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Health Care [Folder 3] [4]

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. insurance statement	Personally Identifiable Information (1 page)	12/01/1993	b(6)

COLLECTION:

Clinton Presidential Records
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Health Care [Folder 3] [4]

2011-0584-F

jm1502

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

MEMORANDUM FOR THE PRESIDENT

Fr: Bob Boorstin and Jason Solomon

Date: March 1, 1994

Re: Message For CBS This Morning

I. Purpose

Your appearance is designed to do the following:

- 1) reassure people about what your health care proposal will do for American families
- 2) get across the five main message points presented below
- 3) respond to concerns about the plan
- 4) portray yourself as an optimistic David versus the Goliath of the special interests

II. Presentation of Our Message

At the beginning of the show, Paula and Harry are likely to ask you what you've been hearing as you're on the road talking about health care.

You might respond that people are asking you to continue to fight hard for reform. (see personal stories attached) "Everywhere I go, I meet people who remind me what this issue is all about: people and the need to provide real health security."

Then, you should use the first available opportunity to present your vision of reform. Stan and Mandy have distilled your vision into the following five points. Charts accompany each of the points. And whenever possible, you should hold up the Health Security card. (We intend to ask surrogates to use these points in presentations all across the country.)

Summary:

There are five things I want you know about my approach to health reform.

First, everyone's got to be covered. I want **guaranteed private insurance** that can never be taken away.

Second, we've got to give **choice** back to the people, not the insurance companies.

Third, we've got to **protect Medicare** and help older Americans.

Fourth, we want everyone who works to get **insurance at work**.

Finally, we're going to make it **illegal for insurance companies to take away your insurance**.

[What follows is an expanded version of these five points.]

A VISION OF HEALTH SECURITY

There are five things I want the American people to know about what I'm trying to do.

1. **Guaranteed private insurance.** My proposal will guarantee all Americans private health insurance. Everyone will get a Health Security card that will guarantee comprehensive coverage that can never be taken away. And I have told the Congress I will veto anything less because anything less is not real protection for working families.

[Point to Chart 1]

There are some proposals in the Congress to have government insurance for everybody, and some people want to basically do things that wouldn't change what we have now -- which is no guarantee of coverage for anybody. Now, my proposal is for guaranteed private insurance.

**DRAFT
CHART #1**

GOVERNMENT INSURANCE

GUARANTEED PRIVATE INSURANCE

NO GUARANTEE OF COVERAGE

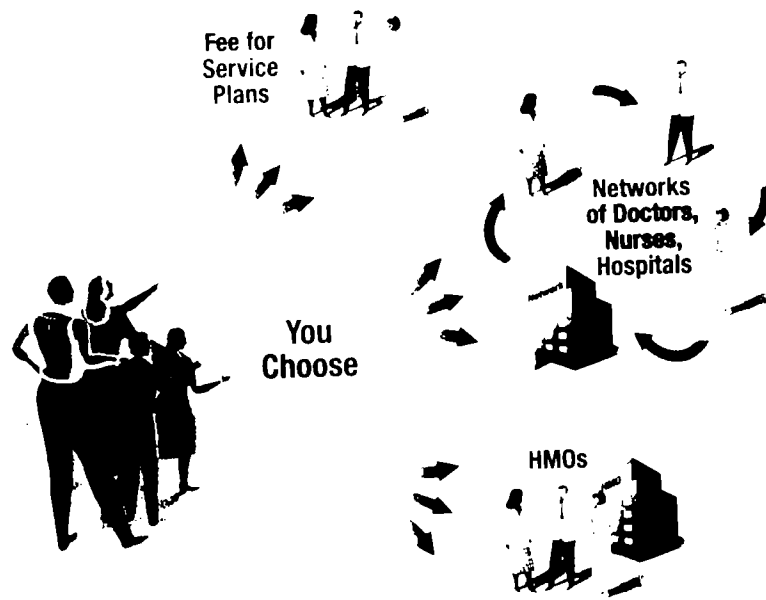
2. **Choice.** I think we need to get the insurance companies out of control of the health care system, and give control and choice back to the people. So my proposal protects and expands people's choice of doctor and health plan. I'm personally against forcing people into HMOs -- I think what doctor you choose has to be up to each person, not employers or insurance companies.

[Point to Chart 2]

So with your Health Security card, you'll be able to follow your doctor to any plan you choose:

- a plan where you can see any doctor in your community -
- they call these "fee for service" plans
- a network of doctors and hospitals
- or an HMO

**DRAFT
CHART #2**



3. Protection of Medicare.

I believe very strongly that health reform must be good for older Americans.

[Point to Chart 3]

And my proposal preserves and protects Medicare. Older Americans have to be able to choose their doctor, and every American, including older Americans, will get new prescription drug coverage and some long term care protection.

**DRAFT
CHART #3**

Preserve and Strengthen MEDICARE

CHOICE OF DOCTOR

+ PRESCRIPTION DRUGS

+ LONG TERM CARE

4. Health insurance through the workplace. We want everyone who works to get health insurance at work, with employers and employees both paying part of the cost.

This is the best way to make sure everyone has coverage because:

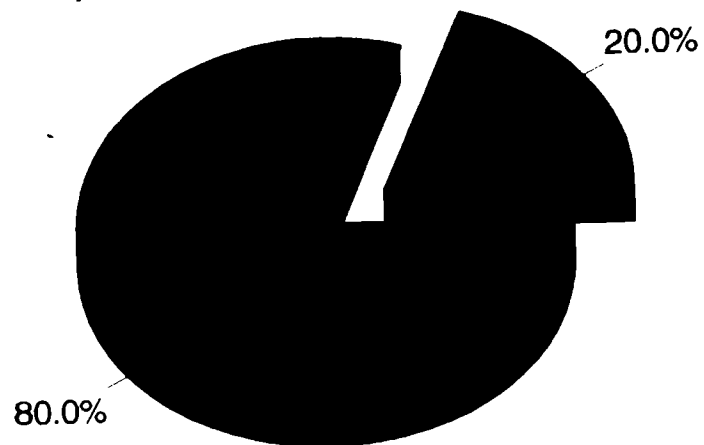
[Point to Chart 4]

- 1) That's where nine out of ten Americans with private insurance get it today
- 2) Eight out of ten people without insurance are in working families.

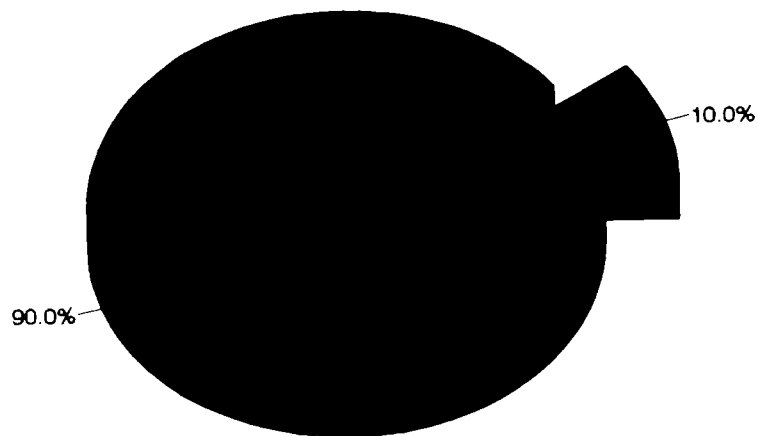
Small businesses will get discounted insurance. And the government will help older Americans, the unemployed and people between jobs.

**DRAFT
CHART #4**

Today, 8 out of 10 people without insurance are in working families.



Today, 9 out of 10 Americans with private insurance get it through their employer.



5. Insurance that can never be taken away. We need a system of coverage that people can depend on. Under my proposal, it will no longer be possible for Americans to ever lose their insurance.

[Point to Chart 5]

It will be illegal for insurance companies to:

- 1) drop your coverage
- 2) increase your rates if you get sick
- 3) use "lifetime limits" to cut off your benefits
- 4) charge older people more than younger people

You can see why the insurance companies are spending so much money on advertising to block my plan -- but you know, I designed this plan for the American people, not the insurance companies.

**DRAFT
CHART #5**

It will be illegal for insurance companies to:

- . Drop your coverage
- . Increase your rates if you get sick
- . Use lifetime limits to cut off your benefits
- . Charge older people more than others

III. Responding to Concerns

CBS had identified the following three issues -- cost, choice, bureaucracy -- as areas of concern to people. Paula and Harry, therefore, are likely to ask you to respond to these concerns. Here are some suggested responses.

1) Cost

The important thing to remember here is that until everyone is covered, we're going to keep seeing costs going up and up. You know, when you see these 20 year-olds -- most of them without insurance -- get cut up and shot up, they go into the emergency room, and when they can't pay anything, we all pick up the tab. That's why you see things like 10-dollar aspirin in hospitals. And unless we guarantee coverage to everybody, we'll never get costs under control.

Now, we've had two really thorough, independent analyses done of our plan -- and they both say that American families will have more money in their wallets as a result of my proposal. And that's because my approach gives bargaining power and control and choice to people and small businesses -- and it takes it away from the insurance companies, who won't be able to keep unreasonably increasing their rates every year.

2) Choice

You know, I'm glad you asked that because that's one of the least misunderstood parts of my approach. And I think it's one of the best parts for people once they understand it.

You see, it's the current system that's limiting people's choices with more and more employers being forced to offer their employees only one choice: Take it or leave it. Under my approach, the consumer -- not the employer, not the insurance company -- chooses their health plan and their doctor.

Once you've got your Health Security card, which everyone will get, you'll be able to follow your doctor to any plan you choose:

- a plan where you can see any doctor in your community -- they call these "fee for service" plans
- a network of doctors and hospitals
- or an HMO

3) Bureaucracy

The most bureaucratic system is the one we have today -- with all the red tape the insurance companies have created that doctors and hospitals and you, the patients have to deal with. And my proposal is for guaranteed private insurance -- not government-run -- but private insurance.

People are asking about these "alliances." The purpose of them is very simple -- today, the deck is stacked against small businesses and individuals. Small businesses are paying 35% more than big business for the same insurance, and individuals are paying through the nose. So we have these alliances to allow people and small businesses to band together and get more consumer clout in the marketplace. Now, Congress will figure out exactly how they should be structured, but this is an idea that has bipartisan support.

People and small businesses should be able to get good insurance at the same rates that big business and government can today. The insurance companies may not like it because it means they have less power, but that's what we're trying to do.

IV. Other Subjects

1) Polls

- I think that's in large part a reflection of the misinformation that's out there right now. You know, the polls will go up and down throughout this process -- they always do. But when I go out and travel across the country, people always tell me to keep fighting for real reform. So I'm going to wake up every day and fight for them.

2) Congress

- Look, I've told the Congress what my bottom line is: I want guaranteed private insurance for every American. This is going to be a long process in the Congress, but I'm confident that when all is said and done, we'll pass a bill that will guarantee private insurance to every American.
- So no matter how many times people in the media or politicians who oppose me say that my approach is "dead," I'm going to keep going out there every day and fighting for the people that have been waiting for this for decades. I mean, a year ago, people said my economic plan was "dead," but now look how far we have come in creating jobs, keeping interest rates low, bringing the deficit down. So I'm confident that if people join with me and fight with me, we'll get it done.

THE WHITE HOUSE
WASHINGTON

March 1, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: JULIA MOFFETT
SUBJECT: HEALTH CARE STORIES

Below are health care stories you have heard over the past six months which you may wish to reference during your CBS Morning News interview.

MARCIA AND MARK CALLENDER, Riverdale, New York

You met the Callenders at the Future Diner in Queens. The Callenders both had good jobs with good benefits. They thought their family was well-protected by the insurance provided by Mark's employer. Then, their son Matthew got sick, Mark lost his job, and the Callender's lost their insurance. When they tried to apply for coverage through Marcia's job, they were turned down because of Matthew's "pre-existing condition". Matthew finally qualified for disability coverage but Mark had to take a lower-paying job to qualify.

NELDA HOLLEY, Meridian, Mississippi

You met Mrs. Holley at the Rose Garden "Letters" event last September. She spoke of her family's good quality of life--owning their own home in a prestigious section of Atlanta, driving a new car, and being able to afford special services for one of her children who had a learning disability. Between she and her husband, they had two health plans. When Ms. Holley discovered she had lupus, her premiums skyrocketed. She had to stop working. Every source of income the Holleys have now goes to keeping her insurance. They rent an apartment, drive a 20 year old car, and forfeit many goods and services they used to take for granted. Mrs. Holley often goes without vital medication in order to maintain her insurance payments.

JOE RILEY, Norwich, Connecticut

You met Mr. Riley at the Greenville Pharmacy. Mr. Riley worked as a foreman at a Norwich company and was laid-off one year prior to retirement. As a result, he has no health benefits beyond Medicare except for a supplemental policy which only becomes valid during a hospital stay. Mr. Riley has a very limited income and paying for such a policy is difficult as it does not cover the drugs he must take for his cancer when he is not in the hospital. Mr. Riley says going to the hospital is a mixed blessing--terrible to be sick on one hand, but good to have prescription drugs provided on the other.

MARILYN HART, South Fort Worth, Texas

You met Ms. Hart last September during the visit to the hardware store. Ms. Hart runs a manufacturing business that employs 65 workers. In the last couple of years, the quality of health care she has offered her employees has dropped tremendously because she can no longer afford quality coverage. The plan she currently offers does not include preventive care, mental care, dental or alcohol and drug recovery. She provides health care at no cost to individuals and to families with both working spouses or five years service. She is very unhappy with the type of coverage she provides and with the fact she is having to scale back family coverage.

CHILDREN'S HOSPITAL, Washington, D.C.

During your visit to Children's Hospital last September you heard the following:

- a) Debbie Freiburg, the head nurse, spoke of having to turn down a child's request to sit with him as he waited for chemotherapy treatment because of the pressure of finishing paperwork.
- b) Michael Grizzard, the hospital's vice president, said that each of the 200 doctors at Children's could see an additional 500 patients a year if the burden of excessive paperwork were lifted. With 200 doctors, this means Children's Hospital could see 10,000 additional patients. He also added that 43 people fill out one form.
- c) Dr. Lillian Beard described the 25 hours per week she spends on paperwork and said, "This is not what I trained all of these years to do...Please permit me to do what I know and love--patient care--and free me from the burden and shackles of the paperwork maze."

