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**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13603  
**Folder ID Number:** 13603-003

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**Folder Title:**  
Greater Cleveland Growth Association 2/6/92 [OA 6096] [1]

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(3) The amendment made by this procla-  
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cles both: (i) imported on or after January  
1, 1976, and (ii) entered, or withdrawn from  
warehouse for consumption, on or after 15  
days after the date of publication of this pro-  
clamation in the *Federal Register*.

In Witness Whereof, I have hereunto set  
my hand this fifth day of February, in the  
year of our Lord nineteen hundred and nine-  
ty-two, and of the Independence of the Unit-  
ed States of America the two hundred and  
sixteenth.

George Bush

[Filed with the Office of the Federal Register,  
10:37 a.m., February 6, 1992]

Note: This proclamation was published in  
the *Federal Register* on February 7.

Letter to Congressional Leaders on  
Beneficiary Trade Status for Estonia,  
Latvia, and Lithuania  
February 5, 1992

Dear Mr. Speaker: (Dear Mr. President:)

I am writing to inform you of my intent  
to add Estonia, Latvia, and Lithuania to the  
list of beneficiary developing countries under  
the Generalized System of Preferences  
(GSP). The GSP program offers duty-free ac-  
cess to the U.S. market and is authorized by  
the Trade Act of 1974.

In extending nondiscriminatory, most-fa-  
vored-nation treatment to Estonia, Latvia,  
and Lithuania, the Congress provided that  
I should take prompt action to grant GSP  
benefits to the Baltic States, provided they  
each satisfied the eligibility requirements. I  
have carefully considered the criteria identi-  
fied in sections 501 and 502 of the Trade  
Act of 1974. In light of these criteria, and  
particularly the Baltic nations' ongoing politi-  
cal and economic reforms, I have determined  
that it is appropriate to extend GSP benefits  
to Estonia, Latvia, and Lithuania.

This notice is submitted in accordance  
with section 502(a)(1) of the Trade Act of  
1974.

Sincerely,

George Bush

Note: Identical letters were sent to Thomas  
S. Foley, Speaker of the House of Rep-  
resentatives, and Dan Quayle, President of  
the Senate.

Remarks to the Greater Cleveland  
Growth Association in Cleveland,  
Ohio

February 6, 1992

Thank you very much for that welcome  
back to Cleveland. And first let me thank  
Dick Pogue, the chairman of the Greater  
Cleveland Growth Association, and all who  
help make this wonderful forum possible. I'm  
pleased to be back here in Cleveland, the  
capital city of the North Coast.

Hello to Bob Horton, who I understand  
not only warmed up the crowd but made it  
very difficult for me to come on as the next  
speaker. I salute what he and so many other  
business leaders in this community have  
done and are doing. You always get this feel-  
ing of cooperation between the business  
community and the government of Cleve-  
land, the city government. I had that when  
I first came here and Mayor Ralph Perk was  
in office, and particularly did I get that feel-  
ing when George Voinovich came in as your  
mayor and energized this place to a fare-  
thee-well. And business pitched right in. And  
you have this wonderful community spirit  
that this organization really epitomizes, Dick.  
And I am grateful to be here.

And so let me get on with just saying I'm  
very pleased to have been introduced by  
George Voinovich, the great Governor of this  
State now. And may I salute Mike DeWine,  
who is over here, the Lieutenant Governor.  
We've got some other friends with us, too.  
I know that Bob Taft is out here, the sec-  
retary of state. Three distinguished Members  
of the United States Congress came with us,  
Ralph Regula, Mike Oxley, and Dave Hob-  
son. And I'm sure I'll forget somebody, but

nevertheless I see our State senate president, Stan Aronoff, sitting over here. So that takes care of it. We've got good representation from Ohio's government; we've got representation from the wonderful congressional delegation; and we have outstanding representation here from the medical community and, of course, from the business community at large.

Good things are happening here for the Cleveland Cavs. [Laughter] In fact, I told the Governor I was going to be speaking today about the number one health issue on every Clevelander's mind. He said, "Mr. President, Mark Price's left knee is just fine." [Laughter]

People who know northern Ohio know that this region's on the move. In addition to the world-renowned Cleveland Clinic, now the city's number one employer, northern Ohio is also home to some of the most innovative approaches to health care. COSE and Cleveland Health Quality Choice are pioneers. Communities across the country can follow your lead to create workable solutions to health care challenges. And I had a briefing in Washington from the leaders of these organizations, and that really is why I've chosen to come to Cleveland this morning to address the health care crisis in our country and lay out my four-point program for comprehensive health care reform.

Reform is urgent for more reasons than one. Right now, far too many Americans are uninsured, and those who are insured pay too much for health care. And we're going to do something about that.

The one thing this crisis isn't about, and I was reminded of this in my visit to the hospital just now, the one thing it is not about is the quality of care. American health care is first-rate. It is the best in the entire world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed from \$74 billion in 1970 to \$800 billion today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. They tell us there's a connection we simply can't ignore between what we pay for health care and the long-term health of our economy. But cold statistics don't show

us the worry that people feel, the all-too-familiar fear about what happens to their health care if they change jobs or, worse still, if they lose their jobs. And in these hard times, we simply cannot accept the fact that one in every seven Americans is uninsured.

There's a better way. And my plan puts the emphasis on expanding access while preserving the choice people now have over the type of health care coverage and health care they receive. My plan will give Americans a greater sense of security, help ease the fears that so many Americans have that changing jobs will cost them their health coverage. And the key here is portability, changing the system to ensure people that they will always have access to health insurance no matter where they work. And finally, my plan will cut costs. It helps us make health insurance more affordable, and more affordable means more accessible.

And my plan will preserve what works and reform what doesn't. And above all, it will ensure every American universal access to affordable health insurance.

We stand at a crossroads. We can move forward dramatically to reform our market-based system, or we can force ourselves to swallow a cure worse than the disease. Some people have scribbled out a prescription for disaster. They want to nationalize our health system, put the Government in control of the system: Well, you let Government control the prices, let Government ration the kind of health care people get, let Government tell people looking for care how much they'll get, what kind, and when.

Nationalized systems cover everyone. But keep in mind the drawbacks that come with a nationalized system: Long waiting lists for surgery, shortages of high-tech equipment responsible for so many of the miracles of modern medicine. Let me cite just one example for you. The Cleveland Clinic performs 10 coronary bypass surgeries a day, I'm told, high-tech, high quality surgery without any wait. But if you live in British Columbia, the wait for coronary bypass surgery is 6 months. It's no wonder so many people from abroad come to American hospitals for surgery.

When you nationalize health care, you push costs higher, far higher. Some studies estimate that nationalized health care would

feel, the all-too-fa- happens to their jobs or, worse still, and in these hard accept the fact that icans is uninsured. And my plan puts g access while pre- now have over the age and health care ll give Americans a help ease the fears have that changing ealth coverage. And /, changing the sys- at they will always .urance no matter nally, my plan will ke health insurance re affordable means

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cover everyone. But backs that come with ong waiting lists for igh-tech equipment y of the miracles of e cite just one exam- and Clinic performs eries a day, I'm told, surgery without any British Columbia, the : surgery is 6 months. people from abroad .tals for surgery. ze health care, you igher. Some studies ed health care would

cost the average American family a huge new tax burden; for the Nation, a staggering \$250 billion to \$500 billion a year in new taxes. Such a massive tax increase is simply unacceptable, and the American people should not be asked to accept it. And for that price, you get the worst of both worlds: No one has an incentive to control costs, and every-one pays.

But there are other proposals out there that sound simple but are every bit as harmful. One's called "play or pay." Each employer must play, provide insurance for employees, or pay a payroll tax to finance Government health coverage. Business men and women tell me horror stories about health care costs spiraling out of control. Well, "play or pay" will leave a lot of small businesses, businesses struggling on the edge of survival right now, with a tough choice. They can cut workers' wages to pay for mandated health care; they can fire some workers to cover the workers they keep; or they can raise prices and pass along the cost to the consumer. Some studies put the cost in jobs lost under "play or pay" as high as half a million or more. Lower wages, lost jobs, higher costs: Any way you look at it, that's the wrong choice for America.

Step away from the rhetoric, strip it out of there, and "play or pay" just creates a back-door route to nationalized health care. And it encourages employers to stop offering benefits, throw the problem in the Government's lap, and dump millions of fully insured workers into a public plan like Medicaid. And because the new employer taxes in "play or pay" don't pay for the program, the American taxpayer will obviously foot the bill. And I am not about to let that happen. You won't hear this from the people pushing "play or pay." Ask them about the side effects of their proposal, and they'll say, "Take two aspirin, and call me after the election."

I don't believe people want to be shoveled into some new health care bureaucracy. They want good health. A large part of the answer is prevention. And every one of us can make changes in our behavior to reduce the risk of disease and illness. And pardon me for being just a little bit old-fashioned, but what we're talking about is behavior: drugs, alcohol abuse, risky sexual behavior. You know

what I'm talking about. And there's nothing wrong discussing that, trying to do better in this field. Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives and help keep our economy healthy, too.

But today, I want to focus on the health care system, on this comprehensive, market-based reform plan I have. The fact is, we do not have to create a new Government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers, a system that works for America, a system that puts quality care within reach of every American family.

Our system should be built on choice, not central control. It should keep costs down and open up access. But above all, it should allow all Americans to rest secure when it comes to health care, to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need.

Now, my comprehensive four-point plan meets every one of these commonsense tests. And here's how it works. Point one, we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit, up to \$3,750 a year to guarantee people, even people too poor to file taxes, the ability to purchase private health insurance. That will give these families a certificate or voucher, to be used strictly for health care, worth more than \$300 a month. They can use it to buy into the plan their employers offer but they could never afford, or they can shop for whatever private plan suits them best. That's the American commitment to choice at its best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. American families with incomes under \$80,000 will receive new help from either the credit or the tax deduction. Let me tell you what that means: new help to purchase health insurance for 95 million Americans. And once again, this insurance will be portable. People who change jobs would have insurance regardless of their health, and this is important, or regardless of their family's health. But best of all, my plan will bring health care coverage to almost

30 million uninsured Americans, security to people who for far too long have had to do without. That's the first point in this four-point plan, access.

Point two, we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym, HIN, health insurance networks. Insurance costs obey the law of large numbers. The larger the group being insured, the lower the cost per individual. Pooling, pooling lowers insurance costs and significantly cuts administrative costs. HIN's will provide incentives for small companies to do what Cleveland's COSE group has done when it brought 10,000 small businesses together to make a joint purchase of health care. The Nation should listen and follow.

Another way to drive costs down, make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care, but in the end we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice, programs that give people shopping for health care a kind of blue book for medical costs. Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point three, we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. It is time to put an end to these astronomical, sky's-the-limit lawsuits. You shouldn't have to pay a lawyer when you go to the doctor. And our doctors, the most able and dedicated in the world, shouldn't be living in fear of these outrageous lawsuits. And high malpractice premiums mean higher doctors' bills, higher hospital costs, costs passed along not only to the patient but to every American taxpayer.

Now, I have challenged the health insurance industry to cut redtape, to share common forms, to simplify and speed up claims processing. And here's a challenge for the next 4 years: There is no reason almost all health insurance claims can't be processed electronically. That single step would eliminate a mountain of health care paperwork and pare back costs. We've got to attack the

excesses of mandated benefits. When States now order health insurers to cover 1,000 different types of treatment, something's gone wrong. Next thing they'll be covering manicures for Millie. [Laughter] It's gone too far. And I think everybody knows it. And we should challenge the States to do something about the excessive mandates that shoot these costs right up through the roof.

Fourth and finally, we will get the growth in Government health programs under control. Right now, Government health care programs can claim a dubious distinction: They are the fastest growing parts in the Federal budget. For those of you interested in history, go back and listen to what was said about these programs at their inception. Go back and hear the rhetoric on the floor of the United States Congress. And now compare that to what actually has happened in these costs. This year alone, this year alone, let me repeat that, Medicaid costs will increase by 38 percent. We will not, repeat, not cut benefits. We can make real savings simply by reducing this huge rate of increase. We must bring runaway costs under control. Smart, sensible efficiencies will help our reform plan pay for itself.

The Federal Government should also give States flexibility to design these new universal access programs for the poor, programs that will provide quality services to all their citizens. I've just met with Governor Voinovich and the rest of the Governors. Regardless of party, Democrat or Republican, it doesn't matter, they want flexibility. And we must give it to them. Right here in Ohio, your Governor has proposed health care reforms that will do for this State what we want to do on the Federal level. States should be able to use new Federal resources to design programs that work, not some one-size-fits-all solution imposed by Washington, DC.

Providing affordable care, efficient care, wringing out excess and waste, and controlling Federal growth. These four points will create the kind of market-based reform plan that will give Americans the kind of health care they want and deserve and put an end to the worry that keeps them awake at night.

