as THEY work to fashion a bill.

As attention turns to actual bills on the House and Senate floors, we will certainly continue to become more involved in the debate. We have to respect that it is still a legislative process, but we are going to fight to ensure that real health care reform with universal coverage is achieved.

Will the bills that go to the floors have the White House seal of approval?

The White House will be working with the House and Senate leadership and members of Congress as THEY fashion bills to go to the floors. The Administration will be fighting on the floor for the principles we believe in, but it is premature to state whether we will endorse the bills that go to the floors when we haven't even seen them.

Will there be a grand compromise before the bills go to the floors?

We believe that the leadership in both Houses are working on drafting legislation that provides for guaranteed private insurance for every American that can't be taken away. We anticipate, however, that there will be separate House and Senate bills.

What is the administration doing to get the word out?

The President and First Lady will be doing both public events and private meetings with members of Congress. The Cabinet and other Administration officials will be travelling across the country as well as doing editorial boards, satellite tv and radio interviews. The message the Administration will be delivering is that without universal coverage middle class Americans will be left out in the cold and costs will not be controlled.

Is it time to consider a summit to hash out health care reform?

As the Vice President said a few weeks ago, we've been involved in an ongoing summit.

We need to respect the legislative process. The House Rules Committee will fashion a bill. The Senate Leadership will do the same. Then, there will be full debate in both chambers. And I am sure that it is a debate that will be eagerly watched by the American people.

How do you define universal coverage? Is it 95%, 96%, 97%?

We define universal coverage as a guarantee in law that every American have health care coverage that can never be taken away. I am not going to engage in a percentage debate. I will say that if we fail to achieve universal coverage, we will leave millions of middle class working Americans out in the cold, cost shifting would continue, and we will pay more to cover less.

Would you consider a base closure type trigger?

As the Administration has said before, we are not necessarily convinced that a soft trigger would achieve universal coverage. But we would first have to see the whole package.

Senator Dole has stated that he supports universal coverage as a goal. Why are you attacking his proposal?

Senator Dole's plan is merely politics as usual. It does nothing to change the status quo, preserves the special interests and harms the middle class. His piecemeal plan leaves millions of Americans out in the cold either without insurance or without real health security. It forces small businesses to pay more and permits health care costs to spiral out of control

What do you think about Perot offering the Republicans a million dollars for a nationally televised health care program?

It's their business. I would, however, think that the people who support Mr. Perot would be interested in hearing how Senator Dole's plan leaves many middle class Americans out in the cold.

What do you think about United We Stand endorsing Rowland-Bilirakis?

Middle class working Americans want health care coverage that can never be taken away. Piecemeal, incremental plans cannot provide this security. They leave working families out in the cold.

Will the Administration allow abortion coverage to jeopardize health care reform?

Pregnancy-related services, including abortion coverage, are included in the President's plan. There is a conscience clause that permits doctors and health care institutions to exclude abortion coverage for moral or religious reasons. There will obviously be much debate on the floors on this issue. We support what was in our original bill.

Cabinet Talking Points For July 6 Health Care Events

The Message

- The President remains firmly committed to passing *real* health care reform legislation this year. *Real* reform means universal coverage -- guaranteed private insurance for every American. Every American should have an ironclad guarantee that their health insurance will never be taken away, that their rates will not be raised when they get sick, that their children will have the opportunity to grow up healthy, and that they will never be denied coverage.

- Every job should come with health benefits. In the United States, we have a strong tradition of health benefits at work -- a tradition of work and reward. Today, 9 out of 10 people who have private insurance receive it from their employers. *Real* Reform will build on the American tradition and give a guarantee of private health insurance to every American.

- Today, as a federal employee, I do have health security. I have an ironclad guarantee of coverage -- as does every other federal employee -- including the thousands of people who work in the Department of _____, and including the President, Vice President, and every Member of Congress. I believe that every American deserves that same kind of guarantee.

- We have had a truly historic month. We have come further in the fight for health care reform in the last month than we have in the past sixty years. Yes, there have been twists and turns along the way, but we have made definite progress. Today, 17 Administration officials are out participating in health care reform events to show that this Administration remains firm in its committment to *real* reform. Every American deserves an ironclad guarantee of coverage. We are so close to getting there, now we just need that final push to get it done.

- Three committees have passed bills that guarantee universal coverage. Senator Moynihan's Finance Committee reported out a "bipartisan bill" over the Independence Day weekend. Senator Moynihan's committment to universal coverage has been clear throughout this process -- and we look forward to his continued leadership as we move towards guaranteed health coverage for every American. Real progress is being made in spite of the naysayers. The American people need *real* reform. They need a rock-solid guarantee of coverage. We are almost there -- now is the time to gather courage, push forward, and get it done.

On Mandates

- Shared employer-employee responsibility has been approved by three full Congressional Committees. There is overwhelming support for shared responsibility - just this week 72% of the public preferred this approach. It builds on the current system where nine out of ten Americans get private insurance through the workplace. It's the simplest, least disruptive means of achieving universal coverage.

On Universal Coverage

- The Administration defines universal coverage as a guarantee in law that every American have health care coverage that can never be taken away. We are not going to engage in a percentage debate.

On The Dole Plan

- As the President said last week, Senator Dole's plan is "politics as usual". It does nothing to change the status quo, preserves the special interests and harms the middle class. His piecemeal plan leaves millions of Americans out in the cold either without insurance or without real health security. It forces small businesses to pay more and permits health care costs to spiral out of control.

On The Administration's Involvement in the Legislative Process

- As you know, the Administration has been fully engaged in the health care debate. We have been talking both directly to the American people and to members of Congress. Nonetheless, during the Committee debate, we have stayed away from micromanaging. And I think that has served us well.