CBS LETTERS EVENT

JAMES AND MARIANNE MITCHELL

Madison, Connecticut

The Mitchells, age 62, are retired and not yet eligible for Medicare. Because they have no health insurance through their previous employers, Mrs. Mitchell has gone back to work part-time to pay for health insurance. They write that the average insurance costs for people in their age group are between \$7,000 and \$10,000 a year.

This letter details the couples concerns about their reduced Social Security because:

- 1) they withdrew Social Security benefits early to get help with health insurance
- 2) Mrs. Mitchell works part time (for which they pay a penalty).

Likely question:

Will your plan reduce health insurance costs for early retirees?

Answer:

For many working Americans, retiring early can mean confronting the worst of our current insurance system. Insurers charge people more because just they are older, more because they risk getting sick, and more because they are buying insurance on their own and not as part of a big group.

We've got to return insurance to what it used to be, where everyone in a community is charged the same fair price for insurance. Under our approach, early retirees would be guaranteed private health insurance that could never be taken away. They'd have a choice of high quality, private health plans, and when they pick a plan, they'd pay the same price everyone else in that plan pays, regardless of how old they are or whether they've ever been sick.

LINDA LISH

El Dorado Hills, California

Linda is a 51 year old self-employed bookkeeper. Her husband became disabled last year and was unable to return to work. Four months later, the Blue Cross plan he had under his employer was canceled without warning.

They are caught in the middle: the "conversion policy" that Blue Cross offered them would cost approximately \$12,000 a year, far more than they can afford; and they do not qualify for MediCal (California's Medicaid program) because they have more than \$3,000 in assets.

Likely question:

How will people who lose their jobs and their insurance be treated under the Clinton plan?

Answer:

First of all, let me just say that this would not happen under our plan. This kind of thing would never happen again.

As we've traveled around the country, Hillary and I have heard so many stories like this, and it just makes you shake your head at the people who say we don't face a health care crisis in this country.

You and your husband have both worked hard to earn a living and now are at risk of losing everything you've worked for because you have no health insurance. It's just not right. You deserve the security of knowing that your health insurance can never be taken away.

Let me explain how our plan would work for you. You and your husband would pick from a wide choice of private health plans in the area of California where you live. The plans would have different doctors and would have different facilities, but they'd all cover the same set of comprehensive benefits, including good coverage for preventive care, which most plans don't include today.

Once you've picked the plan you want, you'd pay the same fair price everyone else in the plan pays -- you'd never pay more just because your husband is disabled or because you're self-employed. No one could lose their health insurance coverage when they lose their job, and no one, under any circumstances, would ever pay the crazy prices the insurance companies quoted you.

ANN HOAG

Madison, New Jersey

Ann owns a small business with one full time employee and a part-time worker (her daughter). She pays their health insurance in full, which costs her business \$12,000 a year. She is struggling to stay in business, and finds it impossible to save any money because of the high health insurance costs.

Likely question:

Under the Clinton plan, will small businesses be better able to afford insurance for their employees?

Answer:

You know, you're right what you said in your letter: small businesses get a bum rap in today's system. The small businesses that are struggling to provide some coverage to their workers -- which, by the way, is most small businesses -- pay higher prices for the same benefits, and see their prices go up much faster. Less and less of the money small businesses pay insurance companies goes to health care, and more and more of it goes to red tape and bureaucracy.

There's no doubt about it: today's health care system is stacked against small businesses.

Small businesses like yours will be big winners under our approach. Small companies will be able to band together to level the playing field and get the same good rates big businesses get. Small low-wage businesses like yours would also get discounts to help make insurance even more affordable, and rates would go up much more slowly than they have in the past.

Businesses like yours will be able to provide more benefits to their employees, and spend a lot less than you pay now.

HMO ADMINISTRATOR

CBS News chose this person, and has not released any information to us on this individual. All we know is that he will raise whether or not significant savings are achievable without putting everyone in managed care.

Likely question:

How will costs be controlled under the new system if people are allowed to opt out of HMOs and managed care systems?

Answer:

It's true HMOs can save a lot of money, but HMOs aren't for everyone. Controlling costs is certainly an important goal, one we take very seriously, but we aren't about to sacrifice the guarantee of choice.

Americans have a long-standing tradition of picking their own doctor, and I would never support a plan that would take that choice away. Our plan protects the choices people now have and creates new choices for the people now locked into only one plan.

Under our approach, every American would be guaranteed a choice of at least three plans, and at least one of those plans will be a traditional, fee-for-service plan where you go to any doctor you like. I repeat, that choice is guaranteed.

But there are a lot of ways to bring costs down without restricting people's choice. We encourage competition. We put families and small businesses in the driver's seat to give them the same bargaining power to get good prices.

We cut the red tape that is literally choking off billions each year that could be better spent on care.

We're also going to reform malpractice, crack down on fraud, and limit the amount insurance premiums can go up each year to help bring down health care costs.

COMMUNITY DOCTOR

This doctor is an African-American man, also picked by CBS, who works in a community health clinic in Southeast Washington, DC. He shares the concerns of most community health centers about their ability to stay in business under a system based on competition.

Likely question:

How will community health centers be able to survive under the new system?

Answer:

Community Health Centers have a proud tradition of reaching out and serving communities with little or no access to good medical care, and for seeing and serving all patients, regardless of their ability to pay. But many community health centers are literally struggling to keep their doors open in the wake of rising health care costs and a growing number of uninsured patients.

We need to keep community health centers at the core of health care delivery in the areas where they work well today, and our approach does that.

First and foremost our plan guarantees private insurance to all Americans, so the people who walk through your doors will carry insurance cards in their pockets that will mean payment for your center.

New community health centers will be developed, and others will be expanded or upgraded. More doctors will be available, because the plan will provide encourage medical students to become primary care doctors, and will provide incentives for health care professionals to work in underserved areas.

Our goal is to fix what's wrong while preserving what works: community health centers work, and they'll continue to play an important role under reform.

September 30, 1993

Mrs. Hillary Clinton
The White House
Washington DC 20500

Re: Health Care Reform

Dear Mrs. Clinton:

I want to voice my frustration and concern regarding health care costs for those of us who are retired, have no health insurance and are not yet eligible to receive Medicare.

The average cost of health insurance that a couple must pay out of pocket ranges from \$7,000 to \$10,000 per year! We are 62 years of age. In order to pay health insurance my wife is working part-time with no benefits. We have also taken early social security to help meet these costs.

We are being penalized by the government every way we turn:

- 1) By taking early social security our benefits are reduced.
- 2) Because my wife is working our social security benefits are further reduced if her income exceeds \$7500.
- 3) If our total yearly income exceeds \$45,000 we are further taxed -- to a greater extent than any other age category, just at a time when we must pay excessive health care insurance premiums.

One would think the government would encourage, rather than discourage those attempting to meet these costs.

We hope the proposed National Health Plan will address this problem and not penalize us even further.

Why isn't tort reform implemented? Billions of dollars could be saved for health care reform if this situation were remedied!

Sincerely,

Jim & Marianne Mitchell

James & Marianne Mitchell
57 River Edge Farms Rd.
Madison, Ct. 06443

cc: Sen. Joseph Lieberman
Sen. Christopher Dodd

203 245 0024

Linda J. Lish

*Health Reform
Multi-State*

Accounting & Tax Services
(916) 933-0207 • Fax 933-2448
4993 Golden Foothill Prkwy #6
El Dorado Hills, CA 95762

September 30, 1993

Office of The First Lady
Mrs. Hilary Clinton
1600 Pennsylvania Ave. N.W.
Washington, D.C. 20500

Dear Mrs. Clinton:

My husband has been off work on disability since May 2, 1993. He is a machinist and cannot go back to work for a long time, if ever. On September 1, 93 he received a telegram from his employer stating that he was no longer a participant for medical coverage. The medical coverage is Blue Cross. He has been with his employer for 9 years - worked many long hours without breaks, even would work days straight in order to get the work out for his employer. A very loyal employee. Not once has his employer called to see how he was doing.

I spoke to several people that seemed to think that his employer couldn't do that. I inquired at the Insurance Commissioners office and was advised that Blue Cross is not governed by the Insurance Commissioners office. I called Blue Cross and was told that the contract reads that if an employee is unavailable for work for 3 months or more the employer has the right to cancel the medical coverage. They also advised that a "conversion package" was being sent out to us to convert our plan to an individual plan.

I received the plan today and have attached copies. Please note the cost of the conversion will be \$2,999/97 per quarter, that equals \$11,999.88 per year! Now, to some people this probably isn't much and they would pay, although no matter how much money I had I feel this is ludicrous! I would really like to know how they arrived at their rates. When I called them no one could answer me. Of course if we had a lot of money I guess we wouldn't have to worry about this.

Linda J. Lish

Accounting & Tax Services
(916) 933-0207 • Fax 933-2448

Page 2

In the meantime we have no medical coverage. My age is 51 and my husbands age is 58. We own a nice small home in the Sacramento Foothills, we are educated, good citizens, and good residents of our community. I am self employed in a bookkeeping and tax service. My little business is just now getting on its feet and thank God because it is keeping us "afloat" for the time being. We have absolutely no allowance for \$999.99/month for medical coverage.

I am in the process of applying for Medi Cal, but I have heard that if you have more than \$3,000 in assets, which we have, we will not be eligible.

I guess the reason why I am writing this is to "blow off steam" because I fully realize you cannot do anything about our situation. But also to show you another example of how Americas health system is so unfair to the people.

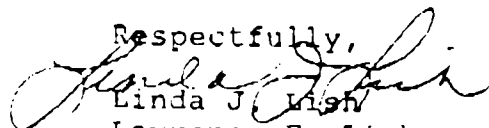
I did listen to President Clintons speech and would support the plan he wants to institute. But these plan take time to get into force and time is running out. Meanwhile, there are hundreds of thousands of persons with a similar situation as ours and probably thousands with more serious life threatening situations.

For 15 years we lived in the British Columbia, Canada interior and the medical coverage cost us \$43/month for a family of 5! We received excellent care and did not abuse the program. Hospital coverage cost us \$2.00 per day, no fee to the doctor for visits, and we had to pay full price for prescription drugs.

I would be more than happy to pay a "co pay" to the doctor or hospital and not have to lose our home and life to "medical bills".

Thank you for taking the time to read my letter.

Respectfully,



Linda J. Lish
Lawrence E. Lish
El Dorado Hills, CA

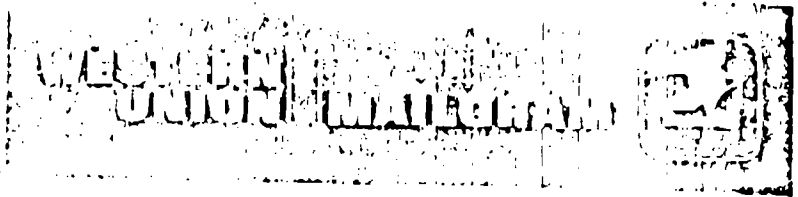
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P.05

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RENO, NV 89502



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Blue Cross
of California



Consumer Services Group

Mailing Address:
P.O. Box 6665
Oxnard, CA 93031-6666

Dear Member:

Although your former health plan coverage is no longer available to you, you can have continuous protection through our Group Conversion Plan. Please read the descriptive brochure carefully, so that you will understand the Group Conversion Plan benefits and other options available.

You have been billed for Major Conversion 200. If you elect to remain in this Plan, fill out the Membership Enrollment Form on the reverse side of this letter. Return to us (a) the Membership Enrollment Form, (b) your payment, and (c) the billing, so they will reach this office no later than the "payment due" date shown on the billing. Please use the enclosed envelope.

Changing Conversion Plan Options:

If you select a Conversion Plan other than the Plan you've been billed for, simply cross out the amount due on the billing and write in the correct amount. Complete the Membership Enrollment Form on the reverse side of this letter. Return to us (a) the Membership Enrollment Form, (b) your payment, and (c) the corrected billing, so they reach this office no later than the "payment due" date shown on the billing. Please use the enclosed envelope.

Alternative Coverage

If you can pass medical underwriting requirements, you may qualify for our Personal Prudent Buyer PlanSM which costs significantly less than group conversion and provides more extensive benefits. If you think you can qualify, please phone your agent or phone us toll free at 1-800-678-6777 for more information.

To be absolutely sure of continuous coverage, you must apply and pay for the group conversion. Your coverage can be changed later if you qualify for the Personal Prudent Buyer PlanSM.

We look forward to continuing to serve you.

Cordially yours,

David L. Ludwig
Vice President, Sales
Consumer Services Group

THIS IS A SOLICITATION FOR THE ORDER OF GOODS OR SERVICES, AND YOU ARE UNDER NO OBLIGATION TO MAKE PAYMENT UNLESS YOU ACCEPT THE OFFER CONTAINED HEREIN.



ANN HOAG

Rolf's Office Machine Repair, Maintenance and Sales
Madison, New Jersey 07490
210-822-1243

She will pay \$12,000 for health insurance for her husband, herself and one full-time employee. One of her daughters works at the store part-time and requires an extra policy because she is 19. She is happy to say that she pays for her employee's health insurance in full. Health insurance is quickly becoming unaffordable for them. She very much wants to give her employee a raise, yet cannot due to high costs of health insurance.

She has changed insurance carriers, but states that "most of them don't want small businesses and the ones that do are outrageously high." She writes that: "Small business owners get a bum rap. In order to pay for health insurance, we have to raise our deductible much higher than people who work in large companies.....I hope you come up with some reforms that will help working people. People who own businesses are not rich people. Just look up and down Main Street and see how many stores are closed. Small businesses need help, especially with health insurance."

HEALTH CARE PLAN WORRIES

February 15-17, 1994

There is increasing doubt about the fairness and the effectiveness of the Clinton health care plan, although there is general support for both employer mandates and universal coverage. And while Clinton gets a negative rating on the way he is handling health care reform, there is no obvious competitor to the Clinton plan.