Remember what people want. People want quality care, care they can afford, and care they can count on, care they can rely on. I

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keep coming back to what works for this country. Think about the challenges that we face as a Nation. Anyone who is concerned about competitiveness has to see controlling health care costs as key to a healthy economy. We've got to make certain our reform corrects our weaknesses without destroying our strengths. When we talk about health care, we're talking about matters of the most personal nature, in some cases literally life and death and decisions that go with it. We don't need to put Government between patients and their doctors. We don't need to create another wasteful Federal bureaucracy. As President I simply will not let that happen.

We need commonsense, comprehensive health care reform, and we need it now. And my plan I really believe is the right plan, a plan that meets our obligation to all Americans by putting hope and health within their reach.

Cleveland has led the way. Your hospitals, COSE, citizens in this community are way out front for these principles. And it's most appropriate that I give this speech to the Nation on health care reform right here in this city that is leading the way.

Once again, my thanks for this warm Cleveland welcome. May God bless you all and the United States of America. Thank you very, very much.

*Note: The President spoke at 12:36 p.m. at the Stouffer Tower City Plaza Hotel. In his remarks, he referred to Robert B. Horton, chairman of British Petroleum, and Mark Price, a member of the Cleveland Cavaliers basketball team. He also referred to the association's Council of Small Enterprises (COSE).*

**Remarks to the Staff of the  
University Medical Center of  
Southern Nevada in Las Vegas,  
Nevada**

*February 6, 1992*

Thank you all very much. And again, I apologize if we've kept this distinguished group, busy people, waiting. But we're delighted to be here. It's kind of a hit-and-run

day. It started in Cleveland where I announced the fundamentals of a new national approach for health care which I intend to work very hard for. But I want to thank Dr. Brandness and single out the Governor of the State who has been most hospitable to me since we've been here. Also Barbara Vucanovich, who is a Congressman here, a great friend of mine of long-standing, and simply say that I'm very pleased to be here to thank all of you for this afternoon's tour.

You can't help but when you walk through these halls and see the incredible work and dedication of the people, as we saw both at the neonatal care and the burn care center, you can't help but count your blessings for those who are devoting their lives to helping others. When you see somebody treating babies like that, tiny preemies, or those ravaged by burns, it just, at least in my heart, evokes tremendous gratitude and admiration for what you do. So, I hope you know that people outside the medical profession are extraordinarily grateful to those who give of themselves as you all do.

I did release this comprehensive health care program earlier today. And let me just, without giving you the full load, summarize a little bit. I know you're used to extended debates about health care. You probably get a lot of requests for free advice on this subject and many others. But I think everyone understands that all of you do something that politicians sometimes forget, and that is that America's medical system offers the best care in the world.

It's not simply that we start with the scientific and research end with far more Nobel Prize winners in medicine than any other country. It is just generally the quality of care. And when people from other countries seek the best possible care, you just have to look, where do they go? Well, they come to the United States of America.

And with all the problems and all the breathless press reports about health care, I think of the guy who got in a car accident. And when he got to the hospital, the doctor set his broken bones, examined him carefully, and assured him that he could go home the next day. The next day came, and the doctor rushed to the patient's room with a look of great anxiety and concern. "Is some-

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/1/92 ACTION/CONCURRENCE/COMMENT DUE BY: MONDAY, 4:00 PM, 2/3/92

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992

SUBJECT: \_\_\_\_\_

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VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	✓ HORNER <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE <i>No!</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00 PM, MONDAY, FEBRUARY 3. Thank you.

RESPONSE:

PHILLIP D. BRADY  
Assistant to the President  
and Staff Secretary  
Ext. 2702

McGroarty/Bunton  
January 31, 1992  
3:00 pm  
[health]

02 JAN 31 P4: 29

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
XX:00 A.M.

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. Cleveland Clinic is world-renown -- and it is now the city's number one employer. Northern Ohio is also home to some of the most innovative approaches to health care. / That's why I've chosen this morning to address the health care crisis -- and lay out my five-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / The crisis I mentioned isn't in quality of care. American health care is first-rate, the best in the world. But the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they lose their job -- or even if they leave their job for a better one. // Right now, one in every seven Americans is uninsured. And in these hard times, millions more Americans worry that if

they lose their job, they lose more than their paycheck -- they lose their health insurance as well. //

There's a better way. But the question is whether we'll settle on sensible reforms -- or whether we'll force ourselves to swallow a cure worse than the disease. Before I detail my plan, let's take a look at some of the alternatives out there, and what they'd do for -- or to -- America's health.

Begin with a prescription for disaster: we can nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

That's the way it's done right now across Lake Erie. Yes, Canada's system covers everyone. That's the goal we're striving for -- but keep in mind the drawbacks that come with a nationalized system: the waiting lists for surgery, the limits on which doctor you see -- the shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // {Let me cite just one example: in all of Canada, you'll find only 12 M.R.I. machines. There are three right at the Cleveland Clinic alone.}

And in the end, nationalizing health care pushes costs even higher. Some studies of Canadian-style plans now circulating in the Congress estimate the average American family would see its taxes increase more than \$4000 dollars a year. // You get the

worst of both worlds: No one has an incentive to control costs -  
- and everyone pays. //

Anyone who's spent months checking the mail for that income tax refund -- or tried to track down a missing social security check -- or whiled away a day in line at the DMV is going to think long and hard before they let the government play doctor. Nationalized health care would be a national disaster. //

But there are other proposals out there, equally harmful. One's called "Play or pay." Each employer "plays" -- provides insurance for his employees, or they "pay" -- a payroll tax to finance government health coverage. This scheme, says its advocates, gives employers a choice. // So does the guy with the gun in your back when he says: "Your money or your life."

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses that are on the edge right now -- with a tough choice: They can cut workers' wages across the board to pay for mandated health care, they can fire some workers to cover the rest -- or raise prices, and pass along the cost to the consumer. Some estimates put the jobs lost under "Play or Pay" as high as half-a-million or more -- and the cost to employers at \$30 billion / and counting. //

Strip away the rhetoric, and "Play or pay" is really the back-door route to a nationalized health scheme. It creates incentives for employers to stop offering benefits, and dumps millions of workers into Medicaid. And because Play or Pay

doesn't pay for itself, the American taxpayer will foot the bill.

In other words, the only sure thing about Play or Pay is pay / and pay / and pay. //

Don't look for this analysis from the people pushing Play or Pay. Ask them about the side-affects of their proposal, and they'll say: Take two aspirin -- and call me after the election.

The fact is, we don't have to create a new government bureacracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

That system should be built on 'choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest a little easier when it comes to health care -- to ease the worry if they change jobs, or if they or their kids develop serious health problems. //

My comprehensive five-point plan meets every one of these common-sense tests. Here's how:

First, we will make health insurance more affordable for low-to-middle income families. For low-income individuals and families, I'm proposing a health insurance credit -- up to \$3,750 dollars a year to help people purchase private health insurance. For middle-income individuals and families, I'm urging Congress to pass a health insurance tax deduction of \$3,750. / Every American family with incomes under \$80,000 {-- that's xx% of all

American families --} will be eligible for either the credit or the tax deduction. They'll find health insurance more affordable -- and they'll be free to choose the plan and the doctors that serve them best.

Second, we will make health care more efficient. Twenty years ago, President Nixon pioneered a new idea in health care - the HMO. Today, I'm asking you to learn a new acronym: HIN - Health Insurance Networks. / Insurance costs are governed by the "law of large numbers:" The larger the group being insured, the lower the cost per individual. The idea behind HIN is to provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it brought 10,000 small businesses together to make a joint purchase of health care. By cutting costs, we're going to make health insurance more affordable -- and more affordable means more accessible.

Third, we will wring out waste and excess in the present system. We've targeted malpractice for reform. You shouldn't have to pay a lawyer when you go to the doctor. Right now, people are doing just that: high malpractice premiums are built into rising doctors' bills -- and passed along to the American people. / And I am challenging the health insurance industry to cut red tape -- to simplify and speed up claims processing.  
[Specific challenges.]

Fourth, we will get the growth in federal health programs under control. Right now, {Medicare} can claim a dubious distinction: fastest growing program in the federal budget. We

won't cut benefits. We won't raise premiums. We can make real savings simply by cutting the rate of increase. We've set a target we can reach -- one that will cut the rate of growth from {10.6% to 9.4%}.

Efficiencies like this will help our reform plan pay for itself. //

Fifth and finally, we will get information to the people. We will make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. / We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. Innovations like this one will help all of us keep overall costs as low as possible.

Providing affordable care, efficient care, / wringing out excess and waste, controlling federal growth, and getting more health care cost information into the hands of consumers: these five points will create the kind of reform that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

I keep coming back to what works for this country. When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and

their doctors. We don't need to create another wasteful federal bureaucracy. We need common sense, comprehensive health care reform -- and we need it now. My five-point plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

THE WHITE HOUSE  
WASHINGTON

FEBRUARY 4, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVE DEMAREST  
TONY SNOW *TS*

FROM: DAN MC GROARTY *McG*

SUBJECT: PROPOSED REMARKS FOR THE ANNUAL MEETING OF THE  
GREATER CLEVELAND GROWTH ASSOCIATION

I. SUMMARY

On Thursday, February 6, 1992 at 12:00 p.m. you will deliver remarks to an audience of 1,500 at the annual meeting of the Greater Cleveland Growth Association, in the Grand Ballroom of The Stouffer Tower City Plaza Hotel, Cleveland, Ohio.

II. DISCUSSION

Your remarks (approximately 17 minutes / teleprompter) announce your comprehensive health care reform plan. The draft also highlights the alternatives to a market-based health care system -- Play or Pay and nationalized care -- and their negative consequences for quality health care.

McGroarty/Bunton  
February 4, 1992  
5:30 pm  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
12:00 NOON

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. In addition to the world-renowned Cleveland Clinic -- now the city's number one employer -- Northern Ohio is also home to some of the most innovative approaches to health care. COSE [COZY] and Cleveland Health Quality Choice are pioneers: communities across the country can follow your lead to create workable solutions to health care challenges. / That's why I've chosen to come to Cleveland this morning to address the health care crisis -- and lay out my four-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / Right now, far too many Americans are uninsured -- and those who are insured pay too much for health care. And we're going to do something about that. //

The one thing this crisis isn't about is quality of care. American health care is first-rate, the best in the world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed: from \$74 billion dollars in 1970 to \$800 billion dollars today. And if we

keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they change jobs -- or worse still, if they lose their jobs. // And in these hard times, we simply cannot accept the fact that one in every seven Americans is uninsured. //

There's a better way. / My plan puts the emphasis on expanding access -- while preserving the choice people now have over the type of health coverage and health care they receive. My plan will give Americans a greater sense of security -- help ease the fears so many Americans have that changing jobs will cost them their health coverage: the key here is portability -- changing the system to ensure people they'll always have access to health insurance -- no matter where they go, no matter what. // Finally, my plan will cut costs. It helps us make health insurance more affordable -- and more affordable means more accessible.

My plan will preserve what works -- and reform what doesn't. And above all, it will ensure every American universal access to affordable health insurance. //

We stand at a crossroads. We can settle on sensible reforms -- or we can force ourselves to swallow a cure worse than the disease.

Some people have scribbled out a prescription for disaster: they want to nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

Right now, across Lake Erie, Canada's system covers everyone. But keep in mind the drawbacks that come with a nationalized system: long waiting lists for surgery -- shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // Let me cite just one example: The Cleveland Clinic performs \_\_\_ coronary bypass surgeries a day. Mt. Sinai hospital, which I just visited, does \_\_\_ a day. High tech, high quality surgery -- without any wait. But if you live in British Columbia, the wait for coronary bypass surgery is six months. It's no wonder so many Canadians come to Seattle's hospitals for surgery.

When you nationalize health care, you push costs higher -- far higher. Some studies estimate that a Canadian-style plan would cost the average American family a huge new tax burden -- for the nation, a staggering \$250 to \$500 billion dollars a year in new taxes. //

Such a massive tax increase is simply unacceptable. //

And for that price, you get the worst of both worlds: No one has an incentive to control costs -- and everyone pays. //

But there are other proposals out there that sound simple, but are every bit as harmful. One's called "Play or pay." Each employer must "play" -- meaning: provide insurance for employees, or "pay" -- a payroll tax to finance government health coverage.

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses struggling on the edge of survival right now -- with a tough choice: They can cut workers' wages to pay for mandated health care, they can fire some workers to cover the rest -- or they can raise prices, and pass along the cost to the consumer. Some studies put the cost in jobs lost under "Play or Pay" as high as half-a-million or more.

Strip away the rhetoric, and "Play or pay" just creates a back-door route to a nationalized health care. It encourages employers to stop offering benefits, throw the problem in the government's lap, and dump millions of fully-insured workers into a public plan like Medicaid. And because the new employer taxes in Play or Pay don't pay for the program -- the American taxpayer will foot the bill. / I'm not about to let that happen. //

You won't hear this from the people pushing Play or Pay. Ask them about the side-effects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

I don't believe people want to be shoveled into some new health care bureaucracy. They want good health. // A large

part of the answer is prevention: every one of us can make changes in our behavior to reduce the risk of disease and illness. {Pardon me for being old-fashioned, but what we're talking about is just plain clean-living -- and there's nothing wrong with that.} / Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives -- and help keep our economy healthy, too.