- As attention turns to actual bills on the House and Senate floors, I anticipate that the Administration will become more involved in the day to day issues of floor debate. We have to respect that it is still a legislative process, but we are going to fight to ensure that real health care reform with universal coverage is achieved.

Cabinet Health Line

June 29, 1994

A Great Week For Health Care Reform

- 78 Percent of Americans Support Universal Coverage [ABC News / Washington Post Poll -- June 27, 1994]
- 75 Percent of Americans Support Employer Mandates [ABC News / Washington Post Poll -- June 27, 1994]
- The deans of over 70 prestigious medical schools announced support Universal Coverage.
- More than 230 big businesses support universal coverage and employer mandates.
- More than 600,000 small businesses currently have signed on for employer mandates and universal coverage -- the list is growing at a rate of 4,700 small businesses a day.
- For the first time in American History, there are four health care reform bills ready to go to the House and the Senate floor. Three out of four of the bills provide health care coverage for every American. Thanks to the courage and determination of the Congressional Committe Chairman, we are almost there.

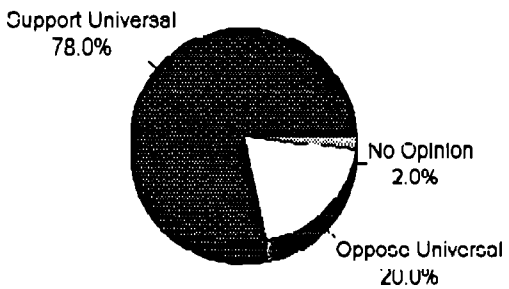
The American People, American Big Businesses, American Small Businesses, and American Academia, Are Calling Out For *Real* Health Care Reform.

Now, We Have To Finish The Job --
And Pass *Real* Health Care Reform that includes UNIVERSAL COVERAGE

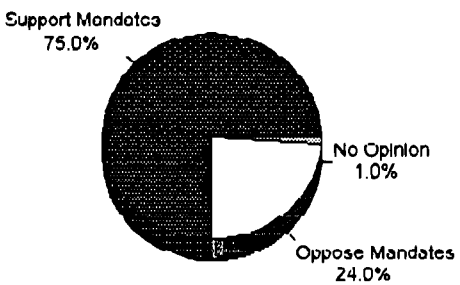
Now Is The Time. Let's Get It Done This Year. And Let's Do It Right!