In this poll, only 38% of those interviewed say the Clinton plan will be fair to them and 44% say the plan will be unfair. And nearly as many people say the overall effect of the plan will be to make health care in the U.S. WORSE as think it will make it better.

What's particularly striking is the attitude of Americans 45 and older, who are decidedly NEGATIVE in their assessment of the plan's fairness to them. And for the first time, senior citizens, those 65 and older, became clearly negative about the Clinton plan. 41% of senior citizens say the plan is unfair to them, while only 30% say it is fair.

Clinton gets a negative rating on handling health care reform -- 59% approve, 46% disapprove. Those are the worst evaluations he's ever received on this issue.

CLINTON'S CHOICES

What's good for the President is that when given specific alternatives, most Americans agree with him, although not always by overwhelming margins.

Should there be an employer mandate to provide health insurance coverage for all workers, including temporary employees, or should this be left to the individual company? 53% say companies should be required to provide health coverage, while 40% say companies should make their own decisions about health care. And when asked whether a better plan would be to require employers to provide insurance or to require individuals to buy insurance, nearly twice as many say employer mandates are a better solution.

This poll was conducted among a nationwide random sample of 1,193 adults by telephone February 15-17, 1994. The error due to sampling could be plus or minus three percentage points for results based on the entire sample.

Universal coverage had slightly less support: 49% say the government should make sure everyone IS covered by health insurance; 41% say the government's responsibility is only to make sure insurance is AVAILABLE for people to buy.

LITTLE UNDERSTANDING, LITTLE TRUST, AND LOW EXPECTATIONS

Even after months of hearings, advertising, and discussion of health care reform, only one in five Americans say they have a good understanding of what the Clinton plan means to them. 45% say they've seen television ads on the plan, and most of those say the ads have mainly opposed the Clinton plan. However, the vast majority say the ads have been, at best, only partly true.

One possible effect of the advertising in general may be helping the insurance companies. Opinion about the health insurance industry is marginally positive. 51% say they have a favorable opinion of the health insurance industry. 46% are unfavorable.

As of yet, no clear competitor to the Clinton plan has emerged. Only 12% of those interviewed in this poll say there is another plan they like better -- and they divided among a single-payer plan, the Cooper-Breaux alternative, a Republican plan, and no change in the current system.

While the overall support for Clinton on health care reform has dropped lately, there's been little change in the way Americans view the plan's potential impact on their own family's health care. A majority of the public -- 53% in this poll -- have consistently said they think the Clinton plan will cost them more; about a third -- 31% in this poll -- have said they expect the plan to lower the quality of their own health care. In fact, 21% of all Americans think they will both pay more AND get less with the Clinton plan. Those people REALLY hate the plan -- saying it's unfair by a ten to one margin!

Americans have generally low expectations for health care reform in general -- even less than they had in previous polls. Only 26% think Congress will pass ANY health care plan before the end of the year, down from 39% in mid-January.

CLINTON AND CRIME

Crime is clearly the country's most important problem: 27% say it's the country's biggest problem (up from 19% last month before the President's State of the Union message). And in the last month, the President's approval rating for handling the problem of crime has gone up -- from 36% to 45% approving. However, 43% disapprove.

71% of Americans think the proposal of "three strikes you're out" for three-time violent offenders would reduce crime. However, only 40% think requiring people to get a license before buying a gun would reduce crime.



Rolf's Office Machine Repair, Maintenance and Sales

4 LINCOLN PLACE · P.O. BOX 182 · MADISON, NEW JERSEY 07940 · (201) 822-1243 · FAX (201) 956-9690

March 18, 1993

Ms. Hillary Rodham Clinton
The White House
Pennsylvania Avenue
Washington, D. C.

Dear Mrs. Clinton:

I wrote to President Clinton three times already, and now since you are in charge of the health insurance issue, I am writing to you.

This year we will be paying \$12,000 for health insurance. We have one full time employee and one of my daughters works here part time. We pay for our employee's insurance in full and we have to have an extra policy for my daughter since she's 19. Our health insurance is unaffordable. We have a small business here and have been struggling since 1990 to stay in business. Between taxes and this health insurance bill, we can't save very much. Sometimes I look at my business and shake my head and bring.

We have changed health insurance carriers, but most of them don't want small businesses and the ones that do are outrageously high. There should be insurance pools where small businesses or individuals can buy insurance at lower rates, just as big businesses do. Small business owners get a bum rap. We can only deduct 25% of this big health insurance bill off our income tax for our family. In order to pay for health insurance, we have to raise our deductible much higher than people who work in large companies. For all we pay, if we get sick there are big out-of-pocket expenses.

I hope you will come up with some reforms that will help working people. As I wrote to President Clinton, people who own businesses are not rich people. Just look up and down Main Street and see how many stores are closed. Small businesses need help, especially with health insurance.

Sincerely yours,


Ann Hoag

Re:

THE WHITE HOUSE
WASHINGTON

FAEA

Health Care

Lawsuit

PLAINTIFFS IN FACA CASE AGAINST THE HEALTH CARE TASK FORCE

I. NATIONAL LEGAL AND POLICY CENTER

- Formed in 1992 according to NYT 3/5/93; There is no record of this group in the Encyclopedia of Organizations or any other reference guide to organizations.

Peter T. Flaherty: President

- **In a June 1992 fund-raising appeal for "Citizens against Clinton", Flaherty targeted Hillary: "Hillary Clinton is a radical feminist who has little use for religious values or even the traditional family unit."** [AP, 6/9/92; see attached]
- **In 1992, Flaherty/Conservative Campaign Fund issued a release promising independent expenditure ads, paid for by the "Citizens Against Clinton" fundraising appeal mentioned above, on Clinton taxes, Social Security means-testing, gay rights support, and Hillary.** (emphasis added) [Hotline, 8/19/92]
- Current Chairman of the PAC **Conservative Campaign Fund**; former Chairman and Chief Executive Officer for **Citizens for Reagan**; Active in the Leadership Institute, a group dedicated to continuing "the Reagan revolution after Reagan leaves office". [WT, 1/18/89]; Former National Director of **Young Americans for Freedom**. [Boston Globe, 7/15 (13?)/86]

II. ASSOCIATION OF AMERICAN PHYSICIANS AND SURGEONS, INC.

- An "ultra-conservative" and "dissident" group of doctors, this organization has filed a large number of cases over the years to "protect the private practice of medicine" and limit government intrusion into the practice of medicine. [WP, 11/25/89; WP, 6/23/77]

III. AMERICAN COUNCIL FOR HEALTH CARE REFORM

- Organization has no offices or facilities.
- A September 10, 1989 Washington Post article noted that: "the Alliance of American Homeowners, surfaced early this year in Herndon, Va., ostensibly to 'fight for homeowners' rights'... **But, in fact, the group was a division of the American Council of Health care Reform that appeared more intent on selling group life insurance than on representing homeowners.** Moreover, no telephone number could be located for either [group] ... neither one was listed in a street directory at the Council's supposed Herndon address."
- William Shaker, Executive Director: Was the Executive Vice President of the National Tax Limitation Committee (1978-1984) and an active supporter of the Reagan agenda. [Christ. Sci. Mon., 7/20/82; UPI, 8/23/83]

IV. KENT MASTERSON BROWN - Lawyer for Plaintiffs

- In the Washington Times [3/6/93], Masterson called managed competition "the **sovietization** of the medical process [that] will seriously hurt the quality of health care."
- Clients include Association of American Physicians and Surgeons (AAPS); Limited Legal Consultation Service (also AAPS); ITT Life Insurance Corp; CHUBB Insurance Group. [Martindale-Hubbell Law Directory 1992]

Lawyer: Kent Masterson Brown

Plaintiffs: Association of American Physicians and Surgeons, Inc. ("AAPS")
American Council for Health Care Reform ("ACHCR")
National Legal and Policy Center ("NLPC")

I. Association of American Physicians and Surgeons, Inc. ("AAPS")

A. Organization:

- From trial papers: "Was established in 1943 and its purpose is to preserve and protect the private practice of medicine...Specifically, AAPS is deeply committed to limiting government intrusion into the practice of medicine and the physician-patient relationship, and preserving and protecting freedom of choice for consumers of health care services."
- Has a membership base of 3,000.

B. Principal: Jane M. Orient, M.D.

II. American Council for Health Care Reform ("ACHCR")

A. Organization:

- From trial papers: "a national public interest, membership corporation...The purpose of the ACHCR is to represent consumers of health care services in an effort to ensure that the health care market remains free of unnecessary and costly government regulations and for the implementation of reforms within the insurance industry to protect the consumers of health care services"
- From letter: "Established in 1983 as a non-profit organization to protect consumers rights and help lower the cost of health care delivery."
- The National Organizations of the U.S. database [research or self-reported] indicates that the Council was established in 1980 and currently has 15,000 members and a staff of 2. They were "organized to eliminate what the council terms unnecessary and costly federal and state health care regulations and laws, such as certificate of public need restrictions that limit public choice in the selection of health care providers...Coordinates grass-roots support for free market approaches to health care delivery and health, safety, and consumer-oriented projects. Works to achieve public access to medical practice information."

- Organization has no offices or facilities: it is located in the basement of the \$350K mansion owned by William Shaker in Arlington. Plaintiff is currently on cruise in the Bahamas.
- A September 1989 Washington Post article on homeowners' advocacy groups noted that: "the Alliance of American Homeowners, surfaced early this year in Herndon, Va., ostensibly to 'fight for homeowners' rights'... But, in fact, the group was a division of the American Council of Health care Reform that appeared more intent on selling group life insurance than on representing homeowners. Moreover, no telephone number could be located for either the Alliance of American Homeowners or the American Council of Health Reform, and neither one was listed in a street directory at the Council's supposed Herndon address."

B. Principal: William Shaker

- President of Washington Marketing Group, Inc., an advertising agency established in 1987, with 1992 sales of \$420K.
- Was the Virginia Executive Vice President of the National Tax Limitation Committee from 1978-1984.
- In a 1976 Business Week article was listed as the chair of Taxpayers United.
- In 1979, was the witness in a Michigan case representing Taxpayers United Research Institute.
- Worked for Dow Chemical from 1965-1978 in Midland, MI.
- The other principal in the organization, Joanna Shaker, is an independent nurse who owned Patient Care (of Virginia) [NEXIS/LEXIS] from 1979-1987.

III. **National Legal and Policy Center ("NLPC")**

A. Organization:

- From trial papers: "... a private foundation ... established to promote ethics in government by publicizing and distributing a "Code of Ethics for Government" which it believes is essential to the health, vitality and legitimacy of the nation's democratic institutions...the members of NLPC does desire to participate in the meetings...not only due to the Plaintiffs' and its officers interest in health care reform, but their interest in the proper operation of government and the task force itself." [This was abridged to "NLPC is also seriously interested in health care reform as well as the proper and legal operation of the Task Force itself."
- Formed in 1992.

B. Principal: Peter T. Flaherty

- **In a fund-raising appeal for Citizens against Clinton, Flaherty targeted Hillary: "Hillary Clinton is a radical feminist who has little use for religious values or even the traditional family unit."**
- **In August 1992, the Peter Flaherty and the Conservative Campaign Fund issued a release promising independent expenditure ads ("Citizens Against Clinton") on Clinton taxes, Social Security means-testing, gay rights support, and Hillary. (emphasis added) [Hotline, 8/19/92]**
- Current Chairman of the **Conservative Campaign Fund**, a political action committee.
 - In 1991, during the Clarence Thomas controversy, issued a scathing attack after the opening hearing session focusing on Senator Biden's "plagiarism" and accusing Biden of "character assassination" in his questioning. [Hotline, 9/11/91; USA Today, 9/11/91]
 - In that same year, in the midst of the Willie Smith trial, Flaherty filed a complaint with the Senate Ethics Committee demanding an investigation of Senator Kennedy's behavior in Palm Beach. The complaint was dismissed. [The Washington Times, 6/24/91]
 - In 1989, wrote a Washington Post Op Ed piece encouraging "strong action" against then-House Speaker Jim Wright and defending the Conservative Campaign Fund against charges of "jury tampering" of the Ethics Committee.
- Former Chairman and Chief Executive Officer for **Citizens for Reagan** -- a well financed 100,000 member organization dedicated to winning implementation of Reagan's conservative agenda
 - Active in forming coalition of conservative groups to urge Congressional support for aid to the Nicaraguan Contras.
- A September 1989 notice of the Monday Club -- a weekly luncheon meeting of Washington right-wingers -- features Mr. Flaherty as spokesman for the Legal Services Reform Coalition.
- Active in the Leadership Institute: A national organization, headed by Morton Blackwell, dedicated to recruiting and training conservatives for national leadership. The group conducted seminars to teach recruits how to win hiring preference in the executive branch and secure Civil Service jobs in a bid to "continue the Reagan revolution after Reagan leaves office". [Washington Times, 1/18/89] The group's trainees have been active in campaigns for conservative office-seekers such as Sen. Jesse Helms.

- Former member of **Massachusetts Citizens for Life**.
- Former National Director of **Young Americans for Freedom** -- After being forced out in 1983, filed suit against the organization's leadership to get a temporary restraining order on a board meeting.