But today, I want to focus on the health care system -- on my comprehensive, market-based reform plan. / The fact is, we don't have to create a new government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit -- up to \$3,750 dollars a year to guarantee people, even people too

poor to file taxes, the ability to purchase private health insurance. That will put in their hands a certificate or voucher worth more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford - - or they can shop for whatever private plan suits them best.

That's the American commitment to choice at its best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. / American families with incomes under \$80,000 will receive new help from either the credit or the tax deduction. Let me tell you what that means: new help to purchase health insurance for 95 million Americans.

Once again, this insurance will be portable: people who change jobs would have insurance regardless of their health -- and this is important -- or their family's health.

But best of all, my plan will bring health care coverage to 30 million uninsured Americans -- security / to people who for far too long have had to do without. //

That's the first point in my four-point plan: access.

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs obey the "law of large numbers:" The larger the group being insured, the lower the cost per individual. "Pooling" lowers insurance costs -- and significantly cuts administrative costs. HIN's will provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it

brought 10,000 small businesses together to make a joint purchase of health care.

Another way to drive costs down: make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. // Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. It's time to put an end to these astronomical, sky's-the-limit lawsuits. // You shouldn't have to pay a lawyer when you go to the doctor. //

Right now, people do just that: high malpractice premiums mean higher doctors' bills, higher hospital costs -- costs passed along to the patient. / I have challenged the health insurance industry to cut red tape -- to share common forms, and to simplify and speed up claims processing. Here's a challenge for the next four years: There is no reason almost all health insurance claims can't be processed electronically. That single step would eliminate a mountain of health care paperwork and pare back costs.

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Efficiencies like this will help our reform plan pay for itself. //

The federal government should also give states the flexibility to design new universal access programs for the poor -- programs that will provide quality services to all their citizens. I've just met with the Governors -- they want flexibility, and we'll give it to them. States will be able to use new federal resources to design programs that work -- not one-size-fits-all solutions imposed by Washington.

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of market-based reform plan that will give Americans the kind of health care they want and deserve, -- and put an end to the worry that keeps them awake at night.

Remember what people want. People want quality care / care they can afford / care they can count on.

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We've got to make certain our reform corrects our weaknesses without destroying our strengths. / When we talk about health care, we're talking about matters of the most personal nature --

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FEBRUARY 4, 1992

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FROM: DAN MC GROARTY *DMG*

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# # #

THE WHITE HOUSE

WASHINGTON

92 JAN 4 P2:49

February 3, 1992

MEMORANDUM FOR TONY SNOW  
Deputy Assistant to the President for  
Communications and Director of Speechwriting

FROM: JANET REHNQUIST *JR*  
Associate Counsel to the President

SUBJECT: Presidential Remarks -- Greater Cleveland Growth  
Association; Cleveland, Ohio; February 6, 1992

This is in follow-up to my telephone call to your office today regarding the above-referenced matter. Counsel's Office has no legal objections.

Thank you for the opportunity to review this matter.

cc: Phil Brady

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/92 ACTION/CONCURRENCE COMMENT DUE BY: ---

PRESIDENTIAL REMARKS: ANNUAL MEETING OF THE GREATER CLEVELAND  
 SUBJECT: GROWTH ASSOCIATION - THURSDAY, FEB. 6 - 2:00 PM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	—	✓	HORNER	—	✓
SKINNER	—	✓	CALIO	—	✓
SCOWCROFT	—	—	PETERSMEYER	—	✓
DARMAN	—	✓	PORTER	—	✓
BRADY	—	✓	ROGICH	—	✓
BROMLEY	—	—	SMITH	—	✓
CARD	—	✓	<u>BOSKIN</u>	—	✓
DEMAREST	—	✓	<u>KAUFMAN</u>	—	✓
FITZWATER	—	✓	<u>FINDLAY</u>	—	✓
GRAY	—	✓	<u>SNOW</u>	—	✓
HOLIDAY	—	✓		—	—

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY  
 Assistant to the President  
 and Staff Secretary  
 Ext. 2702

THE WHITE HOUSE  
WASHINGTON

02 FEB 4 P6:21

FEBRUARY 4, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVE DEMAREST  
TONY SNOW *TS*

FROM: DAN MC GROARTY *DMG*

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We stand at a crossroads. We can settle on sensible reforms -- or we can force ourselves to swallow a cure worse than the disease.

Some people have scribbled out a prescription for disaster: they want to nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

Right now, across Lake Erie, Canada's system covers everyone. But keep in mind the drawbacks that come with a nationalized system: long waiting lists for surgery -- shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // Let me cite just one example: The Cleveland Clinic performs \_\_\_ coronary bypass surgeries a day. Mt. Sinai hospital, which I just visited, does \_\_\_ a day. High tech, high quality surgery -- without any wait. But if you live in British Columbia, the wait for coronary bypass surgery is six months. It's no wonder so many Canadians come to Seattle's hospitals for surgery.

When you nationalize health care, you push costs higher -- far higher. Some studies estimate that a Canadian-style plan would cost the average American family a huge new tax burden -- for the nation, a staggering \$250 to \$500 billion dollars a year in new taxes. //

Such a massive tax increase is simply unacceptable. //

And for that price, you get the worst of both worlds: No one has an incentive to control costs -- and everyone pays. //

But there are other proposals out there that sound simple, but are every bit as harmful. One's called "Play or pay." Each employer must "play" -- meaning: provide insurance for employees, or "pay" -- a payroll tax to finance government health coverage.

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses struggling on the edge of survival right now -- with a tough choice: They can cut workers' wages to pay for mandated health care, they can fire some workers to cover the rest -- or they can raise prices, and pass along the cost to the consumer. Some studies put the cost in jobs lost under "Play or Pay" as high as half-a-million or more.

Strip away the rhetoric, and "Play or pay" just creates a back-door route to a nationalized health care. It encourages employers to stop offering benefits, throw the problem in the government's lap, and dump millions of fully-insured workers into a public plan like Medicaid. And because the new employer taxes in Play or Pay don't pay for the program -- the American taxpayer will foot the bill. / I'm not about to let that happen. //

You won't hear this from the people pushing Play or Pay. Ask them about the side-effects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

I don't believe people want to be shoveled into some new health care bureaucracy. They want good health. // A large

part of the answer is prevention: every one of us can make changes in our behavior to reduce the risk of disease and illness. {Pardon me for being old-fashioned, but what we're talking about is just plain clean-living -- and there's nothing wrong with that.} / Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives -- and help keep our economy healthy, too.

But today, I want to focus on the health care system -- on my comprehensive, market-based reform plan. / The fact is, we don't have to create a new government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit -- up to \$3,750 dollars a year to guarantee people, even people too

poor to file taxes, the ability to purchase private health insurance. That will put in their hands a certificate or voucher worth more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford - - or they can shop for whatever private plan suits them best.

That's the American commitment to choice at its best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. / American families with incomes under \$80,000 will receive new help from either the credit or the tax deduction. Let me tell you what that means: new help to purchase health insurance for 95 million Americans.

Once again, this insurance will be portable: people who change jobs would have insurance regardless of their health -- and this is important -- or their family's health.

But best of all, my plan will bring health care coverage to 30 million uninsured Americans -- security / to people who for far too long have had to do without. //

That's the first point in my four-point plan: access.

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs obey the "law of large numbers:" The larger the group being insured, the lower the cost per individual. "Pooling" lowers insurance costs -- and significantly cuts administrative costs. HIN's will provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it

brought 10,000 small businesses together to make a joint purchase of health care.

Another way to drive costs down: make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. // Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. It's time to put an end to these astronomical, sky's-the-limit lawsuits. // You shouldn't have to pay a lawyer when you go to the doctor. //

Right now, people do just that: high malpractice premiums mean higher doctors' bills, higher hospital costs -- costs passed along to the patient. / I have challenged the health insurance industry to cut red tape -- to share common forms, and to simplify and speed up claims processing. Here's a challenge for the next four years: There is no reason almost all health insurance claims can't be processed electronically. That single step would eliminate a mountain of health care paperwork and pare back costs.

Fourth and finally, we will get the growth in federal health programs under control. Right now, government health care programs can claim a dubious distinction: they are the fastest growing parts in the federal budget. / We must bring runaway costs under control. We won't cut benefits -- we can make real savings simply by reducing the rate of increase.

Efficiencies like this will help our reform plan pay for itself. //

The federal government should also give states the flexibility to design new universal access programs for the poor -- programs that will provide quality services to all their citizens. I've just met with the Governors -- they want flexibility, and we'll give it to them. States will be able to use new federal resources to design programs that work -- not one-size-fits-all solutions imposed by Washington.

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of market-based reform plan that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

Remember what people want. People want quality care / care they can afford / care they can count on.

I keep coming back to what works for this country. //

We've got to make certain our reform corrects our weaknesses without destroying our strengths. / When we talk about health care, we're talking about matters of the most personal nature --

in some cases, literally, life and death decisions. We don't need to put government between patients and their doctors. We don't need to create another wasteful federal bureaucracy. This President won't let that happen. //

We need common sense, comprehensive health care reform -- and we need it now. My plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

McGroarty/Bunton  
February 5, 1992  
5:30 pm  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
12:20 P.M.

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. Hello to Bob Horton, head of BP {British Petroleum}, a man committed to this great city. My good friend, Governor George Voinovich -- and Lt. Gov. Mike DeWine: a team that's providing top-notch leadership for this state. Joe Gorman of TRW, who travelled with me early this year to East Asia. // Good things are happening here -- for the Cleveland Cavs: a great season. [[In fact, I told the Governor I was going to be speaking today about the number one health issue on every Clevelanders' mind, and he said: Mr. President - - Mark Price's left knee is just fine. //]]

People who know Northern Ohio know this region's on the move. In addition to the world-renowned Cleveland Clinic -- now the city's number one employer -- Northern Ohio is also home to some of the most innovative approaches to health care. COSE [COZY] and Cleveland Health Quality Choice are pioneers: communities across the country can follow your lead to create workable solutions to health care challenges. / That's why I've chosen to come to Cleveland this morning to address the health care crisis -- and lay out my four-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / Right now, far too many Americans are uninsured -- and those who are insured pay too much for health care. And we're going to do something about that. //

The one thing this crisis isn't about is quality of care. American health care is first-rate, the best in the world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed: from \$74 billion dollars in 1970 to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. They tell us there's a connection we simply can't ignore between what we pay for health care and the long-term health of our economy. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they change jobs -- or worse still, if they lose their jobs. // And in these hard times, we simply cannot accept the fact that one in every seven Americans is uninsured. //

There's a better way. / My plan puts the emphasis on expanding access -- while preserving the choice people now have over the type of health coverage and health care they receive. My plan will give Americans a greater sense of security -- help ease the fears so many Americans have that changing jobs will cost them their health coverage: the key here is portability -- changing the system to ensure people they'll always have access

to health insurance -- no matter where they work. // Finally, my plan will cut costs. It helps us make health insurance more affordable -- and more affordable means more accessible.

My plan will preserve what works -- and reform what doesn't. And above all, it will ensure every American universal access to affordable health insurance. //

We stand at a crossroads. We can move forward to dramatically reform our market-based system -- or we can force ourselves to swallow a cure worse than the disease.

Some people have scribbled out a prescription for disaster: they want to nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

Nationalized systems cover everyone. But keep in mind the drawbacks that come with a nationalized system: long waiting lists for surgery -- shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // Let me cite just one example: The Cleveland Clinic performs 10 coronary bypass surgeries a day. High tech, high quality surgery -- without any wait. But if you live in British Columbia, the wait for coronary bypass surgery is six months. It's no wonder so many people from abroad come to American hospitals for surgery.

back off? Because the signals were clear. They knew that businesses -- small businesses mainly -- would pack up and leave Massachusetts, or go out of business because they couldn't bear the additional expense. ]]

Strip away the rhetoric, and "Play or pay" just creates a back-door route to a nationalized health care. It encourages employers to stop offering benefits, throw the problem in the government's lap, and dump millions of fully-insured workers into a public plan like Medicaid. And because the new employer taxes in Play or Pay don't pay for the program -- the American taxpayer will foot the bill. / I'm not about to let that happen. //

You won't hear this from the people pushing Play or Pay. Ask them about the side-effects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

I don't believe people want to be shoveled into some new health care bureaucracy. They want good health. // A large part of the answer is prevention: every one of us can make changes in our behavior to reduce the risk of disease and illness. {Pardon me for being old-fashioned, but what we're talking about is behavior, life-style -- you know what I'm talking about -- and there's nothing wrong with that.} / Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives -- and help keep our economy healthy, too.