Americans Overwhelmingly Support

Universal Coverage

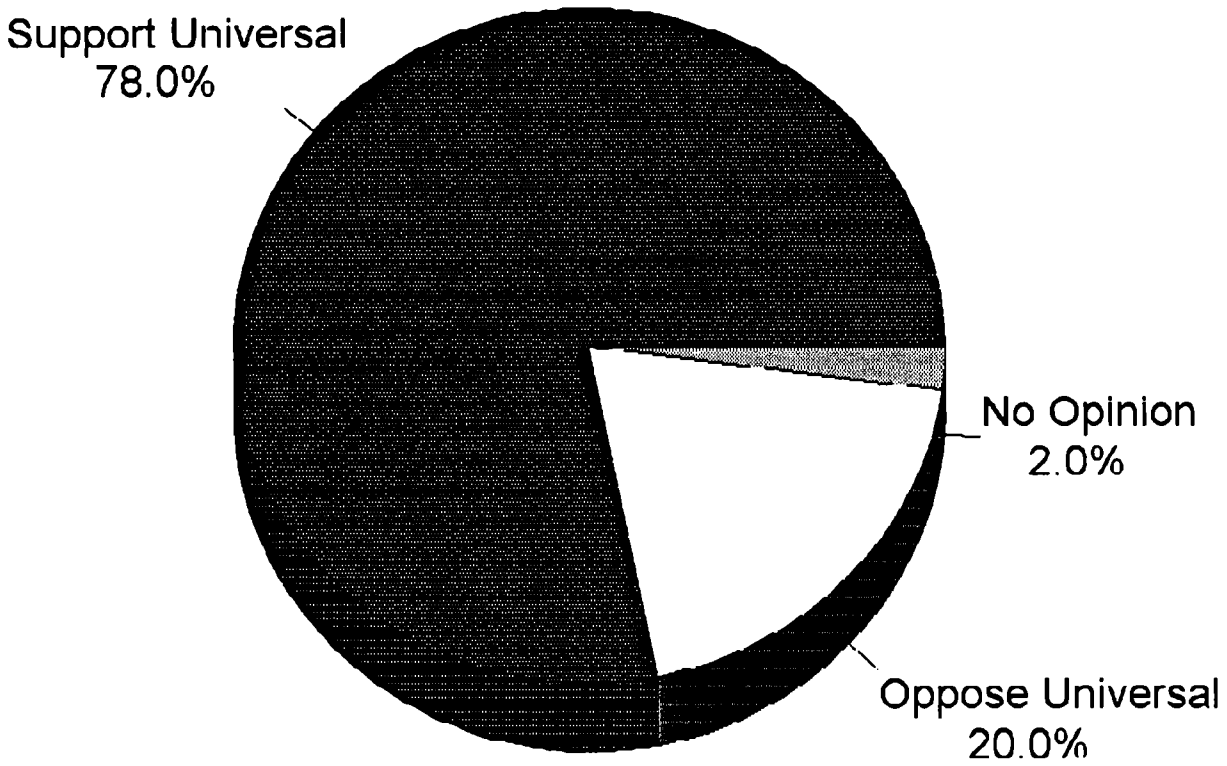


Employer Mandates

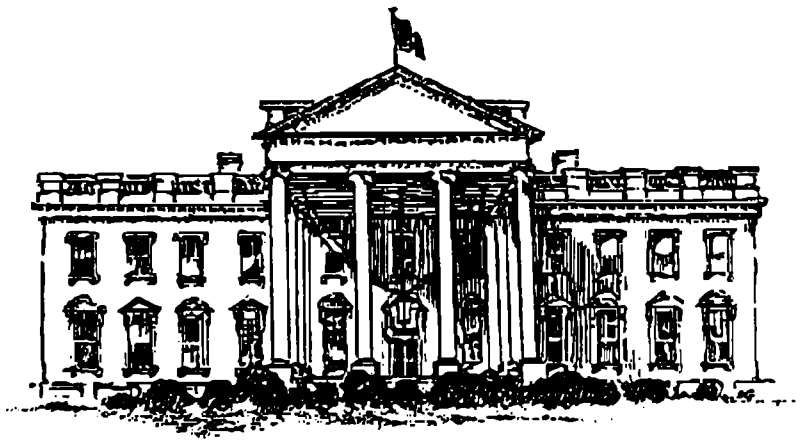


***ABC News / Washington Post* Poll – June 27, 1994**

Americans Overwhelmingly Support UNIVERSAL COVERAGE



***ABC News / Washington Post* Poll – June 27, 1994**



THE WHITE HOUSE

To: Klein, Jennifer Date: 6-30-94

From: Goldberg/Kintner Page 1 of 4

July 4 Congressional Recess Cabinet Health Care Materials

THREE VITAL MESSAGES:

1. ***Universal Coverage***: The President's bottom line remains guaranteed private insurance for every American.

   Real health care reform will bring health security to every American. Non-universal approaches will leave every American at risk.

   Real health care reform will protect middle-class Americans. Non-universal plans will leave millions of hard working middle-class Americans without coverage.

2. ***I Want To Give You The Same Guarantee That I Have:*** As a federal employee, I have true health security -- private coverage provided by my employer, the taxpayers. I want to give you the same health security that I, and every member of Congress have.

3. ***The Cabinet Is Active and Committed:*** President Clinton's Cabinet is ready and willing to fight for Universal Coverage. This week, at least eight different Cabinet

members and other Administration officials will participate in health care reform events.

Locations For July 6
Cabinet IIealth Care Events
(All events are tentative and subject to change)

Cabinet	
Babbitt	San Fransisco, CA
Browner	Washington DC
J. Brown	Chicago, IL
R. Brown	Gaithersburg. MD
Cisneros	Washington, DC
Kantor	Baltimore, MD
Pena	Minneapolis, MN
Reich	Pittsburgh, PA
Shalala	Sioux Falls, SD
Espy	West Virginia
Tyson	Washington DC

July 6 Continued

Sub-Cabinet

Roger Altman Washington, DC

Bruce Vladeck Kansas City, MO

Helen Smits Myrtle Beach, SC

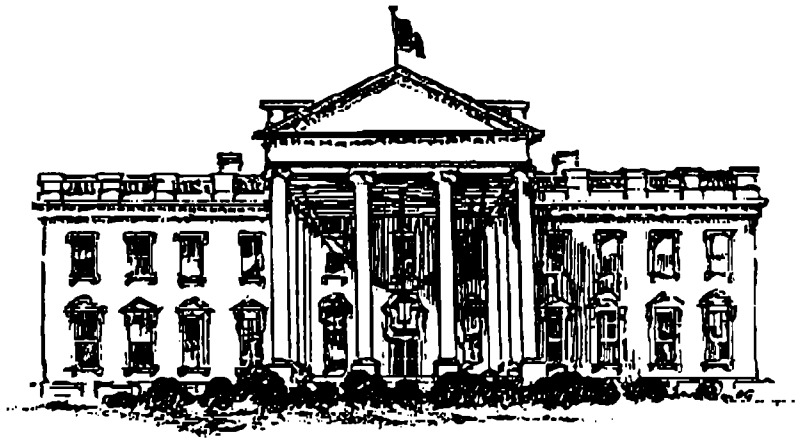
Fernando Torres-Gil Charlotte, NC

Granlin Johnson San Fransisco, CA
(HHS San Fransisco Region Director)

Pat Ford-Roegner South Carolina
(HHS Atlanta-Florida Regional Director)

Elaine Weiss Kankakee, IL
(HHS Chicago Regional Director)

Philip Johnson Boston, MA
(HHS Boston Regional Director)



THE WHITE HOUSE

To: Klein, Jennifer Date: 7-1-94

From: GOLDBERG/KINTNER Page 1 of 5

Cabinet Health Line

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

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

1. Middle Class Americans Will Be Left Out

- Without universal coverage, "**health insurance coverage would probably be more limited for middle income people** than the rich or poor." [CBO, 5/91, pp.17, 20]

- **Partial solutions** will **leave** 21 million Americans, more than two thirds of them in **middle class working families, without coverage**. Their taxes will pay for health care for millions of others who do not work, but they won't be able to get coverage for themselves. [Based on CBO, 7/93; CBO 5/91; Alain Enthoven, Health Affairs, 1993]

- "Already, the fraction of **adults who work but have no** public or private **insurance has risen to 17.5%** in 1992 from 15.3% in 1988, the Census Bureau says. And employment is growing fastest in industries that tend not to offer health insurance." [*"Health Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

2. Small Businesses Will Pay More

- The **high cost of insurance** is expected **to cause 30% of small businesses** currently providing insurance **to drop coverage** in the years ahead. This will further raise premiums for the smallest companies that do provide. [Health Affairs, Spring 1992]

- "By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. But they also stop helping hospitals care for those with no insurance or with government insurance. Those costs won't disappear, however. **As big companies shed them, insurance premiums for smaller employers will be forced up.**" [*"Health care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