IV. **Kent Masterson Brown**

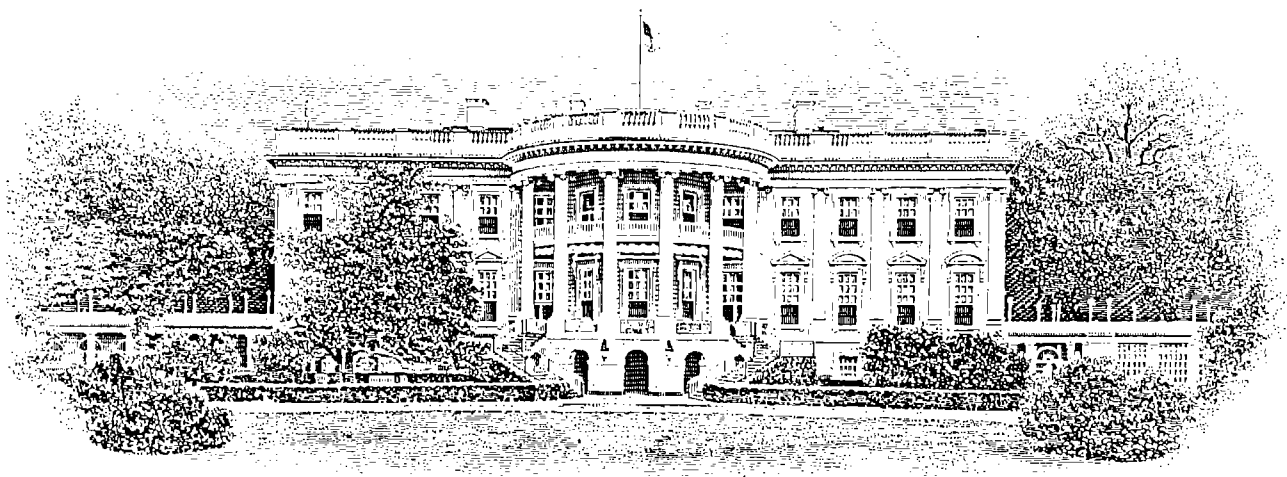
- Practices in the fields of Constitutional Law and Health Law.
- Belongs to the National Health Lawyers association and the American Society of Law and Medicine.
- In a Washington Times interview, Masterson called managed competition "the sovietization of the medical process. It will seriously hurt the quality of health care
- Has written and lectures extensively on the subject of health and law.
- "My cases have involved the adjudication of constitutional issues arising out of the regulation of the health care industry and the administration of the Medicare and Medicaid programs as well as antitrust issues within the health care industry."
- i.e., Mounted a "constitutional challenge to hospital requirement that medical staff members purchase minimum amounts of medical liability insurance."
- Clients include Association of American Physicians and Surgeons; Limited Legal Consultation Service -- AAPS; ITT Life Insurance Corp; CHUBB Insurance Group; and a variety of medical staffs of hospitals and hospital organizations themselves.

CLINTON LIBRARY PHOTOCOPY



file
HEALTHY

The White House



THE HEALTH SECURITY ACT OF 1993: A SUMMARY

The Clinton plan offers a system of guaranteed private insurance. It proposes to build on the current system of private insurance with two critical changes: first, the guarantee of comprehensive health benefits that can never be taken away; and second, greater consumer power for people and small businesses to choose quality health insurance at lower cost.

Our national goal is health security for every American -- comprehensive health benefits that can never be taken away. No limit on benefits over your lifetime. No refusal of insurance if you have a pre-existing condition. No losing your insurance if you get sick or lose your job. And no rate increases if you get sick.

Our principles are clear and distinguish our approach: Security -- comprehensive benefits that can never be taken away. Simplicity -- creating a single claim form to reduce paperwork and bureaucracy. Savings -- controlling health care costs. Quality -- making the world's best care better. Choice -- preserving your right to choose your doctor and expanding choice of private insurance plans. Responsibility -- every American assumes responsibility to bring an out-of-control system under control and put funding on a fair and responsible basis.

Real reform and real savings are possible only if health care benefits are guaranteed to every American. Without universal coverage, there's no guarantee we will be able to control costs and provide comprehensive benefits. For example, today, everyone of us pays a part of the \$25 billion bill for health care for the uninsured; and a single claim form doesn't save money unless everyone is using it.

Comprehensive benefits include preventive care, prescription drugs, doctor visits, hospital services, home health care, hospice care, emergency care and ambulance services, mental health care, vision care, and dental care for children and eventually, for adults.

For seniors, the protection of Medicare remains with improvements -- new prescription drug coverage and a new long-term care program. Our health security plan will achieve real savings in Medicare and re-invest those savings to improve benefits.

For small business, our plan provides insurance discounts to help them afford comprehensive benefits for their employees. Most small businesses already provide health insurance to their employees but they're forced to pay as much as 50% more than larger companies. Our plan helps assure them the best benefits, controlling costs and expanding coverage.

For the majority of insured Americans -- nearly 7 out of 10 -- our plan means paying the same or less for health care benefits that are the same or better -- on average, saving \$61 a month on premiums, co-payments, and deductibles.

Of the insured population, about 3 in 10 will pay more, on average about \$24 per month, but they'll receive benefits that can never be taken away, and for many, better benefits.

If we fail to act:

- Every American -- 100% -- can expect to pay higher insurance premiums nearly every year, with no guarantee of security, no guaranteed benefits, and no guarantee that insurance will be there when they need it.
- One of every four Americans will lose their insurance at some point in the next two years.
- Almost \$1 out of every \$5 Americans spend will go to health care.
- By the end of the decade, just to keep their benefits, American workers will sacrifice almost \$600 in wages every year.
- Millions of Americans will find that rising costs will force their firms to cut back on benefits and limit choices of doctors and health plans.

Our plan for health security is the most comprehensive and responsible, building on what works in our current system and fixing what doesn't. We maintain and essentially private system, streamlined and less bureaucratic than what we face today. And, we're demonstrating how that system will work -- from details on the benefit package and premiums to a firm explanation of the most responsible financing possible.

PRINCIPLES OF REFORM

Health Security is built on six principles: security, simplicity, savings, quality, choice, and responsibility.

Security: Guaranteeing comprehensive benefits to all Americans

The Health Security Act guarantees all Americans comprehensive health benefits, including preventive care and prescription drugs, and ensures they can never be taken away. Insurers will not be able to deny anyone coverage or impose a "lifetime limit" on benefits for people who are seriously ill. And the plan outlaws charging older people more than younger people, or sick people more than healthy people. The plan also sets limits on how much insurance premiums can rise.

Simplicity: Simplifying the system and cutting red tape

The Health Security Act reduces paperwork by giving everyone a Health Security card and requiring all health plans to adopt a single claim form to replace the hundreds that exist today. The plan cuts insurance company red tape by creating a uniform comprehensive benefits package, standardizing billing and coding, and eliminating fine print.

Savings: Controlling health care costs

The Health Security Act increases competition, forcing health plans to compete on price and quality. Health plans will have an incentive to provide high-quality care and control costs to attract more patients. As consumers and business band together in health alliances, they will have more buying clout and receive better prices on their health coverage.

Quality: Making the world's best care better.

The Health Security Act gives doctors and hospitals the best information and latest technology. And it provides consumers information on quality -- forcing health plans to compete on quality in order to attract patients. The plan also invests in new research initiatives -- into new ways to make prevention work, new treatments, and new cures for diseases.

Choice: Preserving and increasing the options you have today.

The Health Security Act ensures that you can follow your doctor and his or her team into any plan they choose to join. In addition, all Americans will be able to choose from a number of plans -- no matter where they work. And anyone can switch plans at the end of the year if they are not satisfied.

Responsibility: Making everyone responsible for health care.

Everybody -- employers and employees alike -- will be asked to pay something for health coverage, even if the contribution is small. Low-wage businesses and workers will get substantial discounts, but everyone must pay something. And those who profit from the current system must join in getting it under control.

HOW THE PLAN WORKS

How Health Care Reform Will Affect You

- *Our national goal is health security -- comprehensive health benefits guaranteed for every American.*
- *How will the President's plan work? The Clinton plan offers a system of guaranteed private insurance. It proposes to build on the current system of private insurance with two critical changes: first, the guarantee of comprehensive health benefits that can never be taken away; and second, greater consumer power (for people and small businesses) to choose quality health insurance at lower cost.*
- *How will you get health insurance? The way most Americans do today, through your employer. If you're employed, you'll choose your health plan, and your employer will make a contribution to help pay. If you're unemployed or self-employed, you'll sign up by mail or telephone. Every American citizen and legal resident will receive a Health Security card that will protect you from ever losing your coverage -- no matter what.*
- *Your Health Security card guarantees you comprehensive benefits that can never be taken away -- benefits as comprehensive as those most Fortune 500 companies offer: doctor and hospital care, prescription drugs, and something rarely found in today's insurance plans -- preventive care, including prenatal care, immunizations, and disease screening for adults, such as mammograms, Pap smears, and cholesterol tests. And there will be no lifetime limits on benefits.*
- *You choose your doctor and your health plan. Every American will have a choice of health plans -- and plans will enroll everyone who applies, regardless of age, occupation or medical history. You will be able to follow your doctor into a traditional fee-for-service plan, a network of doctors and hospitals, or a health maintenance organization (HMO). For older Americans, Medicare will be preserved and strengthened with new coverage of prescription drugs. And there will be expanded options for home and community-based long-term care.*
- *Informed choices strengthen consumers. Easy-to-understand "report cards" on health plans -- the doctors and hospitals involved, the quality of care, consumer satisfaction, prices, and other factors -- will help you make smart choices. Once a year, consumers will have a chance to choose a new plan, something most people can't do today.*
- *It's easy to get care. Once you've picked a plan, if you need to go to the doctor for a check-up or if you get sick, you'll simply take your Health Security card, show it at the doctor's office, and they'll take care of you. Then you'll fill out one standard form, and you're done. So when you get sick, you won't be buried in forms -- and neither will your doctor or hospital.*

GENERAL Q&A

1.) **Doesn't the Clinton plan add more layers of government bureaucracy?**

No. The President specifically rejected a government-run system in favor of a system rooted in the private sector, and based on what we have today. People will choose their own private insurance policy from among those offered in their area. The plan will free doctors and consumers from today's avalanche of paperwork, and streamline the system. It will require insurance companies to use a single claim form, which will replace the hundreds of different forms from the 1500 different insurance companies. And it will give every American a Health Security card which will lead to electronic billing and less paperwork.

2.) **I've watched those TV ads where the couple at the kitchen table asks: "What happens if the money runs out?" What does happen?**

Let's get one thing straight. Their ad says that the government will limit health spending under the President's plan. Well, that's wrong -- the limit they don't like is on how much insurance companies can charge on premiums. Insurance companies that say they have to jack up rates aren't playing straight with you.

The President's plan relies on the most responsible financing possible and it includes safeguards to ensure that health care will always be there for every American. If a health plan were to literally run out of money, and that's unlikely because of the way the President's plan is designed, consumers would simply join another plan. Unlike today, though, benefits would be guaranteed.

3.) **How do you pay for this whole reform plan anyway? Isn't it just "smoke and mirrors?"**

Not at all. Here's how we pay for reform. All the employers and individuals that don't pay anything today for the cost of their health care will be asked to contribute. We will raise the tax on tobacco and ask large corporations that decide to cover their own employees to help pay for the cost of health care for everyone. At the same time, we're going to slow the skyrocketing growth of federal health programs and crack down on health care fraud with new penalties.

Many leading, private-sector economists -- even those who disagree with the policy the President decided on -- have looked at the financing of the plan and said that the numbers add up. The plan uses very conservative assumptions and includes a 15% cushion in case costs grow significantly more than expected. Although the plan raises some additional revenue, it avoids a broad-based tax because the President feels that we can get better value for the dollars we currently spend on health care.

4.) **One of those TV ads says that the President's plan will limit my choice of doctor. Is that true?**

No, it's not. You will be able to choose your own doctor. What you pay will depend on which plans your doctor joins. There will be a range of plans available at a range of prices and your doctor will be free to join a number of plans -- so the choice will always be yours.

In fact, our plan actually increases the choices most consumers will have. Every American will be able to choose from several different kinds of health plans, no matter where they work. And the choice will be theirs, not their employer's. And, every American will be able to switch plans every year if they're not satisfied with their care or service.

Remember, this is an ad paid for by the insurance companies -- who are trying to scare you and preserve their profits.

5.) **Won't this plan mean that I'll pay more and get less?**

No. For the majority of insured Americans -- nearly seven out of ten -- our plan will mean you will pay the same or less for health care benefits that are the same or better -- on average, saving \$61 a month on premiums, co-payments, and deductibles. About three out of ten will pay more, on average about \$24 per month, but they'll receive benefits that can never be taken away, and for many, better benefits.

6.) **Won't your plan cause massive job loss, driving thousands of small businesses into bankruptcy?**

Absolutely not. You're listening to a scare tactic from some of the lobbyists trying to guard the status quo.

These studies don't take into account the significant discounts that the President's plan offers small businesses. The very lobbyist who paid for the most commonly cited job loss study calls it "outdated" and not relevant to the President's plan. And an independent expert calls it "way off base." (CNN, 10/22/93, about an Employment Policies Institute study predicting 3.1 million jobs lost, cited in a GOP ad) The *Wall Street Journal* called the Clinton plan "an unexpected windfall" for small business.

There will, in fact, be some job gains as a result of the plan. Manufacturers will see their costs go down, and one study from the Economic Policy Institute predicts that means 258,000 manufacturing jobs created over the next decade.

There will also be health care jobs created, with one health economist at the Brookings Institution predicting that the plan will create 750,000 home health care jobs. And the Employee Benefit Research Institute predicts that the President's proposal could produce as many as 660,000 jobs.

7.) **I've got good insurance. What's in this plan for me?**

People who like their insurance today have a lot to gain from the Health Security Act. First -- and most important -- you'll get something that no amount of money can buy in today's insurance market: **security -- the guarantee that your benefits will never be taken away.** You'll also get more choices of doctors and plans than many people have today, and you'll finally stop losing wages just to keep the same health benefits. And you'll probably pay less for high-quality care. **The bottom line is this: you can't guarantee that the benefits you have today will still be there tomorrow. The Health Security Act provides you with that guarantee.**

8.) **When you try to cut costs and limit the amount premiums can rise, won't that just lead to worse care and waiting on lines?**

Not at all. Costs will be controlled by eliminating the waste and fraud in the current system -- not by cutting corners on consumers. Doctors, nurses, and hospitals tell us they can save a lot and give better care if the insurance company red tape will get out of their way. The main reason plans won't cut corners is because they know patients will be free to choose a new plan and leave them if they don't provide quality care.

9.) **Won't the Clinton plan raise taxes on the middle class?**

No. The President specifically rejected a broad-based tax because he thinks that middle class Americans are already paying too much for their health care. There is already plenty of money in the system -- the problem is that much of it is wasted. The money saved by eliminating the waste, fraud, and inefficiency that exists today will help all of us get better value for our health care dollar.

10.) What's this I hear about Medicare benefits being cut?