But today, I want to focus on the health care system -- on my comprehensive, market-based reform plan. / The fact is, we

Look at Billy and Hillary Clinton.  
Read my lips: No new sex.

don't have to create a new government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit -- up to \$3,750 dollars a year to guarantee people, even people too poor to file taxes, the ability to purchase private health insurance. That will give these families a certificate or voucher to be used strictly for health care worth more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford -- or they can shop for whatever private plan suits them best.

That's the American commitment to choice at its best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. / American families

with incomes under \$80,000 will receive new help from either the credit or the tax deduction. Let me tell you what that means: new help to purchase health insurance for 95 million Americans.

Once again, this insurance will be portable: people who change jobs would have insurance regardless of their health -- and this is important -- or their family's health.

But best of all, my plan will bring health care coverage to almost 30 million uninsured Americans -- security / to people who -- for far too long -- have had to do without. ///

That's the first point in my four-point plan: access.

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs obey the "law of large numbers:" The larger the group being insured, the lower the cost per individual. "Pooling" lowers insurance costs -- and significantly cuts administrative costs. Administrative costs for large companies can eat up 5 to 10 percent of revenues -- for small companies, the cost can be four times as high. / HIN's will provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done - - when it brought 10,000 small businesses together to make a joint purchase of health care.

Another way to drive costs down: make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of

their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. // Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. It's time to put an end to these astronomical, sky's-the-limit lawsuits. // You shouldn't have to pay a lawyer when you go to the doctor. // And our doctors -- the most able and dedicated in the world -- shouldn't be living in fear of these outrageous lawsuits. //

High malpractice premiums mean higher doctors' bills, higher hospital costs -- costs passed along not only to the patient, but to every American taxpayer. /

I have challenged the health insurance industry to cut red tape -- to share common forms, and to simplify and speed up claims processing. Here's a challenge for the next four years: There is no reason almost all health insurance claims can't be processed electronically. That single step would eliminate a mountain of health care paperwork and pare back costs.

[[ We've got to attack the excesses of mandated benefits. *when* States ~~now~~ order health insurers to cover a thousand different types of treatment. ~~Something's gone wrong.~~ Next, they'll be covering manicures for my dog Millie. ]]

Fourth and finally, we will get the growth in federal health programs under control. Right now, government health care programs can claim a dubious distinction: they are the fastest growing parts in the federal budget. This year alone, Medicaid costs will increase by 38 percent. ~~We won't cut benefits~~ *will not repeat not cut benefits* we can make real savings simply by reducing this huge rate of increase. / We must bring runaway costs under control.

Efficiencies like this will help our reform plan pay for itself. //

The federal government should also give states the flexibility to design new universal access programs for the poor -- programs that will provide quality services to all their citizens. I've just met with the Governors -- they want flexibility, and we'll give it to them. Right here in Ohio, Governor Voinovich has proposed health care reforms that will do for this state what we want to do on the federal level. / States should be able to use new federal resources to design programs that work -- not one-size-fits-all solutions imposed by Washington.

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of market-based reform plan that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

Remember what people want. People want quality care / care they can afford / care they can count on.

I keep coming back to what works for this country. // Think about the challenges we face as a nation: anyone who concerned about competitiveness has to see controlling health care costs as key to a healthy economy. / We've got to make certain our reform corrects our weaknesses without destroying our strengths. / When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and their doctors. We don't need to create another wasteful federal bureaucracy. This President won't let that happen. //

We need common sense, comprehensive health care reform -- and we need it now. My plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

Dan

623-0640  
6636  
5/23/23

WHITE HOUSE STAFFING REQUEST

Subject

Presidential Remarks: Greater Cleveland Growth Assn.

Date/Time Received:  
2/3 3:45 PM

RESPONSE DUE: Today 2/3  
4:30 P.M.

Response due to Director's Office Support Group, Room 254, Ext. 3060.  
Please respond to every staffing request, even if you have no comment.

Distribution Within OMB

Action	FYI	Action	FYI
_____ Director	_____	_____ Howard, R.	_____
_____ Deputy Director	_____	_____ Legis. Affairs	_____
_____ Dep. Dir./Mgmt.	_____	_____ Lieberman, S.	_____
_____ Al-Samarrie, A.	_____	_____ MacRae, J.	_____
_____ Anderson, B.	_____	_____ Martin, B.	_____
_____ Burman, A.	_____	_____ Mazur, E.	_____
_____ Dale, E.	_____	_____ Murr, J.	✓
✓ _____ Damus, R.	_____	✓ _____ Scully, T.	_____
_____ Grady, R.	_____	_____ <i>Richella, N.</i>	✓
_____ Hale, J.	_____	_____ (Other)	_____

Comments:

Tony Snow  
2930

McGroarty/Bunton  
January 31, 1992  
3:00 pm  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
XX:00 A.M.

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. Cleveland Clinic is world-renown -- and it is now the city's number one employer. Northern Ohio is also home to some of the most innovative approaches to health care. That's why I've chosen this morning to address the health care crisis -- and lay out my five-point program for comprehensive health care reform. //

*including  
The  
Cleveland  
Council  
Small  
Enterpr.  
(COSE)  
Ecore*

Reform is urgent -- for more reasons than one. / The crisis I mentioned isn't in quality of care. American health care is first-rate, the best in the world. But the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they lose their job -- or even if they leave their job for a better one. // Right now, one in every seven Americans is uninsured. And in these hard times, millions more Americans worry that if

radical market-based competitive

they lose their job, they lose more than their paycheck -- they lose their health insurance as well. //

There's a better way. But the question is whether we'll ~~have~~ settle on sensible reforms -- or whether we'll force ourselves to swallow a cure worse than the disease. Before I detail my plan, let's take a look at some of the alternatives out there, and what they'd do for -- or to -- America's health.

forward

Begin with a prescription for disaster: we can nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

That's the way it's done right now across Lake Erie. Yes, Canada's system covers everyone. That's the goal we're striving for -- but keep in mind the drawbacks that come with a nationalized system: the waiting lists for surgery, the limits on which doctor you see -- the shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // ~~{Let me cite just one example: in all of Canada,~~

BAD CHANGES TOO MANY MRIS ARE A PROBLEM FAR

~~you'll find only 12 M.R.I. machines. There are three right at the Cleveland Clinic alone.} -- AND ALL THESE PROBLEMS ARE WITH MUCH HIGHER TAXES.~~

And ~~in the end,~~ <sup>inevitably</sup> nationalizing health care ~~pushes~~ <sup>would</sup> costs ~~even~~ higher. Some studies of Canadian-style plans now circulating in the Congress estimate the average American family would see its taxes increase more than \$4000 dollars a year. // You get the

-- and cost the nation more than \$250 Billion a year!

worst of both worlds: No one has an incentive to control costs -  
- and everyone pays. //

Anyone who's spent months checking the mail for that income tax refund -- or tried to track down a missing social security check -- or whiled away a day in line at the DMV is going to think long and hard before they let the government play doctor. Nationalized health care would be a national disaster. //

what's it called in Ohio?  
bit as

But there are other proposals out there <sup>that sound simple -- but are every</sup> equally harmful. One's called "Play or pay." Each employer "plays" -- provides insurance for his employees, or they "pay" -- a payroll tax to finance government health coverage. This scheme, says its advocates, gives employers a choice. // So does the guy with the gun in your back when he says: "Your money or your life."

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses that are on the edge right now -- with a tough choice: They can cut workers' wages across the board to pay for mandated health care, they can fire some workers to cover the rest -- or raise prices, and pass along the cost to the consumer. Some estimates put the jobs lost under "Play or Pay" as high as half-a-million or more -- and the cost to employers at \$30 billion / and counting. //

guaranteed to be

Strip away the rhetoric, and "Play or pay" is really the back-door route to a nationalized health scheme. It creates incentives for employers to stop offering benefits, and dumps millions of workers into Medicaid. And because <sup>new</sup> Play or Pay

the ~~big~~ employer takes in

fully insured

don't

the plan

4

rest of

doesn't pay for itself, the American taxpayer will foot the bill.

In other words, the only sure thing about Play or Pay is pay / and pay / and pay. //

Don't look for this analysis from the people pushing Play or Pay. Ask them about the side-affects of their proposal, and they'll say: Take two aspirin -- and call me after the election.

the guaranteed "melt down" of this system

The fact is, we don't have to create a new government bureacracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

That system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest a little easier when it comes to health care -- to ease the worry if they change jobs, or if they or their kids develop serious health problems.

//

My comprehensive <sup>five</sup> ~~five~~-point plan meets every one of these common-sense tests. Here's how:

First, we will make health insurance more affordable for low and low-to-middle income families. For low-income individuals and families, I'm proposing a health insurance credit -- up to \$3,750 dollars a year to help people purchase private health insurance. For middle-income individuals and families, I'm urging Congress to pass a health insurance tax deduction of \$3,750. / Every American family with incomes under \$80,000 ( -- that's 1/3 of all

95 million people

5 receive new help from  
~~American families --~~ will be eligible for either the credit or

the tax deduction. They'll find health insurance more affordable -- in

an improved market system --

-- and they'll be free to choose the plan and the doctors that serve them best.

Second, we will make health care more efficient. Twenty

years ago, President Nixon pioneered a new idea in health care -

- the HMO. Today, I'm asking you to learn a new acronym: HIN -

- Health Insurance Networks. / Insurance costs are governed by

the "law of large numbers:" The larger the group being insured, <sup>the better</sup> the risk is shared, ~~and the lower~~, administrative costs are lower -- and you get

provide incentives for small companies to do what Cleveland's

C.O.S.E. [COZY] group has done -- when it brought 10,000 small

businesses together to make a joint purchase of health care. By

cutting costs, we're going to make health insurance more

affordable -- and more affordable means more accessible.

Third, we will wring out waste and excess in the present

system. We've targetted malpractice for reform. You shouldn't

have to pay a lawyer when you go to the doctor. Right now,

people are doing just that: high malpractice premiums are built

into rising doctors' bills -- and passed along to the American

people. / And I am challenging the health insurance industry to

cut red tape -- <sup>to share common forms and</sup> to simplify and speed up claims processing.

[Specific challenges.]

5707  
Fourth, we will ~~get the growth in~~ federal health programs

under control. Right now, {Medicare} can claim a dubious

distinction: fastest growing program in the federal budget. We

and reform and improve our programs

reducing

and control

won't cut benefits. We won't raise premiums. We can make real savings simply by cutting the rate of increase. We've set a target we can reach -- one that will ~~cut~~ <sup>reduce</sup> the rate of growth from

~~110.62 to 9.43~~. just reducing the rate of growth to 10% a year would save billions.

Efficiencies like this will help our reform plan pay for itself. //

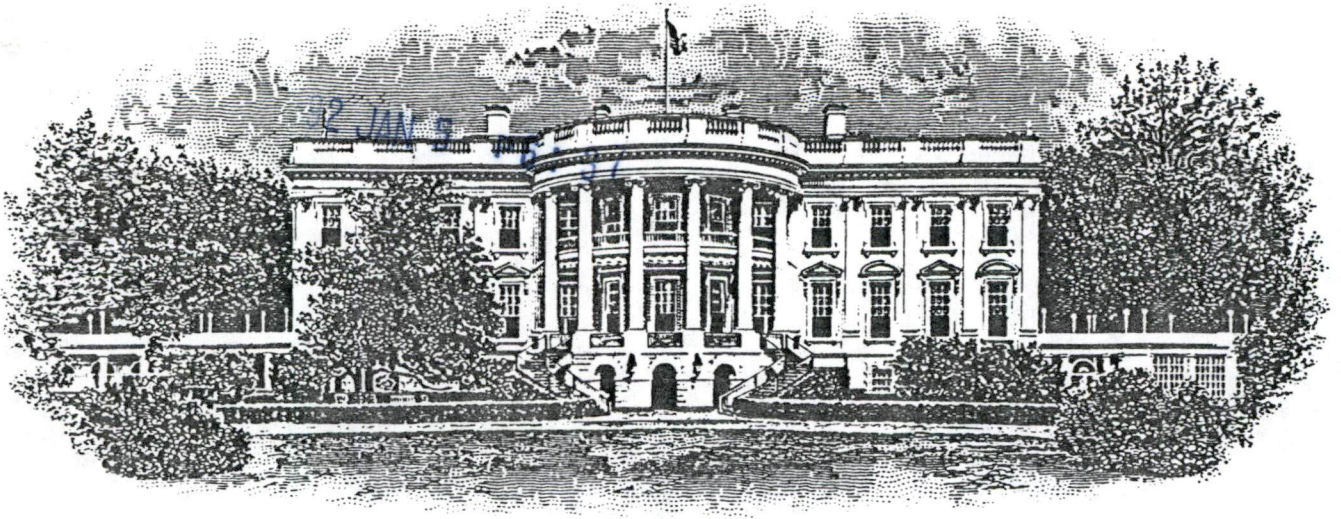
<sup>sixth</sup> Fifth and finally, we will get information to the people.

We will make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. / We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. Innovations like this one will help all of us <sup>who want affordable quality</sup> keep overall costs as low as possible.