3. Government Costs Will Rise

- "Today, many who lack insurance still get health care if they get sick enough, either through federal or local government programs or through charity. But as employers squeeze the health system harder and the number of uninsured grows, free care probably will be harder to find, and the quality is likely to deteriorate. And the **government's costs**, from the Medicaid program for the poor to emergency rooms at municipal hospitals, **will climb**." [*"Health care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "Most of the pending health-reform plans would [require **government to] spend tens of billions of dollars a year** so low-income families or their employers can afford insurance." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear:** more uninsured Americans and **higher costs for the government**." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

4. Insurance Reforms Won't Work

- "**Universal coverage** is not only a fair and noble objective, consistent with America's values: it is also **essential if health care markets are to work** well." [Editorial Page, The Washington Post, 6/16/94]

- "It will be nearly **impossible without universal coverage ... to outlaw** the common industry **practice of refusing to cover people with** known medical problems, so-called **pre-existing conditions**." [Wall Street Journal, 6/15/94]

- According to a new study by Families USA, **under a partial solution over one million Americans a month will still lose their insurance.** [Families USA Special Report, 6/94, p.1]

5. Cost Shifting Will Continue

- "Economically, universal coverage is essential to bringing health care cost increases under control; **so long as millions of Americans remain underinsured and uninsured, cost shifting will continue**, leaving a mechanism for unwarranted price inflation in health care." [Star Tribune, 6/16/94]

- "**Lack of full coverage leads to cost shifting** from those who do not pay and those who provide free care, to those who do pay for health insurance ..." [Alain Enthoven, Health Affairs, 1993]

- When the uninsured can't pay their bills, **hospitals shift** these **costs** onto people with private insurance -- **at a rate of approximately $25 billion a year**. [CBO, 5/93]

- **"We cannot have real savings and real cost containment without universal enrollment.** Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medial costs of those without it." [Rashi Fein, Medical Economics, Harvard University]

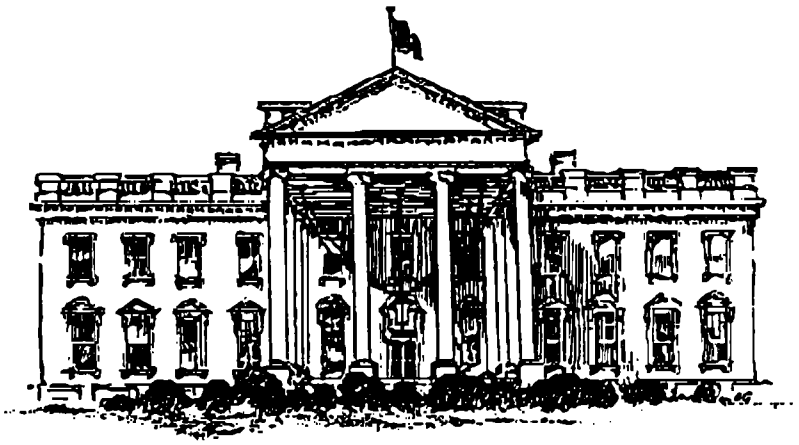
- "It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder... that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. **Universalism and cost control go hand in hand.**" [Ted Marmor and Jerry Mashaw, Yale University, L.A. Times, 10/7/93]

6. The Number Of Uninsured Will Continue To Increase

- "As big companies shed [costs], insurance premiums for **smaller employers** will be forced up. This probably **will** lead more of them to **stop offering insurance**, to **limit coverage for workers' families** or to **rely more on part-imers and temporary workers who often don't get health insurance**." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "By putting market pressure on providers to cut costs, **market reforms promoting competition -- absent universal coverage -- could exacerbate access problems.**" [Alain Enthoven]

- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear: more uninsured Americans** and higher costs for the government." ["*Health-Care Inaction Can Carry a High Cost,*" The Wall Street Journal, 6/27/94]



THE WHITE HOUSE

To: Klein, Jennifer Date: 6-30-94

From: GOLDBERG_JS Page 1 of 5

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

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

1. Middle Class Americans Will Be Left Out

- Without universal coverage, "**health insurance coverage would probably be more limited for middle income people** than the rich or poor." [CBO, 5/94, pp.17, 20]

- **Partial solutions** will **leave** 24 million Americans, more than two thirds of them in **middle class working families, without coverage**. Their taxes will pay for health care for millions of others who do not work, but they won't be able to get coverage for themselves. [Based on CBO, 7/93; CBO 5/94; Alain Enthoven, Health Affairs, 1993]

- "Already, the fraction of **adults who work but have no** public or private **insurance has risen to 17.5%** in 1992 from 15.3% in 1988, the Census Bureau says. And employment is growing fastest in industries that tend not to offer health insurance." [*"Health Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

2. Small Businesses Will Pay More

- The **high cost of insurance** is expected **to cause 30% of small businesses** currently providing insurance **to drop coverage** in the years ahead. This will further raise premiums for the smallest companies that do provide. [Health Affairs, Spring 1992]

- "By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. But they also stop helping hospitals care for those with no insurance or with government insurance. Those costs won't disappear, however. **As big companies shed them, insurance premiums for smaller employers will be forced up.**" [*"Health care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

3. Government Costs Will Rise

- "Today, many who lack insurance still get health care if they get sick enough, either through federal or local government programs or through charity. But as employers squeeze the health system harder and the number of uninsured grows, free care probably will be harder to find, and the quality is likely to deteriorate. And the **government's costs**, from the Medicaid program for the poor to emergency rooms at municipal hospitals, **will climb**." [*"Health care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "Most of the pending health-reform plans would [require **government to] spend tens of billions of dollars a year** so low-income families or their employers can afford insurance." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear:** more uninsured Americans and **higher costs for the government**." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

4. Insurance Reforms Won't Work

- "**Universal coverage** is not only a fair and noble objective, consistent with America's values: it is also **essential if health care markets are to work** well." [Editorial Page, The Washington Post, 6/16/94]