That's not true. Older Americans who receive Medicare will continue to receive all the benefits they do today. In addition, Medicare will be strengthened by adding prescription drug coverage. If you're on Medicare, you'll actually have more choices after reform. You can continue to receive care like you do today, or choose among different health plans that may offer fuller benefit packages and lower payments. Older Americans will also benefit from new long-term care options in their homes and communities, where they want to receive care.

The growth of Medicare costs can be slowed, however, with comprehensive health care reform. Medicare will no longer have to reimburse doctors and hospitals for the cost of caring for the uninsured, saving billions of dollars per year. With all employers contributing to health care, Medicare will also save on workers now covered by those programs. Upper-income people will pay a larger share of their Medicare Part B premium, and there will be a crackdown on the fraud and overcharges that drive up Medicare costs. These reforms will slow the growth of Medicare costs from three to two times the rate of inflation, and the savings will be rechannelled into new benefits for older Americans, like prescription drugs and long-term care.

Every Democratic and Republican proposal recognizes that with national health care reform, we can save money in the rate of growth in Medicare and Medicaid.

THE HEALTH SECURITY ACT BENEFITS PACKAGE

Comprehensive Coverage For Every American
No Lifetime Limits

- Clinical Preventive Services
- Outpatient Rehabilitation
- Family Planning Services
- Mental Health Treatment
- Substance Abuse Treatment
- Services for Pregnant Women
- Children's Dental Care
- Home Health Care
- Laboratory, Radiology, & Diagnostic Services
- Ambulance Services
- Emergency Care
- Prescription Drugs
- Doctor Visits
- Hospital Services
- Vision Care
- Hospice Care
- Surgical Services
- Extended Care Services
- Durable Medical Equipment (e.g. Prosthetic & Orthotic Devices)

Your Premium:

MONTHLY

TODAY
Range

Average

REFORM

Range

Average



**Two Parent
Family With
Children**

\$0-\$180

\$78

\$0-\$81

\$73



**Single Parent
Family With
Children**

\$0-\$180

\$78

\$0-\$80

\$84



**Married Couple
With No Children**

\$0-\$180

\$78

\$0-\$80

\$84



Single Person

\$0-\$80

\$25

\$0-\$40

\$32

No Lifetime Limit

YOUR FINANCIAL PROTECTION

TODAY

REFORM

DEDUCTIBLE

The amount you pay before your insurance kicks in

Almost half of today's plans have deductibles larger than \$200 per person. They can be as high as \$3,000.

Many plans will have no deductible. For the plans that do, deductibles will be \$200 for an individual and \$400 for a family.*

LIFETIME LIMIT

A limit on what insurance companies pay

In 60% of today's insurance policies, your insurance can run out if you get very sick.

There will be no limit on your total lifetime benefits.

*Preliminary estimates, based on 1994 numbers.

Checklist

Before deciding if a health reform plan will provide you with the health security you deserve, ask yourself:

Does it guarantee that you and your family will never lose your health insurance, no matter what? Can you change jobs or move to another state without losing your benefits? ✓

Does it allow you to choose your own doctor? ✓

Does it guarantee comprehensive benefits including hospital care, doctor care, and a broad range of preventive services? ✓

Does it guarantee you and your family affordable health care? ✓

Does it offer a prescription drug benefit for all Americans? Does it help older and disabled Americans get long term care at home and in their communities? ✓

Does it prohibit plans from charging you more for being sick or having a sick child? Does it ban lifetime limits on your health coverage? ✓

Does it demand less of your time filling out forms and reading fine print? ✓

Does it take aggressive steps to get skyrocketing health costs under control? ✓

Does it help protect small businesses from insurance company discrimination and provide discounts to make insurance more affordable? ✓

Official White House Publications Available from NTIS

New Health Security Plan Publications

- ***President Clinton's Report to America on Health Care.***
Order by PB94-102860 at \$5.
- ***The Health Security Act.***
Order by PB94-102878 at \$45.
Includes a complimentary copy of President Clinton's six-page letter to the Honorable Thomas S. Foley and the Honorable George J. Mitchell transmitting the Health Security Act of 1993.
- To get both of the above reports with the complimentary copy of President Clinton's letter,
Order by PB94-102886 at \$50.

Other Health Security Plan Publications

- ***The President's Health Security Plan, Comprehensive Overview.***
(Note: this document is the same as *The Congressional Health Care Workshop*, September 1993.)
Order by PB93-234987 at \$10.00.
- ***The President's Health Security Plan, Preliminary Summary: Combined Press Packet and Congressional Briefing Book.***
(Note: this document is the same as the *Press Packet*, September 22, 1993 and *Briefing Book*, September 22, 1993.)
Order by PB93-234979 at \$7.50.
- ***The Economic Effects of Health Care Reform and The Cost of Falling to Reform Health Care.***
(Supporting documents to White House Health Care Press Briefing, October 6, 1993.)
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Oct. 28, 1993

THE WHITE HOUSE
Office of the Press Secretary
For Immediate Release
September 22, 1993

ADDRESS OF THE PRESIDENT
TO THE JOINT SESSION OF CONGRESS

U.S. Capitol
Washington, D.C.

9:10 P.M. EDT

THE PRESIDENT: Mr. Speaker, Mr. President, members of Congress, distinguished guests, my fellow Americans. Before I begin my words tonight I would like to ask that we all bow in a moment of silent prayer for the memory of those who were killed and those who have been injured in the tragic train accident in Alabama today. (A moment of silence is observed.) Amen.

My fellow Americans, tonight we come together to write a new chapter in the American story. Our forebears enshrined the American Dream -- life, liberty, the pursuit of happiness. Every generation of Americans has worked to strengthen that legacy, to make our country a place of freedom and opportunity, a place where people who work hard can rise to their full potential, a place where their children can have a better future.

From the settling of the frontier to the landing on the moon, ours has been a continuous story of challenges defined, obstacles overcome, new horizons secured. That is what makes America what it is and Americans what we are. Now we are in a time of profound change and opportunity. The end of the Cold War, the Information Age, the global economy have brought us both opportunity and hope and strife and uncertainty. Our purpose in this dynamic age must be to change -- to make change our friend and not our enemy.

To achieve that goal, we must face all our challenges with confidence, with faith, and with discipline -- whether we're reducing the deficit, creating tomorrow's jobs and training our people to fill them, converting from a high-tech defense to a high-tech domestic economy, expanding trade, reinventing government, making our streets safer, or rewarding work over idleness. All these challenges require us to change.

If Americans are to have the courage to change in a difficult time, we must first be secure in our most basic needs. Tonight I want to talk to you about the most critical thing we can do to build that security. This health care system of ours is badly broken and it is time to fix it. (Applause.)

Despite the dedication of literally millions of talented health care professionals, our health care is too uncertain and too expensive, too bureaucratic and too wasteful. It has too much fraud and too much greed.

At long last, after decades of false starts, we must make this our most urgent

priority, giving every American health security: health care that can never be taken away: health care that is always there. That is what we must do tonight. (Applause.)

On this journey, as on all others of true consequence, there will be rough spots in the road and honest disagreements about how we should proceed. After all, this is a complicated issue. But every successful journey is guided by fixed stars. And if we can agree on some basic values and principles we will reach this destination, and we will reach it together.

So tonight I want to talk to you about the principles that I believe must embody our efforts to reform America's health care system -- security, simplicity, savings, choice, quality, and responsibility.

When I launched our nation on this journey to reform the health care system I knew we needed a talented navigator, someone with a rigorous mind, a steady compass, a caring heart. Luckily for me and for our nation, I didn't have to look very far. (Applause.)

Over the last eight months, Hillary and those working with her have talked to literally thousands of Americans to understand the strengths and the frailties of this system of ours. They met with over 1,100 health care organizations. They talked with doctors and nurses, pharmacists and drug company representatives, hospital administrators, insurance company executives and small and large businesses. They spoke with self-employed people. They talked with people who had insurance and people who didn't. They talked with union members and older Americans and advocates for our children. The First Lady also consulted, as all of you know, extensively with governmental leaders in both parties in the states of our nation, and especially here on Capitol Hill.

Hillary and the Task Force received and read over 700,000 letters from ordinary citizens. What they wrote and the bravery with which they told their stories is really what calls us all here tonight.

Every one of us knows someone who's worked hard and played by the rules and still been hurt by this system that just doesn't work for too many people. But I'd like to tell you about just one.

Kerry Kennedy owns a small furniture store that employs seven people in Titusville, Florida. Like most small business owners, he's poured his heart and soul, his sweat and blood into that business for years. But over the last several years, again like most small business owners, he's seen his health care premiums skyrocket, even in years when no claims were made. And last year, he painfully discovered he could no longer afford to provide coverage for all his workers because his insurance company told him that two of his workers had become high risks because of their advanced age. The problem was that those two people were his mother and father, the people who founded the business and still worked in the store.

This story speaks for millions of others. And from them we have learned a powerful truth. We have to preserve and strengthen what is right with the health care system, but we have got to fix what is wrong with it. (Applause.)

Now, we all know what's right. We're blessed with the best health care professionals on Earth, the finest health care institutions, the best medical research, the most sophisticated technology. My mother is a nurse. I grew up around hospitals. Doctors and nurses were the first professional people I ever knew or learned to look up to. They are what is right with this health care system. But we also know that we can no longer afford to continue to ignore what is wrong.

Millions of Americans are just a pink slip away from losing their health insurance, and one serious illness away from losing all their savings. Millions more are locked into the jobs they have now just because they or someone in their family has once been sick and they have what is called the preexisting condition. And on any given day, over 37 million Americans -- most of them working people and their little children -- have no health insurance at all.

And in spite of all this, our medical bills are growing at over twice the rate of inflation, and the United States spends over a third more of its income on health care than any other nation on Earth. And the gap is growing, causing many of our companies in global competition severe disadvantage. There is no excuse for this kind of system. We know other people have done better. We know people in our own country are doing better. We have no excuse. My fellow Americans, we must fix this system and it has to begin with congressional action. (Applause.)

I believe as strongly as I can say that we can reform the costliest and most wasteful system on the face of the Earth without enacting new broad-based taxes. (Applause.) I believe it because of the conversations I have had with thousands of health care professionals around the country; with people who are outside this city, but are inside experts on the way this system works and wastes money.

The proposal that I describe tonight borrows many of the principles and ideas that have been embraced in plans introduced by both Republicans and Democrats in this Congress. For the first time in this century, leaders of both political parties have joined together around the principle of providing universal, comprehensive health care. It is a magic moment and we must seize it. (Applause.)

I want to say to all of you I have been deeply moved by the spirit of this debate, by the openness of all people to new ideas and argument and information. The American people would be proud to know that earlier this week when a health care university was held for members of Congress just to try to give everybody the same amount of information, over 320 Republicans and Democrats signed up and showed up for two days just to learn the basic facts of the complicated problem before us.

Both sides are willing to say we have listened to the people. We know the cost of going forward with this system is far greater than the cost of change. Both sides, I think, understand the literal ethical imperative of doing something about the system we have now. Rising above these difficulties and our past differences to solve this problem will go a long way toward defining who we are and who we intend to be as a people in this difficult and challenging era. I believe we all understand that.

And so tonight, let me ask all of you -- every member of the House, every member of the Senate, each Republican and each Democrat -- let us keep this spirit and let us keep this commitment until this job is done. We owe it to the American people. (Applause.)

Now, if I might, I would like to review the six principles I mentioned earlier and describe how we think we can best fulfill those principles.

First and most important, security. This principle speaks to the human misery, to the costs, to the anxiety we hear about every day -- all of us -- when people talk about their problems with the present system. Security means that those who do not now have health care coverage will have it, and for those who have it, it will never be taken away. We must achieve that security as soon as possible.

Under our plan, every American would receive a health care security card that will guarantee a comprehensive package of benefits over the course of an entire lifetime, roughly comparable to the benefit package offered by most Fortune 500 companies. This health care security card will offer this package of benefits in a way that can never be taken away.

So let us agree on this -- whatever else we disagree on, before this Congress finishes its work next year, you will pass and I will sign legislation to guarantee this security to every citizen of this country. (Applause)

With this card, if you lose your job or you switch jobs, you're covered. If you leave your job to start a small business, you're covered. If you're an early retiree, you're covered. If someone in your family has, unfortunately, had an illness that qualifies as a preexisting condition, you're still covered. If you get sick or a member of your family gets sick, even if it's a life-threatening illness, you're covered. And if an insurance company tries to drop you for any reason, you will still be covered, because that will be illegal. This card will give comprehensive coverage. It will cover people for hospital care, doctor visits, emergency and lab services, diagnostic services like Pap smears and mammograms and cholesterol tests, substance abuse and mental health treatment. (Applause)

And equally important, for both health care and economic reasons, this program for the first time would provide a broad range of preventive services including regular checkups and well-baby visits. (Applause)

Now, it's just common sense. We know -- any family doctor will tell you that people will stay healthier and long-term costs of the health system will be lower if we have comprehensive preventive services. You know how all of our mothers told us that an ounce of prevention was worth a pound of cure? Our mothers were right. (Applause.) And it's a lesson, like so many lessons from our mothers, that we have waited too long to live by. It is time to start doing it. (Applause.)

Health care security must also apply to older Americans. This is something I imagine all of us in this room feel very deeply about. The first thing I want to say about that is that we must maintain the Medicare program. It works to provide that kind of security. (Applause.) But this time and for the first time, I believe Medicare should provide coverage for the cost of prescription drugs. (Applause.)

Yes, it will cost some more in the beginning. But, again, any physician who deals with the elderly will tell you that there are thousands of elderly people in every state who are not poor enough to be on Medicaid, but just above that line and on Medicare, who desperately need medicine, who makes decisions every week between medicine and

1

food. Any doctor who deals with the elderly will tell you that there are many elderly people who don't get medicine, who get sicker and sicker and eventually go to the doctor and wind up spending more money and draining more money from the health care system than they would if they had regular treatment in the way that only adequate medicine can provide.

I also believe that over time, we should phase in long-term care for the disabled and the elderly on a comprehensive basis. (Applause)

As we proceed with this health care reform, we cannot forget that the most rapidly growing percentage of Americans are those over 80. We cannot break faith with them. We have to do better by them.