Providing affordable care, efficient care, / ~~wringing out excess and waste, controlling federal growth,~~ <sup>giving states flexibility</sup> and getting more health care cost information into the hands of consumers: these five points will create the kind of <sup>market based, competitive</sup> reform that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

I keep coming back to what works for this country. When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and

<sup>fifth</sup> - we'll give states the flexibility ~~with the new financing~~ ~~from the federal government~~ to design new programs that ~~provide~~ <sup>will provide</sup> universal access programs for the poor that will provide quality services to all their ~~poor~~ citizens -- regardless



FACSIMILE TRANSMITTAL SHEET

NUMBER OF PAGES INCLUDING COVER 11

DATE 2/5

TO Ms. Alexa Glen

FAX NUMBER 245-5673

COMMENTS \_\_\_\_\_

\_\_\_\_\_

FROM D. McGroarty

\* DEPARTMENT OF COMMUNICATIONS \*

OFFICE NUMBER 456-2773

92 JAN 5 PG: 37

THE WHITE HOUSE

Office of the Press Secretary

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EMBARGOED FOR RELEASE  
UNTIL \_\_\_ : \_\_\_ PM (EST)  
THURSDAY, FEBRUARY 6, 1992

The President's Plan  
for Comprehensive Health Care Reform

The President today announced his plan for comprehensive reform of the Nation's health care system. Following on the outline the President offered in the State of the Union message, the plan rejects a government takeover of the health care system. Instead, it seeks to use market forces and incentives to forge a more efficient health care system.

The plan responds to the three areas the President identified when, as part of his 1990 State of the Union message, he asked Secretary of Health and Human Services Louis W. Sullivan to undertake a study of the cost, quality, and accessibility of our health care system.

Reforms of the health insurance market and a new tax credit and deduction will improve the affordability of health care and thus increase access. Incentives to change the way health care is delivered, reductions in the distortions created by medical liability, support for prevention and greater efficiency in government programs will constrain the growth in health care costs. Support for biomedical research, preservation of the private sector nature of the health care system, and increased information for consumers about providers' past performance will enhance quality.

What the Plan Accomplishes

The President's plan will:

- Provide benefits to 95 million Americans through a new health insurance tax credit and deduction;
- Reduce the number of Americans without health insurance from 34.7 million to [less than five million];
- Offer help to 86 percent of all individuals who do not already benefit from governmental medical support, with

the remaining <sup>?</sup> coming from higher income individuals and families; <sup>3</sup>

- Provide for a new health insurance tax credit and deduction that will provide up to \$3750 in a tax credit or deduction, depending on family size and income. When fully phased in, the credit and deduction will lead to a revenue loss of \$35 billion per year that will be fully <sup>how?</sup> financed and thus not increase the federal budget or deficit.
- Stabilize the growth in health care costs; ✓
- Introduce insurance security for all Americans, ending the fear that changing jobs will lead to loss of insurance because of pre-existing health care conditions;
- Reform the health insurance market to change the way insurance is provided. Small employers would have access to a new, more efficient way of buying health care -- Health Insurance Networks (HINs.) Small employers would also find insurers would be required to accept all members of employer groups and sell insurance to all; ✓
- Reduce administrative costs through streamlining the current paperwork maze market reforms that allow small employers to share -- and thereby substantially reduce -- administrative costs.
- Expand the scope of services available in underserved areas.

The President's plan does not:

- Include price regulation or rationing of health care by the federal government; ✓
- Burden small businesses with new mandates; ✓
- Require any tax increases;
- Threaten older Americans with benefit reductions or premium increases. ✓

#### Elements of the President's Plan

The President's plan is spelled out in detail in a \_\_\_ page "white paper" released today; it is summarized here.

#### ***Expanding Access to Health Care***

Transferable Health Insurance Tax Credits and Deductions

A transferable health insurance tax credit (Certificate) and deduction would be available to ensure access to affordable health care coverage for moderate and low-income families. Ninety five million Americans will benefit from these provisions.

Both the credit and deduction would be available for costs of health insurance of up to \$1250 for individuals, [up to] \$2500 for married couples and other two-person families, and [up to] \$3,750 for families of three or more. For those with employer-provided health benefits, the maximum would be adjusted for any employer contributions. Individuals could take either the credit or deduction, guided by which is more financially advantageous. The credit and deduction would benefit those with modified adjusted gross income ranging up to:

- \$50,000 for single persons;
- \$65,000 for persons filing as heads of households, and
- \$80,000 for married persons filing jointly.

[[Both the credit and the deduction would phase out in the last \$10,000 of the income range.]]

Transferable Health Insurance Tax Credits (Certificates)

Transferability. The credit could only be transferred to an insurer for the purchase of health insurance; it could not be received as cash for an individual.

Eligibility. All who do not receive other federal support (e.g., covered by Medicare, Medicaid, and other federal health programs) would be eligible.

Income Range. When phased in, the maximum credit would be available to all with incomes of up to 100 percent of the tax filing threshold -- the sum of the standard and taxpayer and dependent exemptions, a tax code concept that approximates the poverty threshold. Above that level, the credit would phase down to a minimum credit at 150 percent of the tax filing threshold. The minimum would be 10 percent of the maximum: \$125 for individuals, \$250 for two person households, and \$350 for households of three and larger.

Administration. Individuals who are eligible for the credit would not need to wait until filing a tax return to obtain a credit; a certificate could be obtained at any time during the year by applying to a governmental office designated by state governments. A state might select a state agency, such as the Employment Service, or it might contract with the Social Security Administration to certify eligibility.

### Deductions

Individuals with incomes up to the top of the income range could deduct the cost of health insurance, up to the maximum that applies to their tax filing status (either \$1250, \$2500, or \$3750.) As noted above, the maximum would be adjusted for the amount of employer contributions towards the cost of health insurance.

### Market Reform

Basic Benefits. States, working with private insurers, would develop a basic health insurance package equal to the value of the health insurance credit. This would enable low-income families to purchase health care coverage.

Insurance Security. Health insurers would be required to insure all comers. Coverage would be guaranteed and renewable. Pre-existing conditions clauses that limit coverage during the first months with a new employer would no longer be allowed.

Health Insurance Networks (HINs) - Pooled Purchasing Power. A new way of purchasing insurance -- HINs -- would enable small firms to purchase low cost, high quality health insurance by reducing administrative costs and by exempting insurance sold through HINs from excessive state premium taxes. HINs would also allow national association to sell health insurance plans on a nationwide basis.

Mandated Benefits. Excessive mandated benefits that increase costs and limit consumer choice over the scope of insured benefits would not be allowed.

Insurance Affordability. In the near term, premium costs for similar policies sold to firms in a single block of business could vary by no more than 50 percent. A health risk adjustment across insurers would be phased in -- removing premium disparities and allowing for plan flexibility within a new insurance market driven by competition on quality and costs.

### ***Containing Health Care Costs***

Malpractice reform. Threat of malpractice litigation prompts physicians to order tests and perform procedures simply to show that every effort has been made to provide the best health care. The President's plan would provide incentives to states to: (i) eliminate joint and several liability for non-economic damages, (ii) cap non-economic damages, (iii) eliminate rules that permit double recovery, (iv) require structured awards, (v) promote pretrial alternatives, and (vi) implement new procedures to improve quality of care. Also, the implications of standards of care, developed with the medical community, would be considered in light of their ability to lessen physician uncertainty over what standard of care they must meet.

New procedural reforms would promote alternative dispute resolution (ADR). A party that refused ADR and then lost the suit at trial would pay the other party its attorney fees.

Also, the potential of guidelines and standards of care to reduce the uncertainty that leads to defensive medicine will be explored.

Antitrust. Fear of antitrust liability has also helped produce an often inefficient and duplicative distribution of sophisticated services and equipment. Quality of care is diminished by the reluctance of professional review boards and hospitals to discipline physicians. Finally, the emergence of managed care organizations has raised new questions about the application of the antitrust laws to the health care system.

The President's proposal will provide enhanced [additional?] guidance on the application of the antitrust laws in these areas and provide a "safe harbor" for certain joint activity relating to the sharing of equipment by providers.

Reducing administrative costs. Insurance law changes and market reforms will end the paperwork blizzard that afflicts all Americans with insurance -- and costs billions of dollars. Standardized claims procedures and other reforms will reduce administrative costs.

For small employers, administrative costs may account for as much as 40 percent of the cost of insurance purchased, compared to 10 percent for large employers. Marketing to and servicing small employer policies is costly. HINs, because they bring together many purchasers, would cut the cost of insurance administration and therefore substantially reduce premiums. Small businesses would benefit from these efficiencies. HINs

would follow uniform claims processing standards for additional administrative savings.

Expanded use of coordinated care. In 1990, about 40 million Americans were enrolled in one of a variety of coordinated care arrangements -- up from 10 million in 1980. The President's plan encourages broader use of coordinated care in the public and private sectors, including preferred provider organizations, point of service plans, case management, HMOs, and other forms of coordinated care. New coordinated care arrangements would be allowed in the Medicare program, states would have incentives to use coordinated care in Medicaid programs, and restrictions on the operation of coordinate care in the private sector would be ended.

State mandated benefits. Excessive state mandates would not be allowed.

Efficiencies in public programs. Health expenditures at all levels of government account for 44 percent of national spending on health services. Cost containment will be achieved in these programs through greater reliance on coordinated care, participation in the overall trend towards lower administrative costs, recapturing some subsidies made duplicative by the new tax credit and deduction, and aggressive action to stem program abuses.

Increased flexibility in state programs. States would be freed to redesign their entire health care systems. The acute care portion of the Medicaid program, covering hospital and doctor services, would be restructured, moving from an open ended entitlement to a per capita payment arrangement. With this change, current federal restrictions on the use of coordinated care and review processes for waiver requests would be dropped.

With respect to the relationship of Medicaid to the new transferable health insurance tax credit, states could choose to combine current Medicaid funding with the new credit to develop a single unified health plan for low-income persons.

Expansion of services in underserved areas. The President's FY 1993 budget expands funding for Community Health Centers, Migrant Health Centers, and the National Health Service Corps to expand preventive care in these areas.

Prevention. The President's budget includes \$26.4 billion, a nearly \$4 billion (18 percent) increase for preventive health activities. Prevention funding has increased over \$11 billion (74 percent) since 1989. Among other activities, the President's FY 1993 budget proposes increases of 18 percent for

childhood immunizations and infant mortality reduction, a 27 percent increase for Head Start and Early childhood Development, a 24 percent increase for breast and cervical cancer mortality prevention, and a 90 percent increase for childhood lead poisoning prevention.

Improving Consumer Information. To assist individuals and employers shopping for insurance and health care, consumers would have "blue books" providing comparison price and quality data. It would cover the average cost of services and the quality of care provided by physicians, hospitals, and clinical laboratories.

### ***Financing the President's Plan***

The health insurance tax credit and deduction in the President's plan will cost \$35 billion per year when phased in. Offsetting savings can be achieved through use of the measures to contain health care costs outlined above: systems efficiencies; reduced administrative and malpractice costs; better behavior and the effect of preventive services to lessen the need for health services, and greater cost-effectiveness in publicly funded programs. No additional taxes are required or called for.

\* \* \*

The President's plan concludes with an analysis of the options for health care reform that were rejected in the President's decision making process: a national health insurance program and a "play or pay" benefit mandate/payroll tax. [Do we include anything about this in the fact sheet?]

McGroarty/Bunton  
February 4, 1992  
11:45 am  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
12:00 NOON

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. In addition to the world-renowned Cleveland Clinic -- now the city's number one employer -- Northern Ohio is also home to some of the most innovative approaches to health care. COSE [COZY] and Cleveland Health Quality Choice are pioneers: communities across the country can follow your lead to create workable solutions to health care challenges. / That's why I've chosen to come to Cleveland this morning to address the health care crisis -- and lay out my four-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / Right now, far too many Americans are uninsured -- and those who are insured pay too much for health care. *And we're going to do something about that.*

The one thing this crisis isn't about is quality of care. American health care is first-rate, the best in the world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

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These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they change jobs -- or worse still, if they lose their jobs. // And in these hard times, we simply cannot accept the fact that one in every seven Americans is uninsured. //

There's a better way. / My plan puts the emphasis on expanding access -- while preserving the choice people now have over the type of health coverage and health care they receive.

My plan will give Americans a greater sense of security -- help <sup>with an eye toward portability</sup> ease the fears so many Americans have that changing jobs will cost them their health coverage: <sup>changing the system to ensure</sup> by encouraging coverage that is <sup>people that they'll always have access to health insurance no matter where they go - no matter what.</sup> portable -- coverage that employees can carry with them.

Finally, my plan will cut costs. It helps us make health insurance more affordable -- and more affordable means more accessible.

My plan will preserve what works -- and reform what doesn't. And above all, it will ensure every American universal access to basic health care. //

We stand at a crossroads. We can settle on sensible reforms -- or we can force ourselves to swallow a cure worse than the disease.

Some people have scribbled out a prescription for disaster: they want to nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let

government tell people looking for care how much they'll get, what kind, and when.