- "It will be nearly **impossible without universal coverage ... to outlaw** the common industry **practice of refusing to cover people with** known medical problems, so-called **pre-existing conditions**." [Wall Street Journal, 6/15/94]

- According to a new study by Families USA, **under a partial solution over one million Americans a month will still lose their insurance.** [Families USA Special Report, 6/94, p.1]

5. Cost Shifting Will Continue

- "Economically, universal coverage is essential to bringing health care cost increases under control; **so long as millions of Americans remain underinsured and uninsured, cost shifting will continue**, leaving a mechanism for unwarranted price inflation in health care." [Star Tribune, 6/16/94]

- "**Lack of full coverage leads to cost shifting** from those who do not pay and those who provide free care, to those who do pay for health insurance ..." [Alain Enthoven, Health Affairs, 1993]

- When the uninsured can't pay their bills, **hospitals shift** these **costs** onto people with private insurance -- **at a rate of approximately $25 billion a year**. [CBO, 5/93]

- "**We cannot have real savings and real cost containment without universal enrollment.** Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medial costs of those without it." [Rashi Fein, Medical Economics, Harvard University]

- "It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder... that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. **Universalism and cost control go hand in hand.**" [Ted Marmor and Jerry Mashaw, Yale University, L. A. Times, 10/7/93]

6. The Number Of Uninsured Will Continue To Increase

- "As big companies shed [costs], insurance premiums for **smaller employers** will be forced up. This probably **will** lead more of them to **stop offering insurance**, to **limit coverage for workers' families** or to **rely more on part-timers and temporary workers who often don't get health insurance**." [*"Health-Care Inaction Can Carry a High Cost,"* The Wall Street Journal, 6/27/94]

- "By putting market pressure on providers to cut costs, **market reforms promoting competition -- absent universal coverage -- could exacerbate access problems.**" [Alain Enthoven]

- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear: more uninsured Americans** and higher costs for the government." ["*Health-Care Inaction Can Carry a High Cost,*" The Wall Street Journal, 6/27/94]

Criticism of The Dole Plan Continues

[6/30/94]

- **"The Dole proposal would not finance insurance for all Americans..."** [*"Dole Health Plan Unites Senate GOP - Access to Insurance Relies on Incentives; No Mandate on Firms,"* Washington Post, 6/30/94]

- **Dole's plan would "widen access to insurance and subsidize the very poor but would not promise to insure all Americans."** [*"Dole Gathering Broad Backing For a G.O.P Health Care Plan,"* The New York Times 6/30/94]

- **"Mr. Dole would not answer when a reporter asked him whether his plan, which would prohibit insurance companies from refusing coverage to people with pre-existing medical problems, would not simply result in all other Americans with insurance paying higher rates to help cover these people."** [*"Dole Gathering Broad Backing For a G.O.P Health Care Plan,"* The New York Times 6/30/94]

- **"Republicans, by opposing an employer mandate, are forced to substitute subsidies that do little for working-class families."** [*"Health-Care Bill Clears Hurdle In House Panel,"* The Wall Street Journal 6/30/94]

- **"The Dole proposal supports reform in name while largely avoiding it in fact."** [*"Faceoff in Finance,"* The Washington Post, 6/30/94]

Cabinet Health Line

June 23, 1994

One Step Closer to Universal Coverage

Today, the House Education and Labor Committee is set to become the second committee to report out health care reform legislation. This action brings us one step closer to achieving our goal of universal coverage -- guaranteed private insurance for every American that can never be taken away.

The House Education and Labor Committee's commitment to universal coverage -- will help us ensure that hard working Americans have the health security they want and deserve.

With today's action, for the first time ever, a committee in each house of Congress will have reported a bill that guarantees universal coverage. They have broken the chokehold of special interests, by choosing to cover everyone, and stand up instead for millions of hard working middle class Americans.

As we continue to move forward, and as momentum for reform builds, this committee action sends a clear signal to the American people that Congress is well on its way to making health care history this year .

Now is the time -- there is no turning back

- There's one fundamental question at the heart of the current health care reform debate: Do we push forward and try to achieve Universal Coverage, or do we stop short and settle for half-a-plan. Frankly, we can't afford not to go all the way. We need Universal Coverage -- guaranteed private insurance for every American that can never be taken away -- in order to fix the system.

- We need Universal Coverage in order to provide health security for millions and millions of hard working middle-class Americans. We need Universal Coverage in order to achieve true cost savings. We need Universal Coverage in order to drive down the deficit. We need Universal Coverage in order to make sure that every working American -- young or old, healthy or sick -- can get quality health care and not have to worry about how they are going to afford it.

- Without Universal Coverage the hard working middle class is left behind.
  Without Universal Coverage every American remains at risk of losing their insurance.

Without Universal Coverage the link between work and reward is broken.
Without Universal Coverage we pay more money to cover less people.
Without Universal Coverage people are still denied coverage for "pre-existing conditions."
Without Universal Coverage thousands of Americans stay on welfare.
Without Universal Coverage people with insurance pay for those without insurance.
Without Universal Coverage responsible businesses bear the burden.
Without Universal Coverage billions of dollars are wasted on expensive, last-minute care.

- Now is not the time to turn our backs on hard working Americans. How can we possibly look hard working middle-class Americans in the eye and say, "we reformed the health care system, but we didn't include you." That is just plain wrong! This fight for Universal Coverage is truly the fight for health security for millions of hard working Americans. Under a non-Universal Coverage plan, 24-40 million Americans, over 80% of them in working families, will be left out. We need to include working Americans, and not exclude them.
  For months now, working Americans have been calling out to us and begging that we help them -- begging that we fix the health care system so it works for them -- begging that we reward hard working Americans with health security. Now, we *must* rise to their challenge. Let's include working Americas so that they can live their lives with certainty, and not with fear. Let's include working Americans so that they can put their kids to bed at night knowing that if an accident occurs, they would not have to mortgage their home. Let's include working Americans so that we can do *them* right, and not the special interests. It is the *right* choice. It is the *only* choice.