The second principle is simplicity. Our health care system must be simpler for the patients and simpler for those who actually deliver health care -- our doctors, our nurses, our other medical professionals. Today we have more than 1,500 insurers, with hundreds and hundreds of different forms. No other nation has a system like this. These forms are time consuming for health care providers, they're expensive for health care consumers, they're exasperating for anyone who's ever tried to sit down around a table and wade through them and figure them out.

The medical care industry is literally drowning in paperwork. In recent years, the number of administrators in our hospitals has grown by four times the rate that the number of doctors has grown. A hospital ought to be a house of healing, not a monument to paperwork and bureaucracy. (Applause)

Just a few days ago, the Vice President and I had the honor of visiting the Children's Hospital here in Washington where they do wonderful, often miraculous things for very sick children. A nurse named Debbie Freiberg told us that she was in the cancer and bone marrow unit. The other day a little boy asked her just to stay at his side during his chemotherapy. And she had to walk away from that child because she had been instructed to go to yet another class to learn how to fill out another form for something that didn't have a lick to do with the health care of the children she was helping. That is wrong, and we can stop it, and we ought to do it. (Applause)

We met a very compelling doctor named Lillian Beard, a pediatrician, who said that she didn't get into her profession to spend hours and hours -- some doctors up to 25 hours a week just filling out forms. She told us she became a doctor to keep children well and to help save those who got sick. We can relieve people like her of this burden. We learned -- the Vice President and I did -- that in the Washington Children's Hospital alone, the administrators told us they spend \$2 million a year in one hospital filling out forms that have nothing whatever to do with keeping up with the treatment of the patients.

And the doctors there applauded when I was told and I related to them that they spend so much time filling out paperwork, that if they only had to fill out those paperwork requirements necessary to monitor the health of the children, each doctor on that one hospital staff -- 200 of them -- could see another 500 children a year. That is 10,000 children a year. I think we can save money in this system if we simplify it. And we can make the doctors and the nurses and the people that are giving their lives to help us all be healthier a whole lot happier, too, on their jobs. (Applause.)

Under our proposal there would be one standard insurance form -- not hundreds of them. We will simplify also -- and we must -- the government's rules and regulations, because they are a big part of this problem. (Applause.) This is one of those cases where the physician should heal thyself. We have to reinvent the way we relate to the health care system, along with reinventing government. A doctor should not have to check with a bureaucrat in an office thousands of miles away before ordering a simple blood test. That's not right, and we can change it. (Applause.) And doctors, nurses and consumers shouldn't have to worry about the fine print. If we have this one simple form, there won't be any fine print. People will know what it means.

The third principle is savings. Reform must produce savings in this health care system. It has to. We're spending over 14 percent of our income on health care -- Canada's at 10; nobody else is over nine. We're competing with all these people for the future. And the other major countries, they cover everybody and they cover them with services as generous as the best company policies here in this country.

Rampant medical inflation is eating away at our wages, our savings, our investment capital, our ability to create new jobs in the private sector and this public Treasury. You know the budget we just adopted had steep cuts in defense, a five-year freeze on the discretionary spending, so critical to reeducating America and investing in jobs and helping us to convert from a defense to a domestic economy. But we passed a budget which has Medicaid increases of between 16 and 11 percent a year over the next five years, and Medicare increases of between 11 and 9 percent in an environment where we assume inflation will be at 4 percent or less.

We cannot continue to do this. Our competitiveness, our whole economy, the integrity of the way the government works and, ultimately, our living standards depend upon our ability to achieve savings without harming the quality of health care.

Unless we do this, our workers will lose \$655 in income each year by the end of the decade. Small businesses will continue to face skyrocketing premiums. And a full third of small businesses now covering their employees say they will be forced to drop their insurance. Large corporations will bear vivid disadvantages in global competition. And health care costs will devour more and more and more of our budget. Pretty soon all of you or the people who succeed you will be showing up here, and writing out checks for health care and interest on the debt and worrying about whether we've got enough defense, and that will be it, unless we have the courage to achieve the saving that are plainly there before us. Every state and local government will continue to cut back on everything from education to law enforcement to pay more and more for the same health care.

These rising costs are a special nightmare for our small businesses -- the engine of our entrepreneurship and our job creation in America today. Health care premiums for small businesses are 35 percent higher than those of large corporations today. And they will keep rising at double-digit rates unless we act.

So how will we achieve these savings? Rather than looking at price control, or looking away as the price spiral continues; rather than using the heavy hand of government to try to control what's happening, or continuing to ignore what's happening, we believe there is a third way to achieve these savings. First, to give groups of consumers and small businesses the same market bargaining power that large corporations and large groups of public employees now have. We want to let market

forces enable plans to compete. We want to force these plans to compete on the basis of price and quality, not simply to allow them to continue making money by turning people away who are sick or old or performing mountains of unnecessary procedures. But we also believe we should back this system up with limits on how much plans can raise their premiums year in and year out, forcing people, again, to continue to pay more for the same health care, without regard to inflation or the rising population needs.

We want to create what has been missing in this system for too long, and what every successful nation who has dealt with this problem has already had to do: to have a combination of private market forces and a sound public policy that will support that competition, but limit the rate at which prices can exceed the rate of inflation and population growth, if the competition doesn't work, especially in the early going.

The second thing I want to say is that unless everybody is covered -- and this is a very important thing -- unless everybody is covered, we will never be able to fully put the breaks on health care inflation. Why is that? Because when people don't have any health insurance, they still get health care, but they get it when it's too late, when it's too expensive, often from the most expensive place of all, the emergency room. Usually by the time they show up, their illnesses are more severe and their mortality rates are much higher in our hospitals than those who have insurance. So they cost us more.

And what else happens? Since they get the care but they don't pay, who does pay? All the rest of us. We pay in higher hospital bills and higher insurance premiums. This cost shifting is a major problem.

The third thing we can do to save money is simply by simplifying the system -- what we've already discussed. Freeing the health care providers from these costly and unnecessary paperwork and administrative decisions will save tens of billions of dollars. We spend twice as much as any other major country does on paperwork. We spend at least a dime on the dollar more than any other major country. That is a stunning statistic. It is something that every Republican and every Democrat ought to be able to say, we agree that we're going to squeeze this out. We cannot tolerate this. This has nothing to do with keeping people well or helping them when they're sick. We should invest the money in something else.

We also have to crack down on fraud and abuse in the system. That drains billions of dollars a year. It is a very large figure, according to every health care expert I've ever spoken with. So I believe we can achieve large savings. And that large savings can be used to cover the unemployed uninsured, and will be used for people who realize those savings in the private sector to increase their ability to invest and grow, to hire new workers or to give their workers pay raises, many of them for the first time in years.

Now, nobody has to take my word for this. You can ask Dr. Koop. He's up here with us tonight, and I thank him for being here. (Applause.) Since he left his distinguished tenure as our Surgeon General, he has spent an enormous amount of time studying our health care system, how it operates, what's right and wrong with it. He says we could spend \$200 billion every year, more than 20 percent of the total budget, without sacrificing the high quality of American medicine.

Ask the public employees in California, who have held their own premiums down by adopting the same strategy that I want every American to be able to adopt -- bargaining within the limits of a strict budget. Ask Xerox, which saved an estimated

\$1,000 per worker on their health insurance premium. Ask the staff of the Mayo Clinic, who we all agree provides some of the finest health care in the world. They are holding their cost increases to less than half the national average. Ask the people of Hawaii, the only state that covers virtually all of their citizens and has still been able to keep costs below the national average.

People may disagree over the best way to fix this system. We may all disagree about how quickly we can do what -- the thing that we have to do. But we cannot disagree that we can find tens of billions of dollars in savings in what is clearly the most costly and the most bureaucratic system in the entire world. And we have to do something about that, and we have to do it now. (Applause)

The fourth principle is choice. Americans believe they ought to be able to choose their own health care plan and keep their own doctors. And I think all of us agree. Under any plan we pass, they ought to have that right. But today, under our broken health care system, in spite of the rhetoric of choice, the fact is that that power is slipping away for more and more Americans.

Of course, it is usually the employer, not the employee, who makes the initial choice of what health care plan the employee will be in. And if your employer offers only one plan, as nearly three-quarters of small or medium-sized firms do today, you're stuck with that plan, and the doctors that it covers.

We propose to give every American a choice among high-quality plans. You can stay with your current doctor, join a network of doctors and hospitals, or join a health maintenance organization. If you don't like your plan, every year you'll have the chance to choose a new one. The choice will be left to the American citizen, the worker -- not the boss, and certainly not some government bureaucrat.

We also believe that doctors should have a choice as to what plans they practice in. Otherwise, citizens may have their own choices limited. We want to end the discrimination that is now growing against doctors, and to permit them to practice in several different plans. Choice is important for doctors, and it is absolutely critical for our consumers. We've got to have it in whatever plan we pass. (Applause.)

The fifth principle is quality. If we reformed everything else in health care, but failed to preserve and enhance the high quality of our medical care, we will have taken a step backward, not forward. Quality is something that we simply can't leave to chance. When you board an airplane, you feel better knowing that the plane had to meet standards designed to protect your safety. And we can't ask any less of our health care system.

Our proposal will create report cards on health plans, so that consumers can choose the highest quality health care providers and reward them with their business. At the same time, our plan will track quality indicators, so that doctors can make better and smarter choices of the kind of care they provide. We have evidence that more efficient delivery of health care doesn't decrease quality. In fact, it may enhance it.

Let me just give you one example of one commonly performed procedure, the coronary bypass operation. Pennsylvania discovered that patients who were charged \$21,000 for this surgery received as good or better care as patients who were charged \$84,000 for the same procedure in the same state. High prices simply don't always equal

good quality. Our plan will guarantee that high quality information is available in even the most remote areas of this country so that we can have high-quality service, linking rural doctors, for example, with hospitals with high-tech urban medical centers. And our plan will ensure the quality of continuing progress on a whole range of issues by speeding the search on effective prevention and treatment measures for cancer, for AIDS, for Alzheimer's, for heart disease, and for other chronic diseases. We have to safeguard the finest medical research establishment in the entire world. And we will do that with this plan. Indeed, we will even make it better. (Applause.)

The sixth and final principle is responsibility. We need to restore a sense that we're all in this together and that we all have a responsibility to be a part of the solution. Responsibility has to start with those who profit from the current system. Responsibility means insurance companies should no longer be allowed to cast people aside when they get sick. It should apply to laboratories that submit fraudulent bills, to lawyers who abuse malpractice claims, to doctors who order unnecessary procedures. It means drug companies should no longer charge three times more per prescription drugs made in America here in the United States than they charge for the same drugs overseas. (Applause.)

In short, responsibility should apply to anybody to abuses this system and drives up the cost for honest, hard-working citizens and undermines confidence in the honest, gifted health care providers we have.

Responsibility also means changing some behaviors in this country that drive up our costs like crazy. And without changing it we'll never have the system we ought to have. We will never.

Let me just mention a few and start with the most important -- the outrageous cost of violence in this country stem in large measure from the fact that this is the only country in the world where teenagers can rout the streets at random with semi-automatic weapons and be better armed than the police. (Applause.)

But let's not kid ourselves, it's not that simple. We also have higher rates of AIDS, of smoking and excessive drinking, of teen pregnancy, of low birth weight babies. And we have the third worst immunization rate of any nation in the western hemisphere. We have to change our ways if we ever really want to be healthy as a people and have an affordable health care system. And no one can deny that. (Applause.)

But let me say this -- and I hope every American will listen, because this is not an easy thing to hear -- responsibility in our health care system isn't just about them, it's about you, it's about me, it's about each of us. Too many of us have not taken responsibility for our own health care and for our own relations to the health care system. Many of us who have had fully paid health care plans have used the system whether we needed it or not without thinking what the costs were. Many people who use this system don't pay a penny for their care even though they can afford to. I think those who don't have any health insurance should be responsible for paying a portion of their new coverage. There can't be any something for nothing, and we have to demonstrate that to people. This is not a free system. (Applause.) Even small contributions, as small as the \$10-copayment when you visit a doctor, illustrates that this is something of value. There is a cost to it. It is not free.

And I want to tell you that I believe that all of us should have insurance. Why should the rest of us pick up the tab when a guy who doesn't think he needs insurance or says he can't afford it gets in an accident, winds up in an emergency room, gets good care, and everybody else pays? Why should the small businesspeople who are struggling to keep afloat and take care of their employees have to pay to maintain this wonderful health care infrastructure for those who refuse to do anything?

If we're going to produce a better health care system for every one of us, every one of us is going to have to do our part. There cannot be any such thing as a free ride. We have to pay for it. We have to pay for it.

Tonight I want to say plainly how I think we should do that. Most of the money we will -- will come under my way of thinking, as it does today, from premiums paid by employers and individuals. That's the way it happens today. But under this health care security plan, every employer and every individual will be asked to contribute something to health care.

This concept was first conveyed to the Congress about 20 years ago by President Nixon. And today, a lot of people agree with the concept of shared responsibility between employers and employees, and that the best thing to do is to ask every employer and every employee to share that. The Chamber of Commerce has said that, and they're not in the business of hurting small business. The American Medical Association has said that.

Some call it an employer mandate, but I think it's the fairest way to achieve responsibility in the health care system. And it's the easiest for ordinary Americans to understand, because it builds on what we already have and what already works for so many Americans. It is the reform that is not only easiest to understand, but easiest to implement in a way that is fair to small business, because we can give a discount to help struggling small businesses meet the cost of covering their employees. We should require the least bureaucracy or disruption, and create the cooperation we need to make the system cost-conscious, even as we expand coverage. And we should do it in a way that does not cripple small businesses and low-wage workers.

Every employer should provide coverage, just as three-quarters do now. Those that pay are picking up the tab for those who don't today. I don't think that's right. To finance the rest of reform, we can achieve new savings, as I have outlined, in both the federal government and the private sector, through better decision-making and increased competition. And we will impose new taxes on tobacco. (Applause.)

I don't think that should be the only source of revenues. I believe we should also ask for a modest contribution from big employers who opt out of the system to make up for what those who are in the system pay for medical research, for health education center, for all the subsidies to small business, for all the things that everyone else is contributing to. But between those two things, we believe we can pay for this package of benefits and universal coverage and a subsidy program that will help small business.