Right now, across Lake Erie, Canada's system covers everyone. But keep in mind the drawbacks that come with a nationalized system: long waiting lists for surgery -- shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // {Let me cite just one example: the Magnetic Resonance Imaging technology -- the M.R.I. -- used to diagnose everything from tumors to torn cartilage. In all of Canada, you'll find only 12 M.R.I. machines. There are 15 right here in Greater Cleveland alone.}

*new example*

When you nationalize health care, you push costs higher -- far higher. Some studies estimate that a Canadian-style plan would cost the average American family <sup>a huge new tax burden</sup> ~~more than \$4000 dollars a~~ <sub>to 500</sub> year -- for the nation, a staggering \$250 billion dollars a year

// <sup>And</sup> For that price, you get the worst of both worlds: No one has an incentive to control costs -- and everyone pays. //

*in new taxes! Such a massive tax increase is obviously unacceptable*

But there are other proposals out there, <sup>that sound simple but are every bit</sup> equally harmful. One's called "Play or pay." Each employer must "play" -- meaning: provide insurance for employees, or "pay" -- a payroll tax to finance government health coverage.

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses struggling on the edge of survival right now -- with a tough choice: They can cut workers' wages to pay for mandated health care, they can fire

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some workers to cover the rest -- or they can raise prices, and pass along the cost to the consumer. Some studies put the cost in jobs lost under "Play or Pay" as high as half-a-million or more.

Strip away the rhetoric, and "Play or pay" just creates a back-door route to a nationalized health care. It encourages employers to stop offering benefits, throw the problem in the government's lap, and dump millions of fully-insured workers into Medicaid. And because <sup>the new employer taxes in</sup> Play or Pay doesn't pay for <sup>the program</sup> itself, the American taxpayer will foot the bill.

a public plan like Medicaid

You won't hear this from the people pushing Play or Pay. Ask them about the side-effects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

~~We can't keep ignoring problems people care about -- and I won't.~~ People don't want to be shoved into some new health care bureaucracy. They want good health. // A large part of the answer is prevention: the changes each one of us can make to avoid behavior that raises risk of disease and illness.

Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives -- and help keep our economy healthy, too.

But today, I want to focus on the health care system -- on my comprehensive, market-based reform plan. / The fact is, we don't have to create a new government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a

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system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit -- up to \$3,750 dollars a year to <sup>guarantee</sup> help people, even people too poor to file taxes, purchase private health insurance. Each will <sup>have</sup> receive a certificate or voucher for more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford -- or they can shop for whatever private plan suits them best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. / ~~Every~~ American family <sup>of up to</sup> with incomes under \$80,000 -- <sup>that's a lot of American families</sup> ~~that's 95 million Americans~~ -- will receive new help from either the credit or the tax deduction. <sup>95 million Americans would get new help to purchase health insurance</sup>

Once again, <sup>insurance</sup> this ~~coverage~~ will be portable: people who <sup>would have insurance regardless of their health - and this is important -</sup> change jobs can take their coverage with them. <sup>or their family's health.</sup>

But best of all, will bring <sup>6</sup> security to 30 million uninsured Americans -- people who will at long last receive health care coverage they'd had to do without. //

That's the first point in my four-point plan: access.

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs obey the "law of large numbers:" The larger the group being insured, the lower the cost per individual. HIN's provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it brought 11,000 small businesses together to make a joint purchase of health care.

Another way to drive costs down: make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. // Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. You shouldn't have to pay a lawyer when you go to the doctor. Right now, people do just that: high malpractice premiums mean

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higher doctors' bills -- as they pass their legal bills along to you. / I have challenged the health insurance industry to cut red tape -- to share common forms, and to simplify and speed up claims processing. ~~There~~ <sup>that almost</sup> is no reason ~~half~~ of all health insurance claims can't be processed electronically within the next four years. That single step would eliminate a mountain health care paperwork and pare back costs.

Fourth and finally, we will get the growth in federal health programs under control. Right now, government health care programs can claim a dubious distinction: they are the fastest growing parts in the federal budget. / We must bring runaway costs under control. We won't cut benefits. We won't raise premiums. We can make real savings simply by reducing the rate of increase.

Efficiencies like this will help our reform plan pay for itself. //

The federal government should also give states the flexibility to design new universal access programs for the poor -- programs that will provide quality services to all their citizens. States will be able to use new federal resources to design programs that work -- not one-size-fits-all solutions imposed by Washington.

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of market-based reform plan that will

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give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

Remember what people want. People want care they can afford / care they can carry with them / and care they can count on.

I keep coming back to what works for this country. When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and their doctors. We don't need to create another wasteful federal bureaucracy. We need common sense, comprehensive health care reform -- and we need it now. My four-point plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

DD -  
FYI - Revised.  
- DMcA

McGroarty/Bunton  
February 3, 1992  
7:30 pm  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
12:00 NOON

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. Cleveland Clinic is world-renowned -- and it is now the city's number one employer -- and Northern Ohio is also home to some of the most innovative approaches to health care. / That's why I've chosen this morning to address the health care crisis -- and lay out my four-point program for comprehensive health care reform. // ?

Reform is urgent -- for more reasons than one. / The crisis I mentioned isn't in quality of care. American health care is first-rate, the best in the world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they change their job -- or worse still, if they lose their job. // And in these hard times, it is simply unacceptable that one in every seven Americans is uninsured. //

including  
Cleveland  
Council  
of  
Small  
Enterprises  
(Cozy?)

There's a better way. / My plan puts the emphasis on expanding access -- while preserving the choice people now have over the type of health coverage and health care they receive. My plan will give Americans a greater sense of security -- help ease the fears so many Americans have that changing jobs will cost them their health coverage: <sup>changing the system to ensure that they'll always have access to insurance.</sup> by encouraging coverage that is portable -- ~~coverage that an employee can carry with them.~~ (No)

Finally by cutting costs, we're going to make health insurance more affordable -- and more affordable means more accessible.

My plan will preserve what works -- and reform what doesn't.

And above all, it will ensure every American universal access to <sup>affordable</sup> ~~insurance~~ basic health care. // <sup>coverage</sup>

We're at a crossroads. The question now is whether we'll <sup>move toward</sup> ~~settle on sensible~~ reforms -- or whether we'll force ourselves to swallow a cure worse than the disease.

Some people are pushing a prescription for disaster: we can nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

Right now, across Lake Erie, Canada's system covers everyone. That's the goal we're striving for -- but keep in mind the drawbacks that come with a nationalized system: the long waiting lists for surgery -- the shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // ~~Let me cite just one example: the Magnetic~~

<sup>Optim =</sup> ~~Let me cite just one example. The Cleveland Clinic does~~ Cleveland Clinic Bypass Surgery. <sup>coronary bypass surgeries a day;</sup> ~~Let me cite just one example: the Magnetic~~ <sup>Mr. Sinai Hospital, which I just visited, does</sup> Mr. Sinai Hospital, which I just visited, does <sup>a day. High tech, high</sup> ~~Let me cite just one example: the Magnetic~~ <sup>another example</sup>

added

quality surgery without any wait. But if you were in British Columbia you have to wait 6 months for coronary bypass surgery. It's no wonder Seattle's hospitals see lots of Canadians

3

Resonance Imaging technology -- the M.R.I. -- used to diagnose everything from tumors to torn cartilage. In all of Canada, you'll find only 12 M.R.I. machines. There are 15 right here in Greater Cleveland alone.

In the end, nationalizing health care pushes costs even higher. Some studies of Canadian-style plans now circulating in the Congress estimate the costs of that plan for the average American family at more than \$4000 dollars a year.

You get the worst of both worlds: No one has an incentive to control costs -- and everyone pays. //

But there are other proposals out there, equally harmful.

One's called "Play or pay." Each employer must "play" -- meaning: provide insurance for his employees, or they "pay" -- a payroll tax to finance government health coverage.

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses that are on the edge right now -- with a tough choice: They can cut workers' wages across the board to pay for mandated health care, they can fire some workers to cover the rest -- or they can raise prices, and pass along the cost to the consumer. Some estimates put the jobs lost under "Play or Pay" as high as half-a-million or more.

Strip away the rhetoric, and "Play or pay" is really the back-door route to a nationalized health scheme. It creates incentives for employers to stop offering benefits, and dumps millions of workers into Medicaid. And because Play or Pay

This massive tax increase is unacceptable

from of \$250 billion to \$500 billion a year in new taxes.

that seem simple but are every bit as

or public program like a public plan etc?

Fully insured

The new employer taxes in

maybe etc

*don't* doesn't pay for *the program* itself, the American taxpayer will foot the bill.

You won't hear this from the people pushing Play or Pay. Ask them about the side-affects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

The fact is, we don't have to create a new government bureacracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, or if they or their kids develop serious health problems, they won't be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income

individuals and families, I'm proposing a health insurance credit -- up to \$3,750 dollars a year to help people purchase private health insurance. Each will *have* receive a certificate or voucher for more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford -- or they can shop for whatever private plan suits them best.

*health care*

*guaranteed issue*

*allow*

*them*

*-- even those too poor to file taxes -- A*

For middle-income individuals and families, I'm urging

~~I would create~~

5/27

Congress to pass a health insurance tax deduction of \$3,750. /

Every American family with incomes <sup>of up to</sup> under \$80,000 -- ~~that's 95 million Americans~~ -- <sup>may well</sup> ~~will~~ be eligible for either the credit or the tax deduction. *95 million Americans would get new help to purchase health insurance.*

Once again, <sup>insurance</sup> ~~this coverage~~ will be portable: people who <sup>would have insurance regardless of their health or their family's health.</sup> ~~change jobs can take their coverage with them.~~ *the states*

But best of all, will bring security to 30 million uninsured Americans -- people who will at long last receive health care coverage they'd had to do without. // *Coverage and*

That's the first point in my four-point plan: access.

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs are governed by the "law of large numbers:" The larger the group being insured, the lower the cost per individual. The idea behind HIN is to provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it brought 11,000 small businesses together to make a joint purchase of health care.

*Effective "pooling" lowers insurance costs and significantly lowers administrative costs*

Another way to drive costs down is to make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality

*Point 5 - folded in to Pt. 2.*

These programs will be designed at the state level -- without the inflexible mandates of programs designed by ~~the~~ in Washington, D.C. and bureaucratic

Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. You shouldn't have to pay a lawyer when you go to the doctor. Right now, people are doing just that: high malpractice premiums are built into rising doctors' bills -- and passed along to the American people. / And I am challenging the health insurance industry to cut red tape -- to simplify and speed up claims processing. <sup>that virtually</sup> There is no reason ~~half~~ of all health insurance claims can't be processed electronically through standard common forms within the next four years. That single step would eliminate a mountain health care paperwork and pare back costs.

These astronomical lawsuit awards are

<sup>to the</sup> Fourth and finally, we will get the growth in federal health programs under control. Right now, government care programs can claim a dubious distinction: they are the fastest growing parts in the federal budget. We won't cut benefits. We won't raise premiums. We can make real savings simply by cutting the rate of increase.

Efficiencies like this will help our reform plan pay for itself. //

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of reform that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

<sup>fourth</sup>, within the reformed system, we'll give states the flexibility to design universal access programs for the poor that ~~most~~ <sup>will</sup> provide quality care to all their citizens. Programs to meet the individual needs of their states, ~~with most federal help~~, citizens, with new federal help to reduce the state's burden.

I keep coming back to what works for this country. When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and their doctors. We don't need to create another wasteful federal bureaucracy. We need common sense, comprehensive health care reform -- and we need it now. My four-point plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

John Kutler

February 3, 1992

Dear Dick:

While I don't agree with it, I understand the decision to have the president articulate a plan on Thursday. What he does with the other twelve minutes of his speech is essential, because he will never have a better opportunity to define this issue as it needs to be defined. This chance won't come again.

My argument is that on Thursday the President must define the health problem broadly, in order to advance three key strategic needs:

1. The democrats have already defined our health crisis as a problem of access. We can't let that stand. That's how it is reported and talked about. We cannot win on the field the democrats have chosen to play on. They will one-up us every time and our plans will look anemic by comparison.

*Like life imitating art:  
letters  
imitating  
speeches.*

And as long as "financing access" is the scope of the issue, the pressure will be on the President to find resources to pay for it: from Medicare, means testing or a tax cap, which makes us look draconian.

2. The policy reality is that our problem is much broader than access. Access is just one of three major problems we face, the other two being the wasteful way we practice and pay for medicine and the increasingly poor health habits of the American people. Solving the health crisis absolutely requires progress on all three.

The heavy lifting ahead is not just for government to do. The challenge must be issued to the medical community and the insurance companies to change how we practice and pay for medicine, so we get more and better care for the same dollars. The challenge must also be to the American people, that they must take more responsibility for their own health, by living lifestyles that keep them well.

3. By talking about re-inventing medical practice (rewarding efficient providers, liability reform), personal health responsibility (on which he is an excellent spokesman, consumer information) as well as financing access (tax credits + insurance reform + medicaid changes), the President can be the first person to tackle the whole problem.