Cabinet Health Line

June 21, 1994

WHY DO WE NEED UNIVERSAL COVERAGE?

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

Without universal coverage . . .

the hard working middle-class is left behind

. . . every American remains at risk of losing their insurance . . .

. . . the link between work and reward is broken . . .

. . . we pay more to cover less . . .

. . . insurance reforms won't work . . .

thousands of Americans will stay on welfare

. . . people with insurance will pay for those without insurance . . .

. . . responsible businesses bear the burden . . .

. . . billions will be wasted on expensive, last-minute care.

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

"Universalism and cost control go hand in hand."
Ted Marmor and Jerry Mashaw, Yale University

"We cannot have real savings and real cost containment without universal enrollment. Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible."
Rashi Fein, Medical Economics, Harvard University

"By putting market pressure on providers to cut costs, market reforms promoting competition -- absent universal coverage -- could exacerbate access problems."
Alain Enthoven

WHY WE NEED UNIVERSAL COVERAGE

1) If we don't achieve universal coverage, we fail the hard working middle-class.

Partial solutions will protect the wealthy and help the poor, while sticking it to the middle-class. These half-measures and quick fixes will leave every American at risk of losing their insurance. And, more than 24 million Americans who work for a living will have no coverage at all (CBO analysis, 5/94, p. 20). CBO says that under a 91% proposal, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." (CBO analysis, 5/94, p. 17).

Under a partial solution, people like Jim Bryant and his family will be left out. Jim Bryant works 70 hours a week, juggles two jobs, but has no health insurance for his family. Jim Bryant and millions of hard working middle-class Americans like him deserve better.

2) Those who oppose Universal Coverage are denying working Americans the guarantee that they will never lose health coverage.

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

3) We must have Universal Coverage in order to reward work.

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

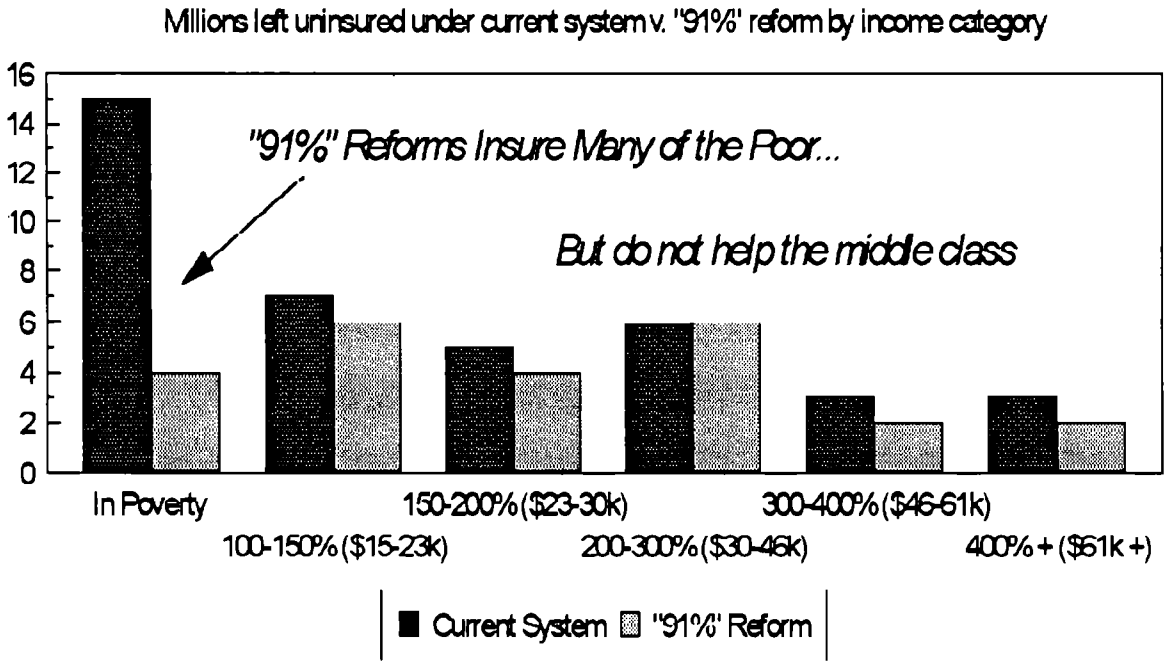
4) Insurance reforms without universal coverage won't work.

The Wall Street Journal says that "experts insist and real-life evidence shows" that insurance reforms would be "nearly impossible" without universal coverage. In fact, when one state recently enacted insurance reform without universal coverage, rates for the insured went up by 35%. (WSJ, 6/15/94, WSJ, 5/27/94)

5) Non-universal reforms cost more to cover less.

CBO Director Reischauer said that under the President's proposal, "significant deficit reduction will be achieved by 2004," while a 91% proposal would mean a $189 billion shortfall over five years. (CBO analysis, p. 22) Meanwhile, the President's proposal would guarantee coverage to everyone, while a 91% proposal wouldn't guarantee coverage to anyone. In other words, the half-plan people are trying to get you to pay much more, while getting much less. That's not real reform.

Partial reform does not help the middle class



Source: CBO, 5/94; Tables 4 1, 2
Incomes categorized by percentage of poverty; dollar ranges shown for family of four

HARRY AND LOUISE -- THE FIRST FAMILY OF FRIGHT -- ARE BACK

After a short hiatus, Harry and Louse, the first family of fright, are back and busy trying to frighten Americans about the President's approach to health care reform.