These sources can cover the cost of the proposal that I have described tonight. We subjected the numbers in our proposal to the scrutiny of not only all the major agencies in government -- I know a lot of people don't trust them, but it would be interesting for the American people to know that this was the first time that the financial

experts on health care in all of the different government agencies have ever been required to sit in the room together and agree on numbers. It had never happened before.

But, obviously, that's not enough. So then we gave these numbers to actuaries from major accounting firms and major Fortune 500 companies who have no stake in this other than to see that our efforts succeed. So I believe our numbers are good and achievable.

Now, what does this mean to an individual American citizen? Some will be asked to pay more. If you're an employer and you aren't insuring your workers at all, you'll have to pay more. But if you're a small business with fewer than 50 employees, you'll get a subsidy. If you're a firm that provides only very limited coverage, you may have to pay more. But some firms will pay the same or less for more coverage.

If you're a young, single person in your 20s and you're already insured, your rates may go up somewhat because you're going to go into a big pool with middle-aged people and older people, and we want to enable people to keep their insurance even when someone in their family gets sick. But I think that's fair because when the young get older, they will benefit from it, first, and secondly, even those who pay a little more today will benefit four, five, six, seven years from now by our bringing health care costs closer to inflation.

Over the long run, we can all win. But some will have to pay more in the short run. Nevertheless, the vast majority of the Americans watching this tonight will pay the same or less for health care coverage that will be the same or better than the coverage they have tonight. That is the central reality. (Applause.)

If you currently get your health insurance through your job, under our plan you still will. And for the first time, everybody will get to choose from among at least three plans to belong to. If you're a small business owner who wants to provide health insurance to you family and your employees, but you can't afford it because the system is stacked against you, this plan will give you a discount that will finally make insurance affordable. If you're already providing insurance, your rates may well drop because we'll help you as a small business person join thousands of others to get the same benefits big corporations get at the same price they get those benefits. If you're self-employed, you'll pay less, and you will get to deduct from your taxes 100 percent of your health care premiums. (Applause.)

If you're a large employer, your health care costs won't go up as fast, so that you will have more money to put into higher wages and new jobs and to put into the work of being competitive in this tough global economy.

Now, these, my fellow Americans, are the principles on which I think we should base our efforts: security, simplicity, savings, choice, quality and responsibility. These are the guiding stars that we should follow on our journey toward health care reform.

Over the coming months, you'll be bombarded with information from all kinds of sources. There will be some who will stoutly disagree with what I have proposed -- and with all other plans in the Congress, for that matter. And some of the arguments will be genuinely sincere and enlightening. Others may simply be scare tactics by those who are motivated by the self-interest they have in the waste the system now generates, because that waste is providing jobs, incomes and money for some people.

I ask you **only** to think of this when you hear all of these arguments: Ask yourself whether the **cost** of staying on this same course isn't greater than the cost of change. And ask yourself when you hear the arguments whether the arguments are in your interest or someone else's. This is something we have got to try to do together.

I want also to say to the representatives in Congress, you have a special duty to look beyond these arguments. I ask you instead to look into the eyes of the sick child who needs care; to think of the face of the woman who's been told not only that her condition is malignant, but not covered by her insurance. To look at the bottom lines of the businesses driven to bankruptcy by health care costs. To look at the "for sale" signs in front of the homes of families who have lost everything because of their health care costs.

I ask you to remember the kind of people I met over the last year and a half -- the elderly couple in New Hampshire that broke down and cried because of their shame at having an empty refrigerator to pay for their drugs; a woman who lost a \$50,000-job that she used to support her six children because her youngest child was so ill that she couldn't keep health insurance, and the only way to get care for the child was to get public assistance; a young couple that had a sick child and could only get insurance from one of the parents' employers that was a nonprofit corporation with 20 employees, and so they had to face the question of whether to let this poor person with a sick child go or raise the premiums of every employee in the firm by \$200. And on and on and on.

I know we have differences of opinion, but we are here tonight in a spirit that is animated by the problems of those people, and by the sheer knowledge that if we can look into our heart, we will not be able to say that the greatest nation in the history of the world is powerless to confront this crisis. (Applause)

Our history and our heritage tell us that we can meet this challenge. Everything about America's past tells us we will do it. So I say to you, let us write that new chapter in the American story. Let us guarantee every American comprehensive health benefits that can never be taken away. (Applause)

In spite of all the work we've done together and all the progress we've made, there's still a lot of people who say it would be an outright miracle if we passed health care reform. But my fellow Americans, in a time of change, you have to have miracles. And miracles do happen. I mean, just a few days ago we saw a simple handshake shatter decades of deadlock in the Middle East. We've seen the walls crumble in Berlin and South Africa. We see the ongoing brave struggle of the people of Russia to seize freedom and democracy.

And now, it is our turn to strike a blow for freedom in this country. The freedom of Americans to live without fear that their own nation's health care system won't be there for them when they need it. It's hard to believe that there was once a time in this century when that kind of fear gripped old age. When retirement was nearly synonymous with poverty, and older Americans died in the street. That's unthinkable today, because over a half a century ago Americans had the courage to change -- to create a Social Security system that ensures that no Americans will be forgotten in their later years.

Forty years from now, our grandchildren will also find it unthinkable that

here was a time in this country when hardworking families lost their homes, their savings, their businesses, lost everything simply because their children got sick or because they had to change jobs. Our grandchildren will find such things unthinkable tomorrow if we have the courage to change today.

This is our chance. This is our journey. And when our work is done, we will know that we have answered the call of history and met the challenge of our time.

Thank you very much. And God bless America (Applause.)

END10 02 P M EDT

FOR INTERNAL USE ONLY

FOR INTERNAL USE ONLY

**THE HEALTH SECURITY PLAN VERSUS ALTERNATIVE PLANS:
A COMPARISON**

1) The Health Security plan is the only plan that guarantees every single American a comprehensive set of benefits that can never be taken away -- without a major tax increase or a government-run system.

2) The Health Security plan makes it illegal to refuse someone insurance because of a pre-existing condition or for any other reason. The other plans still allow insurance companies to pick and choose whom they will cover.

3) Leaving aside a government-run solution, the Health Security Act is the only proposal that:

- Defines a comprehensive set of benefits. The other plans let a government commission define the benefits package. The American people have a right to know what they're getting before they decide whether to support a proposal.
- Guarantees comprehensive -- not barebones -- coverage. Other proposals tax people or employers who choose more than the lowest-cost coverage. This could mean millions of middle-class Americans losing benefits, rather than protecting what they've got.
- Ends lifetime limits. No other proposal ends lifetime limits, letting people know that their coverage will never run out. Under the Health Security Act, people will know that their health coverage will always be there when they need it.
- Ends discrimination for pre-existing conditions. The other plans say they are ending discrimination in coverage for pre-existing conditions but they do not deal with the question of cost. In other proposals, insurers will have to cover people with past health problems, but they can continue to charge any price. That will leave millions of Americans unable to get affordable health coverage because of a pre-existing condition. Under the Health Security Act, health plans cannot use how healthy people are to decide how much to charge for premiums.
- Guarantees prescription drugs for seniors. The other proposals project savings in the growth of Medicare but do not reinvest these savings in senior citizens. The Health security plan expands Medicare benefits with prescription drugs and the phase-in of long-term care, as it realizes savings in the growth in Medicare.

4) The Health Security Act achieves universal coverage in the most conservative way -- building on the existing system in which 9 out of 10 people get their insurance through their work.

The only other plans that accept universal coverage as a fundamental goal do so in a way that could seriously alter how most Americans get their health coverage. The single-payer option would shift all responsibility to the government. The Chafee plan would shift all responsibility to the individual. Either of these options would fundamentally change the current, employer-based system.

The other proposals do not achieve universal coverage. Despite their talk about "universal access" the other proposals essentially perpetuate the problems in the current system. people have "universal access" today, if they have enough money. The Cooper, Gramm, and Michel proposals do nothing to guarantee coverage to every American.

AVAILABLE MATERIALS

It is possible to obtain any of the following materials from the Government Printing Office. To place an order, please call (202) 783-3238.

Health Security: The President's Report to America (136-page book)

- Stock # 040-000-006-338
- Cost: \$5

Health Security: The President's Health Care Plan (Pamphlet)

- Stock # 040-000-006-311
- Cost: \$1

***If you are interested in reprinting either the book or pamphlet,
please contact the Government Printing Office.***

November 22, 1993

MEMORANDUM TO CABINET MEMBERS AND SENIOR STAFF

FROM: MARLA ROMASH
BOB BOORSTIN

RE: Health Care Information Package

Enclosed please find our most current health care briefing materials. They include a summary of the Health Security Act, frequently asked questions and answers, talking points on different issues, and a comparison of the competing health care reform proposals.

We hope that you find these materials useful in doing interviews and talking to groups as we move into the next phase of the health care reform debate. Thank you for your continued support in helping to promote the Health Security Act.

The Health Security Act of 1993

Senior Staff Information Package

November 1993

Overview

- The Health Security Act of 1993
A Summary
- Principles of reform
- How the plan works
- General Q&A
- Constituents/media packet
- The President's address to Congress
September 22, 1993
- Alternative plan comparison
- Available materials

Key Issues

- Why universal coverage is important
- Comprehensive benefits
- Choice
- What consumers pay
- What businesses pay
- Older Americans
- Paying for reform
- Savings/controlling costs
- Jobs
- Small business
- Large business
- Doctors
- Simplifying the system
- State and local governments

WHY UNIVERSAL COVERAGE IS IMPORTANT

- **We must guarantee health security -- no matter what**

Real health security means comprehensive health benefits that can never be taken away -- that is possible only with universal coverage. We need to be able to say to people who work hard and play by the rules that they will never lose their insurance. If you lose your job. If you start a small business. If you get sick. If your child gets sick. No matter what -- you're covered. It's time to give the American people freedom from the fear that they could lose their health coverage and be denied care when they or their children need it most.

- **Universal coverage is essential to controlling costs.**

Without universal coverage, too many will continue to get care from emergency rooms instead of doctors' offices -- because they couldn't afford preventive care or a doctor visit, and their illnesses became more severe. The costs end up being overly expensive in the emergency room, and each of us pays higher premiums and taxes to make up for those who don't pay. One health policy expert writes that "only with universality can we eliminate the practice of making patients with insurance pay the medical costs of those without it." In general, health policy experts agree that "cost control becomes easier when the plan is universal, not harder."

Today, some low-wage workers go on welfare just to get health benefits. Universal coverage will put an end to this practice, reducing what we spend on welfare. One study suggests that universal coverage could reduce welfare cases by up to 25 percent.

- **Universal coverage is necessary to simplify the system.**

Savings from simplifying and reducing the bureaucracy can't be realized without universal coverage. For example, a single claims form doesn't work unless everyone is in the system and following the same rules. And the simplicity and savings from a Health Security card won't happen unless everyone is guaranteed benefits that can never be taken away.

- **In a changing job market, people need security.**

With American workers changing jobs so often they'll hold an average of eight jobs in a lifetime and more and more companies using temporary or part-time workers, we need universal coverage to make sure no one will ever lose their health insurance. Even if people are without insurance for just a few months, during that time, they are an illness or injury away from financial catastrophe.

COMPREHENSIVE BENEFITS

- **All Americans will be guaranteed comprehensive benefits that can never be taken away.**

No insurance company will be able to drop people from coverage or deny them benefits when they get sick. No employer can decide to take away benefits. And no early retiree will see their benefits dropped. Americans will be guaranteed comprehensive benefits -- no matter what.

- **The comprehensive benefits package is as generous as that offered by most Fortune 500 companies.**

Every American will receive a Health Security card that will guarantee a comprehensive package of benefits as generous as those offered by most Fortune 500 companies, including hospital services, laboratory services, hospice and home care, vision care, mental health care, and other services. The executive editor of the *New England Journal of Medicine*, Dr. Marcia Angell, calls the benefits "quite comprehensive" and says that "very few private insurance plans do as much."

- **"Lifetime limits" on coverage will be illegal.**

Unlike current insurance, the plan places no lifetime limits on coverage and guarantees a full range of medically necessary or appropriate services.

- **Prescription drug coverage is included.**

All Americans will have coverage for prescription drug costs under the Health Security Act. For people under age 65, individuals will pay either \$5 per prescription or 20 percent of the cost after meeting a \$250 per year deductible, depending on the health plan. For those on Medicare, 80% of the cost will be covered after a person reaches the \$250 deductible. And annual out-of-pocket costs will be limited to \$1,000 -- everything over that will be covered.

- **Preventive care is emphasized.**

The benefits package goes beyond virtually all current insurance plans in covering preventive care. The *New York Times* says that "(a)mong the additions for many would be preventive care...Even the most generous of the Fortune 1,000 companies ...do not offer such coverage in fee-for-service insurance plans." A wide range of preventive services -- including annual physicals, well-baby care, immunizations, prenatal care, cholesterol screenings, mammograms, and Pap smears -- are covered in the comprehensive benefits package.

THE HEALTH SECURITY ACT BENEFITS PACKAGE

Comprehensive Coverage For Every American
No Lifetime Limits

- Clinical Preventive Services
- Outpatient Rehabilitation
- Family Planning Services
- Mental Health Treatment
- Substance Abuse Treatment
- Services for Pregnant Women
- Children's Dental Care
- Home Health Care
- Laboratory, Radiology, & Diagnostic Services
- Ambulance Services
- Emergency Care
- Prescription Drugs
- Doctor Visits
- Hospital Services
- Vision Care
- Hospice Care
- Surgical Services
- Extended Care Services
- Durable Medical Equipment (e.g. Prosthetic & Orthotic Devices)

CHOICE

- **Every American will be able to choose their doctor.**

Choice is the basis of the doctor-patient relationship, and it will be protected. The Health Security Act ensures that you will be able to follow your doctor and his or her team into any plan they might choose. Some of the nation's largest groups of providers -- including the American Nurses Association and American College of Physicians -- have said that the plan will protect people's choice of health providers.

- **Increased choice of health plans.**

Individuals will be able to choose their own health plan, not employers or insurance companies. Most people will have a choice of several different kinds of plans -- traditional fee-for-service plans, networks of doctors and hospitals, or health maintenance organizations (HMOs). And there will be at least one traditional fee-for-service plan available to everyone. One of the nation's leading doctors' groups -- the American College of Physicians -- says that "...the President's proposal increases the choices available to most Americans...(it) allows patients, not their employers, to choose their health plans and their physicians. And the legislation allows patients to stick with their plans and their physicians even through changes in employment."