It's a war on three fronts. We can't afford to ignore any of them. We need to put the right assets against each challenges. The democrats have only one weapon: more government. It won't work. Instead, we need to marshal the inventiveness of the American people, the character of the American people and yes the regulatory and financial resources of government at all levels. Together we can win this war

# WHITE HOUSE STAFFING MEMORANDUM

92 JAN 4 P4:32

DATE: 2/1/92 ACTION/CONCURRENCE/COMMENT DUE BY: MONDAY, 4:00 PM, 2/3/92

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION

CLEVELAND, OHIO  
FEBRUARY 6, 1992

SUBJECT: \_\_\_\_\_

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH <i>OK</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SNOW	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	KAUFMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please forward your comments directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00 PM, MONDAY, FEBRUARY 3. Thank you.

RESPONSE:

*Please see comments on pages 1, 5, 6 + 7. Sorry for delay but I did not get this until this am. [Signature]*

PHILLIP D. BRADY  
Assistant to the President  
and Staff Secretary  
Ext. 2702

McGroarty/Bunton  
January 31, 1992  
3:00 pm  
[health]

32 JAN 31 P4: 29

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
XX:00 A.M.

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. Cleveland Clinic is world-renown -- and it is now the city's number one employer. Northern Ohio is also home to some of the most innovative approaches to health care. / That's why I've chosen this morning to address the health care crisis -- and lay out my five-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / The crisis I mentioned isn't in quality of care. American health care is first-rate, the best in the world. <sup>The crisis is in health care cost, which</sup> ~~But~~ the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they lose their job -- or even if they leave their job for a better one. // Right now, one in every seven Americans is uninsured. And in these hard times, millions more Americans worry that if

they lose their job, they lose more than their paycheck -- they lose their health insurance as well. //

There's a better way. But the question is whether we'll settle on sensible reforms -- or whether we'll force ourselves to swallow a cure worse than the disease. Before I detail my plan, let's take a look at some of the alternatives out there, and what they'd do for -- or to -- America's health.

Begin with a prescription for disaster: we can nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let government tell people looking for care how much they'll get, what kind, and when.

That's the way it's done right now across Lake Erie. Yes, Canada's system covers everyone. That's the goal we're striving for -- but keep in mind the drawbacks that come with a nationalized system: the waiting lists for surgery, the limits on which doctor you see -- the shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. // {Let me cite just one example: in all of Canada, you'll find only 12 M.R.I. machines. There are three right at the Cleveland Clinic alone.}

And in the end, nationalizing health care pushes costs even higher. Some studies of Canadian-style plans now circulating in the Congress estimate the average American family would see its taxes increase more than \$4000 dollars a year. // You get the

worst of both worlds: No one has an incentive to control costs -  
- and everyone pays. //

Anyone who's spent months checking the mail for that income tax refund -- or tried to track down a missing social security check -- or whiled away a day in line at the DMV is going to think long and hard before they let the government play doctor. Nationalized health care would be a national disaster. //

But there are other proposals out there, equally harmful. One's called "Play or pay." Each employer "plays" -- provides insurance for his employees, or they "pay" -- a payroll tax to finance government health coverage. This scheme, says its advocates, gives employers a choice. // So does the guy with the gun in your back when he says: "Your money or your life."

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses that are on the edge right now -- with a tough choice: They can cut workers' wages across the board to pay for mandated health care, they can fire some workers to cover the rest -- or raise prices, and pass along the cost to the consumer. Some estimates put the jobs lost under "Play or Pay" as high as half-a-million or more -- and the cost to employers at \$30 billion / and counting. //

Strip away the rhetoric, and "Play or pay" is really the back-door route to a nationalized health scheme. It creates incentives for employers to stop offering benefits, and dumps millions of workers into Medicaid. And because Play or Pay

doesn't pay for itself, the American taxpayer will foot the bill.

In other words, the only sure thing about Play or Pay is pay / and pay / and pay. //

Don't look for this analysis from the people pushing Play or Pay. Ask them about the side-affects of their proposal, and they'll say: Take two aspirin -- and call me after the election.

The fact is, we don't have to create a new government bureacracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a system that puts quality care within reach of every American family.

That system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest a little easier when it comes to health care -- to ease the worry if they change jobs, or if they or their kids develop serious health problems. //

My comprehensive five-point plan meets every one of these common-sense tests. Here's how:

First, we will make health insurance more affordable for low-to-middle income families. For low-income individuals and families, I'm proposing a health insurance credit -- up to \$3,750 dollars a year to help people purchase private health insurance. For middle-income individuals and families, I'm urging Congress to pass a health insurance tax deduction of \$3,750. / Every American family with incomes under \$80,000 {-- that's xx% of all

American families --} will be eligible for either the credit or the tax deduction. They'll find health insurance more affordable -- and they'll be free to choose the plan and the doctors that serve them best.

Second, we will make health care <sup>financing</sup> more efficient. Twenty years ago, President Nixon pioneered a new idea in health care - the HMO. <sup>I want to pioneer a new idea in health care financing:</sup> Today, ~~I'm asking you to learn a new acronym:~~ HIN - <sup>0</sup> Health Insurance Networks. / Insurance costs are governed by the "law of large numbers:" The larger the group being insured, the lower the cost per individual. ~~The idea behind HIN is to~~ <sup>will</sup> provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it brought 10,000 small businesses together to make a joint purchase of health care. By cutting costs, we're going to make health insurance more affordable -- and more affordable means more accessible.

Third, we will <sup>remove the</sup> ~~wring out~~ waste and excess in the present system. We've targetted malpractice for reform. You shouldn't have to pay a lawyer when you go to the doctor. Right now, people are doing just that: high malpractice premiums are built into rising doctors' bills -- and passed along to the American people. <sup>In addition,</sup> ~~and~~ I am challenging the health insurance industry to cut red tape -- to simplify and speed up claims processing.

[Specific challenges.]

Fourth, we will <sup>control</sup> ~~get~~ the growth in federal health programs. ~~under control~~ Right now, {Medicare} can claim a dubious distinction: fastest growing program in the federal budget. We

won't cut benefits. We won't raise premiums. We can make real savings simply by cutting the rate of increase. We've set a target we can reach -- one that will cut the rate of growth from {10.6% to 9.4%}.

Efficiencies like this will help our reform plan pay for itself. //

✓ Fifth and finally, we will get <sup>consumer</sup> information to the people. We will make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. / We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. Innovations like this one will help all of us keep overall costs as low as possible.

✓ Providing affordable care, efficient care, / <sup>removing</sup> ~~wringing out~~ excess and waste, controlling federal growth, and getting more health care cost information into the hands of consumers: these five points will create the kind of reform that will give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

I keep coming back to what works for this country. <sup>Insert A next page</sup> When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and

and health care providers.

their doctors. We don't need to create another wasteful federal bureaucracy. We need common sense, comprehensive health care reform -- and we need it now. My five-point plan is the right plan -- a plan that meets our obligation to all Americans by putting <sup>the hope of quality health care</sup> ~~hope and health~~ within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #

These strengths include:

The freedom of individuals to choose physicians, hospitals and health plans; diversity and flexibility in the financing, organization and delivery of care; physicians and health professionals who are the best educated and most skilled in the world; millions of volunteers who assist in providing quality health care; world leadership in biomedical research; dramatic technological innovation and leadership in new methods of assuring quality care.

(A)

HHS  
additional  
comments

McGroarty/Bunton  
February 4, 1992  
1:45 pm  
[health]

PRESIDENTIAL REMARKS: GREATER CLEVELAND GROWTH ASSOCIATION  
CLEVELAND, OHIO  
FEBRUARY 6, 1992  
12:00 NOON

[Introductory acknowledgements.] I'm pleased to be back in Cleveland, capital city of the North Coast. [[opening humor...]]

People who know Northern Ohio know this region's outgrowing the old rustbelt image. In addition to the world-renowned Cleveland Clinic -- now the city's number one employer -- Northern Ohio is also home to some of the most innovative approaches to health care. COSE [COZY] and Cleveland Health Quality Choice are pioneers: communities across the country can follow your lead to create workable solutions to health care challenges. / That's why I've chosen to come to Cleveland this morning to address the health care crisis -- and lay out my four-point program for comprehensive health care reform. //

Reform is urgent -- for more reasons than one. / Right now, far too many Americans are uninsured -- and those who are insured pay too much for health care.

The one thing this crisis isn't about is quality of care. American health care is first-rate, the best in the world. And right now, the vast majority of Americans have access to that health care system. But the cost has skyrocketed: from xxx in 19-- to \$800 billion dollars today. And if we keep going at the same rate, that \$800 billion will double to \$1.6 trillion by the year 2000.

4) out of every \$7 dollars we spend

These numbers alone would make the case for reform. But cold statistics don't show us the worry people feel -- the all-too-familiar fear about what happens to their health care if they change jobs -- or worse still, if they lose their jobs. // And in these hard times, we simply cannot accept the fact that one in every seven Americans is uninsured. //

There's a better way. / My plan puts the emphasis on expanding access -- while preserving the choice people now have over the type of health coverage and health care they receive. My plan will give Americans a greater sense of security -- help ease the fears so many Americans have that changing jobs will cost them their health coverage: (by encouraging coverage that is portable -- coverage that employees can carry with them.) ~~delete~~

Finally, my plan will cut costs. It helps us make health insurance more affordable -- and more affordable means more accessible.

Add  
By Allowing  
Workers to change  
Jobs without  
Fear of losing  
Coverage

My plan will preserve what works -- and reform what doesn't.

And above all, it will ensure every American universal access to <sup>affordable insurance</sup> basic health care. //

very important or delete paragraph

We stand at a crossroads. We can settle on sensible reforms -- or we can force ourselves to swallow a cure worse than the disease.

Some people have scribbled out a prescription for disaster: they want to nationalize the health system. Put government in control of the system: let government control the prices, let government ration the kind of health care people get -- let

government tell people looking for care how much they'll get,  
what kind, and when.

Right now, across Lake Erie, Canada's system covers everyone. But keep in mind the drawbacks that come with a nationalized system: long waiting lists for surgery -- shortages of the high-tech equipment responsible for so many of the miracles of modern medicine. / [ (Let me cite just one example: the Magnetic Resonance Imaging technology -- the M.R.I. -- used to diagnose everything from tumors to torn cartilage. In all of Canada, you'll find only 12 M.R.I. machines. There are 15 right here in Greater Cleveland alone.) ]

When you nationalize health care, you push costs higher -- <sup>few</sup> far higher. Some studies estimate that a Canadian-style plan <sup>taxes</sup> would cost the average American family more than \$4000 dollars a year -- for the nation, a staggering \$250 billion dollars a year. <sup>in taxes</sup>

// For that price, you get the worst of both worlds: No one has an incentive to control costs -- and everyone pays. //

But there are other proposals out there, equally harmful. One's called "Play or pay." Each employer must "play" -- meaning: provide insurance for employees, or "pay" -- a payroll tax to finance government health coverage.

Businessmen and women tell me horror stories about health care costs spiralling out of control. Well, Play or Pay will leave a lot of small businesses -- businesses struggling on the edge of survival right now -- with a tough choice: They can cut workers' wages to pay for mandated health care, they can fire

Some workers to cover the rest -- or they can raise prices, and pass along the cost to the consumer. Some studies put the cost in jobs lost under "Play or Pay" as high as half-a-million or more.

Strip away the rhetoric, and "Play or pay" just creates a back-door route to a nationalized health care. It encourages employers to stop offering benefits, throw the problem in the government's lap, and dump millions of fully-insured workers into Medicaid. And because Play or Pay doesn't pay for itself, the American taxpayer will foot the bill.

You won't hear this from the people pushing Play or Pay. Ask them about the side-effects of their proposal, and they'll say: Take two aspirin -- and call me after the election. //

We can't keep ignoring problems people care about -- and I won't. People don't want to be shoveled into some new health care bureaucracy. They want good health. // A large part of the answer is prevention: the changes each one of us can make to avoid behavior that raises risk of disease and illness. Tomorrow, in San Diego, I'll focus in more detail on the ways prevention can help people live healthier lives -- and help keep our economy healthy, too.

But today, I want to focus on the health care system -- on my comprehensive, market-based reform plan. / The fact is, we don't have to create a new government bureaucracy to give Americans access to affordable, quality health care. We need a system that delivers -- a system that works for America -- a

system that puts quality care within reach of every American family.

Our system should be built on choice -- not central control. It should keep costs down -- and open up access. But above all, it should allow all Americans to rest secure when it comes to health care -- to ease their worry that if they change jobs, if they or their kids develop serious health problems, they'll still be able to count on the coverage they need. //

My comprehensive four-point plan meets every one of these common-sense tests. Here's how:

Point one: we will make health care more accessible by making health insurance more affordable. For low-income individuals and families, I propose a health insurance credit -- up to \$3,750 dollars a year to help people, even people too poor to file taxes, purchase private health insurance. Each will receive a certificate or voucher for more than \$300 dollars a month. They can use it to buy into the plan their employers offer but they could never afford -- or they can shop for whatever private plan suits them best.