What is most striking about the newest $3 million Harry and Louise attack is that the HIAA has come out in support of Universal Coverage. They say they want guaranteed private insurance for every American -- the most important aspect of the President's plan -- yet, they have no qualms about spending millions of dollars on advertisements designed to halt the health care reform progress.

They sense that we are gaining momentum, and they are scared. This newest round of ads is just more of the same old stuff: fear and gloom, fear and gloom, fear and gloom.

They're running scared because *The President wants to <u>remove</u> insurance company limits on your health care and <u>impose</u> limits on insurance company double billing.*

TODAY, THE INSURANCE COMPANIES SET ALL THE LIMITS:

- The insurance industry isn't opposed to limits -- they set all the limits in our health care system today. They put limits on the illnesses they'll cover -- pre-existing condition exclusions -- and limits on the amount they'll pay out for your care -- lifetime limits on benefits. But, there is no limit today on what an insurance company can charge you. We think that's wrong. We want to prevent insurance companies from double-billing, and guarantee that your coverage can never be cut off.

- 3 out of 4 insurance policies today have lifetime limits on coverage -- so your insurance can run out when you need it the most. [Bureau of Labor Statistics, 1991]

THE HIAA IS TRYING TO SCARE HARD WORKING AMERICANS

- They claim that the President's approach to health care reform will cause rationing, but that's just not true. The President is fighting hard to wrench health care out of the controll of the insurance industry and make health care services more available and more accessible. What they don't tell you is that the President wants to put a limit on the rate insurance companies can raise premiums. Under the current system, the insurance companies have free reign to raise your rates. We want to change the system and ask the insurance companies to be more responsible. And, that's why they're scared. That's why they're using desperation scare tactics. They realize that under reform they wont be able to play tricks with the rates of hard working Americans.

THE WHITE HOUSE

WASHINGTON

June 16, 1994

MEMORANDUM FOR WHITE HOUSE STAFF:

Over the next few weeks, the health care reform debate will essentially turn to one key issue: Universal Coverage.

The fight for Universal Coverage is the fight for hard working middle-class Americans. Without Universal Coverage, millions of middle-class Americans will be left uninsured, and millions more will live in constant fear of losing their insurance.

Attached is our argument for Universal Coverage, and the impact of a non-Universal Coverage plan on middle-class Americans.

Please take some time to review this material. With your help, we can win this debate.

The staff in the Health Care Delivery Room is available to answer your questions: 456-2566. Thank you for your continued efforts.

Sincerely,

Harold Ickes
Deputy Chief Of Staff

WHY UNIVERSAL COVERAGE:

Fighting For The Health Security Of America's Middle Class

I. WHY WE'RE FIGHTING FOR UNIVERSAL COVERAGE

- **The UNIVERSAL COVERAGE debate is not about the wealthy: They'll be able to afford care under any plan.**

  The UNIVERSAL COVERAGE debate is not about low income Americans: They'll get care through Medicaid and other programs.

  UNIVERSAL COVERAGE IS ABOUT HEALTH SECURITY FOR HARD WORKING MIDDLE-CLASS AMERICANS

- This Administration was founded on the principle of Putting People First. From the beginning, President Clinton has made a strong commitment to hard working middle-class Americans. In the Clinton Presidency, the concerns of hard working Americans -- not the special interests -- guide public policy.

- Why is UNIVERSAL COVERAGE so important? Because, without Universal coverage, the middle class is hit hardest. The fight for UNIVERSAL COVERAGE is truly the fight for health security for hard working, middle-class Americans. The President is deeply committed to this battle.

- *Some people say, "Why does the President insist on UNIVERSAL COVERAGE?"*

  The President's bottom line remains UNIVERSAL COVERAGE, because the middle class is hit hardest if every American isn't covered.

- *Some people say, "91%, 92%, 99%: what's the difference?"*

  The difference is dramatic, especially for hard working middle class Americans. Without UNIVERSAL COVERAGE, 24-40 million Americans, 83% of them in working families, would remain uninsured. Millions more would go through each day with the fear of losing their insurance. Lower income Americans will get more help, the rich remain secure and the middle class will pay the price.

- **If we fail to cover every American, we don't fail the wealthy, who will get covered anyway; we don't fail people with lower incomes, who will receive more help; we fail the hard working middle-class who will either remain uninsured, or have to live in fear of losing thier insurance-- and that is wrong.**

  ***REAL* Health Care Reform will include hard working middle-class Americans, and not exclude them.**

II. PERSONAL STORIES

- I'll tell you why we're fighting so hard for UNIVERSAL COVERAGE. Every day, the President, the First Lady, and people in our Administration -- we all hear about hard working Americans whose lives are being torn apart by uncertainties about their health care -- Americans like 37 year old Susan Millard who lives in Milwaukee, Wisconsin. Susan works for a living, and earns a middle-class income, but she still can't afford health care insurance On the other side, she earns too much to get assistance through welfare. Recently, Susan suffered neck injuries, and her medical bills skyrocketed. Now, she lives day to day in fear of having to have surgery that she can't pay for. It angers her to think that she may have to quit her job and go on welfare in order to get coverage. In her own words, "you have to either be too rich or too poor, but you can't be that middle person -- no, the system shuts out the common folks." The fight for UNIVERSAL COVERAGE is the fight for health security of working middle-class Americans like Susan.

- Americans like Jim Bryant, who told the *Boston Globe* that he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his son's soccer games on Saturdays to go to his second job while people who are on welfare have health benefits he and his middle-class family don't have. In a moment of frustration, he pointed out to his wife that if they broke up she and their sons could get benefits that working families like theirs can't afford.

- It's middle-class families like the Bryants and the Millards who will get no help at all from half-measures, quick fixes, and band-aid style reforms. They represent the 8-10% of Americans that will have to go on welfare to get health coverage. That's not real reform! In many states, more than 400,000 middle-class workers will not be insured under a non-UNIVERSAL COVERAGE plan. For the sake of these hard working families, let's do it right. Let's not leave anyone out. Let's cover everyone. Let's get the job done this year.

III. THE PIVOTAL POINT IS UNIVERSAL COVERAGE

- This isn't just about the uninsured, although their numbers are growing and nearing 40 million. This debate is about the tens of millions of hard working middle-class Americans who live with the uncertainty of never knowing whether their health care will be there when they need it. After all, they could have a member of their family get sick, or they could lose their jobs, or they could change jobs and not be able to get insurance at the new one. The only way all of our people will be secure is when every American knows that whether they lose their job, change jobs, move, get sick, get insured, or just grow old, their health care will be there.

"Health Care Reform just isn't the real thing unless middle-class working people are guaranteed coverage, and after 60 years of delay, the American people deserve the real thing."

IV. PROGRESS THAT WON'T BE STOPPED

- The American people want and need health care reform. They want the security of health benefits that can't be taken away. For the sake of America's middle class, we can't allow the partisan naysayers to stand in the way of change. We simply cannot afford to play politics with the lives of hard working Americans.

- Momentum in Congress demonstrates that we are well on the way to guaranteeing private insurance for every American that can never be taken away. Most Members of Congress have heard the urgent call from the American people who want health care reform. **There should be no turning back, we must finish the job**.

V. THE BOTTOM LINE

- The President's bottom line remains UNIVERSAL COVERAGE. This is not a time to give up on the health security of America's hard working middle-class.

- Today, an historic window of opportunity for health care reform remains open. But, without action, this window will slam shut on the health security of hard working middle-class Americans. All over America, there are millions of middle-class families who work hard, but can't afford insurance. Leaving behind these parents and children is unacceptable.

Why Universal Coverage:

Fighting For The Health Security Of America's Middle Class

This Administration was founded on the principle of Putting People First. From the beginning, President Clinton has made a strong commitment to hard working middle class Americans. Under the Clinton Presidency, the concerns of hard working Americans -- not the special interests -- guide public policy.

Part of the Administration's commitment to America's middle-class is manifested in President Clinton's fight for health care reform. In the past year, we have made enormous progress towards real health care reform. And now, we're almost there.

After 60 years of fits and starts, roadblocks and dead ends, we are finally making progress towards real health care reform. For the first time in United States history, the relevant Committees in both houses of Congress are seriously moving forward on health care reform. There have been twists and turns along the way -- and no doubt more ahead -- but we are steadily moving closer to our goal: passage of major health care reform this year.

On June 9, the Senate Labor and Human Resources Committee became the first full Congressional Committee, to report out a health care reform bill. With bi-partisan support, the Committee adopted a bill which preserves all the fundamental principles of the President's plan.

And now, as the four remaining Congressional Committees finish their deliberations -- as we get down to crunch time in the health care reform debate -- one issue has risen to the forefront: UNIVERSAL COVERAGE.

On one side, there are those, like the President, who support guaranteed private insurance for *every* American. On the other side, there are those who support private insurance with no guarantee.

The President's bottom line remains: Only a health care reform bill that contains UNIVERSAL COVERAGE will make it past his desk.

Why is UNIVERSAL COVERAGE so important? Because, without UNIVERSAL COVERAGE, 24-40 million Americans, 83% of them in working families, would remain uninsured. Millions more would go through each day with the fear of losing their insurance. Lower income Americans with get more help, the rich remain secure and the middle class will pay the price.

The UNIVERSAL COVERAGE debate is not about the wealthy: They'll be able to afford care under any plan. The UNIVERSAL COVERAGE debate is not about low income Americans: They'll get care through Medicaid and other programs. UNIVERSAL COVERAGE IS ABOUT HEALTH SECURITY FOR HARD WORKING MIDDLE-CLASS AMERICANS.

This isn't just about the uninsured, although their numbers are growing and nearing 40 million. More-so, the debate is about the tens of millions of hard working middle-class Americans who live with the uncertainty of never knowing whether their health care will be there when they need it. After all, they could have a member of their family get sick, or they could lose their jobs, or they could change jobs and be unable to get insurance at the new one. The only way all of our people will be secure is when every American knows that whether they lose their job, change jobs, move, get sick, get insured, or just grow old, their health care will be there.

Every day, the President, the First Lady, the Vice President, and people in our Administration -- we all hear about hard-working Americans whose lives are being torn apart by uncertainties about their health care. People like Jim Bryant, who told the *Boston Globe* that he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his son's soccer games on Saturdays to go to his second job while people who are on welfare have health benefits he and his middle-class family don't have. In a moment of frustration, he pointed out to his wife that if they broke up she and their sons could get benefits that working families like theirs can't afford.

That's just not right! No one who works should have to go on welfare to get health insurance. It's middle-class families like the Bryants who will get no help at all from half-measures, quick fixes, and band-aid style reforms. In many states, more than 400,000 middle-class workers will not be insured under a non-UNIVERSAL COVERAGE plan. For the sake of these hard working families, let's do it right. Let's not leave anyone out. Let's cover everyone. Let's get the job done this year.

Health care reform just isn't the *real* thing unless middle-class working people are guaranteed coverage, and after 60 years of delay, the American people deserve the *real* thing.

Today, an historic window of opportunity for health care reform remains open. But, without action, this window will slam shut on the health security of hard working middle-class Americans. All over America, there are millions of middle-class families who work hard, but can't afford insurance. Leaving behind these parents and children is unacceptable.

The fight for UNIVERSAL COVERAGE is truly the fight for health security for hard working, middle-class Americans. It is fight we cannot afford to lose. We just can't let these people down. The President is deeply committed to this battle.