For middle-income individuals and families, I propose a health insurance tax deduction of \$3,750. / Every American family with incomes under \$80,000 -- that's 90 million Americans -- will receive new help from either the credit or the tax deduction.

tax deduction phases out after \$80,000  
\$70,000 might be a better number

Once again, this coverage will be portable: people who change jobs can take their coverage with them.

delete

But best of all, will bring security to 30 million uninsured Americans -- people who will at long last receive health care coverage they'd had to go without. // have available affordable

That's the first point in my four-point plan: access. <sup>health</sup> insurance

Point two: we will cut the runaway costs of health care by making the system more efficient. Today, I'm asking you to learn a new acronym: HIN -- Health Insurance Networks. / Insurance costs obey the "law of large numbers:" The larger the group <sup>will</sup> being insured, the lower the cost per individual. HIN's provide incentives for small companies to do what Cleveland's C.O.S.E. [COZY] group has done -- when it brought 11,000 small businesses together to make a joint purchase of health care.

Another way to drive costs down: make everyone a better health care consumer. Right now, most people pay more attention to the price of toothpaste than the comparative costs of health care. People don't waste much time thinking about the costs of their care -- but in the end, we all pay the price. We need to follow the lead of initiatives like Cleveland Health Quality Choice -- programs that give people "shopping" for health care a kind of "blue book" for medical costs. // Innovations like these will help all of us keep the costs of quality health care as low as possible.

Point Three: we will wring out waste and excess in the present system. We've targeted medical malpractice for reform. You shouldn't have to pay a lawyer when you go to the doctor. Right now, people do just that: high malpractice premiums mean

higher doctors' bills -- as they pass their legal bills along to you. / I have challenged the health insurance industry to cut red tape -- to share common forms, and to simplify and speed up claims processing. (There is no reason half of all health insurance claims can't be processed electronically within the next four years. That single step would eliminate a mountain *of* health care paperwork and pare back costs.

Fourth and finally, we will get the growth in federal health programs under control. Right now, government health care programs can claim a dubious distinction: they are the fastest growing parts in the federal budget. / We must bring runaway costs under control. We won't cut benefits. We won't raise premiums. We can make real savings simply by reducing the rate of increase.

Efficiencies like this will help *pay for our* ~~our reform plan, pay for~~ ~~itself.~~ //

The federal government should also give states the flexibility to design new universal access programs for the poor -- programs that will provide quality services to all their citizens. States will be able to use new federal resources to design programs that work -- not one-size-fits-all solutions imposed by Washington.

Providing affordable care, efficient care, / wringing out excess and waste and controlling federal growth: these four points will create the kind of market-based reform plan that will

give Americans the kind of health care they want and deserve -- and put an end to the worry that keeps them awake at night.

Remember what people want. People want care they can afford

*letting* care they can carry with them // and care they can count on.

I keep coming back to what works for this country. When we talk about health care, we're talking about matters of the most personal nature -- in some cases, literally, life and death decisions. We don't need to put government between patients and their doctors. We don't need to create another wasteful federal bureaucracy. We need common sense, comprehensive health care reform -- and we need it now. My four-point plan is the right plan -- a plan that meets our obligation to all Americans by putting hope and health within their reach. //

Once again, my thanks for this warm Cleveland welcome. May God bless the United States of America.

# # #



# News Summary

OFFICE OF THE PRESS SECRETARY

Dan: Let's write so we don't give them

*Sound bite of Pres responding*  
TUESDAY, FEBRUARY 4, 1992  
6:00 A.M. EST EDITION  
*Nothing about Hum*

## NATIONAL NEWS

**DEMOCRATIC GOVERNORS, BUSH TANGLE ON BUDGET** -- President Bush got a rude awakening from Democratic governors Monday who interrupted his pitch for his economic program to accuse him of budgetary gimmicks, creating a "sewer of debt" and of favoring the rich.

(Washington Post, Boston Globe, Washington Times, Wall Street Journal, New York Times, Chicago Tribune)

**CRITICS POUNCE ON BUSH'S HEALTH PLAN IN ADVANCE** -- President Bush's expected proposal to squeeze Medicare and Medicaid to pay for health insurance tax breaks is drawing outrage and ridicule even before it is unveiled.

(AP, USA Today)

## INTERNATIONAL NEWS

**POWELL: SOVIET THREAT NOT ENTIRELY GONE** -- In an effort to keep defense cuts to President Bush's level, Gen. Powell is warning that while the Commonwealth of Independent States does not now pose a threat to world peace now, the situation could change.

(UPI)

**PRIME MINISTER SAYS REMARKS NOT MEANT TO CRITICIZE AMERICANS** -- Prime Minister Miyazawa scrambled Tuesday to control the diplomatic damage done by his derogatory remarks about American workers, saying he did not mean to impugn Americans.

(UPI)

## NETWORK NEWS (Monday evening)

**ECONOMY** -- The economy and politics were a particularly combustible mix when President Bush met with the nation's governors.

**JAPAN** -- The White House said Japanese criticism of American workers is "not helpful."

**BUCHANAN** -- Patrick Buchanan is trying to convince conservatives that President Bush has betrayed them.

<b>NATIONAL NEWS.....A-1</b>
<b>INTERNATIONAL NEWS...A-8</b>
<b>NETWORK NEWS.....B-1</b>
<b>EDITORIALS.....C-1</b>

Don't let it make any more sense than this  
I'm sure you'll find it interesting

Alice Blue



Just know  
where

— I'm sure you'll find it interesting —  
with these pictures

245-1850



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

# FACSIMILE

**PLEASE NOTIFY OR HAND-CARRY  
THIS TRANSMISSION TO THE  
FOLLOWING PERSON AS SOON AS  
POSSIBLE:**

Name: Dan McGroarty

Address: \_\_\_\_\_

Telephone: 256-6218

Number of pages being transmitted (including this one) 11

FROM: Alise

FAX NUMBER: (202) 245-5673

OFFICE NUMBER: (202) 245-1850

FOR RELEASE UPON DELIVERY  
WEDNESDAY, JANUARY 22, 1992

\*REMARKS BY

LOUIS W. SULLIVAN, M.D.

SECRETARY OF HEALTH AND HUMAN SERVICES

NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS

WASHINGTON, D.C.

\*TEXT IS THE BASIS OF SECRETARY SULLIVAN'S ORAL REMARKS.

IT SHOULD BE USED WITH THE UNDERSTANDING THAT SOME MATERIAL MAY  
BE ADDED OR OMITTED DURING PRESENTATION.

As all of you have read or seen in media reports, President Bush will soon unveil a comprehensive health care reform proposal. Obviously, therefore, I am not in a position this afternoon to detail what the President will say. But I can tell you in general terms where this Administration is headed on health care reform, so you can see that we are serious about making comprehensive and fundamental improvements in our health care system.

Health care reform is a complex task, not susceptible to easy solutions. Clearly, members of NAW -- as founders of the Health Equity Action League -- recognize the seriousness and complexity of this challenge.

I want to be clear, up front, what this Administration's mission is: to provide AFFORDABLE health care SECURITY for every American, while maintaining the superior standards of our system. We will not support such simplistic, cumbersome, bureaucratic schemes as national health insurance or its precursor, "pay-or-play," which promise universal access, but in reality, would deliver access that is a mile wide and an inch deep in coverage and timely availability.

"Pay-or-play" should really be called "pay-and-pay-some-more." To take just one example: today, health care costs consume 17 percent of Chrysler Corporation's payroll costs. The bill before the Senate would let companies pay taxes of 7 or 9 percent of payroll, in lieu of direct coverage.

The compelling economics for Chrysler -- and all other companies in a similar situation -- would be to move employees into the new public system. But this begs the question: Would the new public system ever be able to support itself at the level of payroll tax proposed? Some estimate that an additional \$36 billion would be needed. If we could not raise the taxes to pay for this burden, we would quickly create a new inferior class of health insurance for those in the public system.

America needs reforms that preserve quality of care, improve access and control costs. This Administration's vision is of a rising tide in American health care which lifts all ships, not of one which would herd all citizens into an inadequate lifeboat.

This mission follows from three primary problems in our current system:

First, most Americans -- over 85 percent, in fact -- receive the most advanced health care in the world. Under the President's proposal, they will continue to do so, but will be joined in this national legacy by their fellow citizens who are currently outside the system -- most typically because they lack health insurance, but also because health care simply may not be readily available.

Second, it is also true that, of this 85 percent who have access to the system, the cost of care and the security of access to that care is increasingly troublesome. In a way, this imperative for health care reform results from a paradox. The very richness of health insurance that most Americans receive insulates both them and health care providers from (the true cost of care.) In turn, this market distortion causes a ratcheting-up of spending, and exacerbates the problem of access for those without insurance, and affordability for those with it.

Third, no matter what changes we finally make in our health care system, very little improvement in the cost of care and the health of our people will result until each of us takes greater responsibility for our behavior. ✓

From these root problems, numerous off-shoot dilemmas branch out into the (health care delivery system). For example:

- o As employers you must grapple with ballooning payroll costs due to rising insurance premiums. This is becoming an increasing burden on your ability to compete in the marketplace.
- o At the same time, workers see their out-of-pocket health care costs climbing, and the spending power of their paychecks falling.
- o Self-employed persons -- or other workers not covered by an employer-sponsored plan -- face the prospect of insurance premiums simply beyond their ability to pay.
- o Insurers are hit with the effects of some businesses opting-out of providing health care benefits because they can no longer afford it. They feel the effects of cost-shifting by providers trying to recoup for the significant amount of care they give without compensation. Thus, they are forced into intensified competition for low-risk policy holders, and they avoid those who actually need insurance coverage.

- o Assure that employers do not lose their group coverage because of an illness suffered by an employee or a member of his or her family.

### Choice

Yet, it is not enough merely to assure access, security and affordability; we must likewise assure choice. What has helped to create the superior achievements of American medicine is the absence of burdensome restrictions. We believe a system based in private insurance will best preserve freedom of choice. Requiring everyone to have the same benefit package, or making government the czar of price setting and deciding what services should be offered would be nothing short of a disaster.

### Costs

The final imperative for our health care reform package is real, long-lasting, self-sustaining cost containment. We do not believe in artificial price controls. We believe in addressing the root causes of cost inflation and changing the incentives in the system to reward cost moderation. Our approach will, for example, address:

- o Malpractice reforms;
- o Administrative costs in both the public and private health insurance systems;

Access

We need to provide better ACCESS to health insurance, while maintaining quality -- first, for unemployed Americans without health care coverage to be able to obtain insurance; and second, for those who are employed, to make health insurance more affordable to them and their employers, particularly small businesses.

*Identifies groups needing access*

A corollary concern is that access to health insurance does not automatically translate into access to health care. For the children of the poor and near poor and those citizens living in medically underserved rural and inner city areas, there is a need for more readily available primary care.

Security

Our second fundamental goal of providing security simply means that we want to preserve what most people have -- that no one who has insurance (will have to fear losing it because of illness or job change.) We will seek to:

- o Assure that anyone with insurance can change a job without losing coverage;
- o (Prohibit excessive premium increases after a major medical expense;) and, in a similar vein....

- o Assure that employers do not lose their group coverage because of an illness suffered by an employee or a member of his or her family.

### Choice

Yet, it is not enough merely to assure access, security and affordability; we must likewise assure choice. What has helped to create the superior achievements of American medicine is the absence of burdensome restrictions. (We believe a system based in private insurance will best preserve freedom of choice.) Requiring everyone to have the same benefit package, or making government the czar of price setting and deciding what services should be offered would be nothing short of a disaster.

### Costs

The final imperative for our health care reform package is real, long-lasting, self-sustaining cost containment. We do not believe in artificial price controls. We believe in addressing the root causes of cost inflation and changing the incentives in the system to reward cost moderation. Our approach will, for example, address:

- o Malpractice reforms;
- o Administrative costs in both the public and private health insurance systems;

- o Barriers to high quality, cost-effective coordinated care for Medicaid and Medicare participants, and for the broader public.
- o The use of more effective health care procedures through effectiveness research; and
- o The importance of individual behavior.

### Conclusion

The stakes involved in the health care debate have been overly characterized in the media in political terms. In reality, the stakes are much higher -- they embody what we hope to become as a society.

The stakes include ideology and philosophy -- whether we want to remain true of our commitment to choice and the private sector in health care delivery, or run counter to our long success with it -- and counter to the trend in the world today -- by starting down the muddy road of centralized planning.

The stakes also involve our economic well-being -- whether we can reduce the growing drain on our national finances and still continue to provide quality care.

And the stakes are societal -- whether we can efficiently provide a basic human need for all our citizens, or whether we are going to have a growing chasm between the haves and the have-nots in health care.

I applaud the National Association of Wholesalers for your positive contribution to this debate, and I applaud each of you for your involvement.

I invite your support when the President announces what you will see as a sweeping, well considered reform of this country's health care system.

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