- **Information to make informed choices.**

Consumers will be provided with easy-to-understand information about the quality of different health plans and whether other consumers have been satisfied. So health plans will be forced to compete on price, quality and service, and consumers will be empowered to choose high-quality plans. In addition, information about the risks and benefits of different treatments will become more available, so that patients and doctors can work together to decide on what is the appropriate treatment.

- **The plan will increase options for long-term care.**

The Health Security Act provides a new federal-state program to cover home and community-based care, a long-term care option that most people prefer, and that often costs less than a nursing home. The American Association of Retired Persons (AARP) has said "...the President's proposal will provide America's families with choices they don't have under the current system. It will provide the option to receive care where people most want to receive it, at home and in their community. People will no longer have to feel that going into a nursing home is the only choice they have."

WHAT CONSUMERS PAY

- **Premiums that are affordable.**

Today, your premiums depend on many factors beyond your control: you're being charged more if you're sick, or older, or in a small company. This will change. Under the Health Security Act, your premiums will be predictable and easy to figure out. They will vary -- as they do today -- from plan to plan and state to state, but the system will be much simpler and much fairer. Everyone will pay the same price for the same plan -- no matter whether you are sick or healthy, whether you're old or young, whether you work for a small company or a large company. Your premium only depends on your family status (single, married couple, or family with children).

- **Employers pay most of the premium.**

Employers will all contribute for their workers, covering 80% of the cost of an average-priced plan. Individual contributions will make up the difference -- if you choose an average-priced plan, you will pay 20% of the premium. If you choose a lower-priced plan, you will pay less. If you choose a higher cost plan, you will pay more. If your employer pays the entire cost of the premium -- as many do today and may continue to do after reform -- you will pay nothing at all.

- **Low co-payments and deductibles.**

Co-payments -- the amount you pay out-of-pocket when you go to a doctor - will be limited and uniform, protecting you financially and making it easier to choose among health plans. Many of the plans that will be offered require just a small payment (\$10) for each doctor's visit. Others will require a larger fee for each visit but you will never have to pay more than \$1,500 for an individual and \$3,000 for a family per year. For a wide range of preventive services, there will be no co-payments in any plan.

Deductibles -- the amount you have to pay before your insurance kicks in -- are larger than \$200 per person in almost half of today's plans and can be as high as \$3,000. After reform, many plans will have no deductible at all. For the plans that do, deductibles will be \$200 for an individual and \$400 for a family.

- **Seven out of ten Americans will save.**

The majority of people covered through their employers -- nearly 7 out of 10 Americans -- will pay the same or less for health benefits that are the same or better -- on average, saving \$61 per month on premiums, co-payments, and deductibles. About 30% will pay more -- on average, about \$24 per month -- but those people will receive benefits that can never be taken away, and for many, better benefits.

Your Premium:

MONTHLY

TODAY

REFORM

Range

Average

Range

Average



**Two Parent
Family With
Children**

\$0-\$180

\$78

\$0-\$91

\$73



**Single Parent
Family With
Children**

\$0-\$180

\$78

\$0-\$80

\$84



**Married Couple
With No Children**

\$0-\$180

\$78

\$0-\$80

\$84



Single Person

\$0-\$80

\$25

\$0-\$40

\$32

No Lifetime Limit

YOUR FINANCIAL PROTECTION

TODAY

REFORM

DEDUCTIBLE

The amount you pay before your insurance kicks in

Almost half of today's plans have deductibles larger than \$200 per person. They can be as high as \$3,000.

Many plans will have no deductible. For the plans that do, deductibles will be \$200 for an individual and \$400 for a family.*

LIFETIME LIMIT

A limit on what insurance companies pay

In 60% of today's insurance policies, your insurance can run out if you get very sick.

There will be no limit on your total lifetime benefits.

*Preliminary estimates, based on 1994 numbers.

WHAT BUSINESSES PAY

Most of the funding for the Administration's health care reform proposals comes from the same place it does today -- premium payments by employers and individuals. The employer share is a fixed amount. Employers only need to know whether their employee is buying a single, couple, or family policy to know what they will pay.

Today, the employer for one of the workers in a family often pays to cover that workers' entire family. The President is now asking each employer to contribute, spreading cost among all employers. Under reform, no single employer will have to bear the burden of covering the entire family when both husband and wife work. Employers together will contribute 80% of the average premium for each family. Therefore, the employer pays 80% of the average premium, divided by the average number of workers per family in each alliance.

So, the employer share for families will actually be less than 80%. This will make things simpler for employers -- all they have to do is pay a fixed amount for each employee. They won't have to coordinate with other companies where their employees' spouses work, or suddenly change what they pay in the event of a spouse being laid-off.

<u>Policy Type</u>	<u>Employer Share*</u>
Two-parent family w/children	\$2,479
Single parent	\$2,479
Couple	\$2,125
Single person	\$1,546

* 1994 Preliminary Estimates. Will Vary from State to State

OLDER AMERICANS

- **The plan preserves Medicare.**

Medicare will be preserved and strengthened. You will continue to receive your Medicare coverage -- with guaranteed security. You can keep seeing the doctors you see today, and your benefits will be expanded.

- **Medicare will be expanded to include prescription drug coverage.**

The plan offers prescription drug coverage as part of Medicare -- providing desperately needed protection for older Americans. For \$11 a month, older Americans will get protection against prescription drug prices that are skyrocketing out of control. A \$1,000 annual cap will be placed on out-of-pocket prescription drug costs, with costs above this amount fully covered.

- **Early retirees will be guaranteed security.**

Under the Health Security Act, retired American workers between the age of 55 and 64 will never have to worry about losing their health insurance. Today many of these Americans are vulnerable -- dropped from their coverage and not yet eligible for Medicare. Starting in 1998, early retirees will pay no more than 20% share of the premium that they paid as employees, unless they are single and have an annual income higher than \$90,000, or a couple with income of more than \$115,000. The company can choose to pay the early retiree's share of the premium.

- **Covering home and community-based long-term care.**

The Health Security Act takes an important first step towards a comprehensive long-term care program. It will help Americans who need long-term care live independently at home and in their communities -- which most older Americans, people with disabilities, and their families and friends prefer.

- **Advocates for seniors support the President's approach.**

A spokesperson for the American Association for Retired Persons (AARP) says that the President's plan is the "best option for senior citizens," who come out "winners, partly because of benefits on prescription drugs and long-term care." The National Council of Senior Citizens "strongly supports the broad thrust" of the Clinton plan. And the National Council on the Aging "applauds" the President's approach to health care reform.

PAYING FOR REFORM

The vast majority of funding for health security will come from building on our current system and asking all employers and employees to take responsibility for paying for health coverage. But additional funding is needed to protect small businesses, provide long-term care and prescription drug coverage to older Americans, and ensure that no American ever loses their health coverage. The Health Security Act includes a cigarette tax and corporate assessment, and savings from slowing the growth of the cost of federal health care programs.

1. Asking people who don't have insurance and companies who don't provide it to take responsibility and contribute.

Today, nine out of ten Americans who get private health coverage get it through their employer. It's a system that works for the vast majority of Americans. That's why the President rejected any kind of broad-based tax to pay for a government-run system -- deciding instead to leave our health care system rooted in the private sector.

Today, most employers and employees contribute to the cost of health coverage, but not all do, leaving millions without insurance. But these workers still get health care when they need it -- often the most expensive kind of health care in the most expensive place: the emergency room. And the rest of us end up paying the bills -- in higher premiums, higher taxes and inflated hospital charges.

The Health Security Act asks those who aren't paying to pay their fair share, lowering costs for the vast majority of companies and individuals, who will no longer see their premiums rise to pay for those without insurance.

2. Taxing tobacco and large corporations that form their own alliances.

This plan has no broad-based tax, but when we're trying to encourage health in this country, increasing the tobacco tax is an appropriate way to help discourage smoking and therefore promote good health. And we're going to ask those large corporations that form their own alliances to contribute to the cost of health care for everyone.

3. Slowing down the growth of spending for Medicare and Medicaid.

Medicare and Medicaid will no longer have to reimburse doctors and hospitals for the cost of caring for the uninsured, saving billions of dollars per year. With all employers contributing to health care, Medicaid and Medicare will also save on workers now covered by those programs. Upper-income people will pay a larger share of their Medicare Part B premium, and there will be a crackdown on the fraud and overcharges that drive up Medicare costs. Almost every Democratic and Republican proposal recognizes that with national health care reform, we can save money in the rate of growth in Medicare and Medicaid.

SAVINGS/CONTROLLING COSTS

- **Competition will drive down prices without undermining quality.**

Health plans will be forced to compete for business on price, quality and service -- driving prices down. Xerox used this approach -- offering their employees a wide range of plans and forcing health plans to compete for their business. It worked, and Xerox has managed to hold down their growth in costs.

- **Increased buying power for consumers and small businesses will drive down prices.**

Consumers and small businesses will band together in a "health alliance" -- a kind of buyers' club that makes it possible for you to get quality goods at a discounted price. In California, a buying group like this -- known as CALPERS -- held their premium increases to 3.1%, compared to a statewide average of 13.2% in 1992.

- **Less paperwork will save money.**

The Health Security Act will require insurance companies to use a single claim form - - replacing today's hundreds of forms from more than 1,500 different insurance companies. And no longer will hospitals be forced to continue hiring four new administrators for every doctor simply to keep up with the flood of paperwork.

- **Rooting out fraud and abuse will help control costs.**

The Health Security plan will reduce the estimated \$80 billion spent on overcharges, false billing, and other fraudulent practices by making health care fraud a crime. If you get caught, the new law says that you can be thrown in jail and fined -- and any money that's been stolen can be seized by the authorities.

- **Prevention will save money in the long-run.**

Our mothers told us an ounce of prevention is worth a pound of cure -- and they were right. A decade ago, Birmingham, Alabama's health expenses were rising at twice the national average. But after the launch of a health prevention program, city officials were able to hold costs down, saving an estimated \$10.5 million over five years.

- **By eliminating "uncompensated care," we will achieve clear savings.**

Today, the government and the privately insured pay for billions of dollars in uncompensated care -- care given to uninsured patients who can't afford to pay their medical bills. With universal coverage, that cost will virtually disappear.

JOBS

- **Costs for many businesses will be lower, creating more jobs.**

Most businesses provide health care already, and we are going to lower their costs. This will make it easier to hire future workers and give wage increases to their current employees. A study from the Economic Policy Institute predicts that the plan will create more than 258,000 manufacturing jobs over the next decade. And the Employee Benefit Research Institute predicts that the President's proposal could create as many as 660,000 jobs overall.

- **Small businesses who now provide health insurance will have significantly lower costs.**

Small businesses often pay as much as 50% more than big businesses for health care. The plan will lower health care costs for these firms, giving them more money to hire future workers and pay their current employees higher wages. The Wall Street Journal called the Clinton plan "an unexpected windfall" for small business.

- **Health care jobs will be created.**

With more people receiving regular care, there will be a need for more people to provide care -- particularly nurses, family doctors and home health care workers. Joshua Weiner, an economist at the Brookings Institution, predicts that the Health Security Act will create 750,000 home health care jobs, and that overall the plan will be a job creator.

- **Job mobility will increase.**

People who are in jobs they want to leave but can't for fear of losing their benefits will be free to switch jobs or start a small business, meaning more jobs and greater productivity. And tens of thousands of people on welfare will no longer risk losing health benefits if they take work.

SMALL BUSINESS

- **The plan limits how much insurance companies can raise premiums.**

There will be a limit on how much insurance companies can raise their premiums, to prevent premiums from increasing several times the rate of inflation, as they do today. This limit -- combined with the new bargaining power that small businesses will gain from banding together with consumers in health alliances -- will mean lower prices on insurance.

- **Small businesses that now provide insurance will see their costs go down.**

Most small businesses provide insurance today -- but they pay as much as 35% more for administrative costs than big businesses for health care. By allowing small businesses and consumers to band together, the plan enables small businesses to get as good a deal as big businesses get today. Our plan will lower health care costs for these firms, giving them more money to hire future workers and pay their current employees higher wages. The *Wall Street Journal* called the Clinton plan "an unexpected windfall" for small business.

- **Discounts for low-wage small businesses will be provided.**

Firms with less than 75 employees will be eligible for discounts on the price of insurance, depending on their average wage. Contributions for health coverage will amount to approximately a dollar a day for the small employer whose average worker earns minimum wage.

- **Workers compensation will be reformed.**

Injured workers will obtain treatment through their health plans, just as they would for other injuries or illnesses. This will stop duplication, help workers get back to work quickly, and reduce costs for employers. Workers compensation insurers will continue to provide coverage and reimburse the worker's health plan.

- **Insurance industry abuses of small businesses will end.**

The Health Security Act makes it illegal for health plans to raise premiums if an employee gets sick. Illegal to drop a company from coverage if one of their employees -- or one of their employees' children -- gets sick. Illegal to refuse to cover any person or any business for any reason.

LARGE BUSINESS

- **Businesses will pay less, as the "cost-shifting" of paying for the uninsured is eliminated.**

By asking all employers and individuals to contribute to coverage, the burden of "cost shifting" will be lifted from the businesses who cover their employees today. No longer will these businesses bear the costs of other businesses and their employees -- through higher premiums and higher taxes to pay for people without coverage, or by covering spouses working for other businesses.

- **The plan puts limits on the cost of insurance to businesses.**

First, the plan limits how much insurance companies can raise premiums year to year -- making costs predictable and preventing them from spiraling out of control. And second, under the Health Security Act, no firm will ever pay more than 7.9 percent of their payroll for health insurance. This will mean that businesses will be more competitive and be able to create more jobs.

- **Early retirees will be covered.**

The Health Security Act reduces the burden of early retiree health care costs by supporting the employer's share of early retiree premiums. This will help companies who are struggling with difficult choices but don't want to take away benefits from their longtime workers.

- **Top economists say that health reform will be a boon for business.**

Henry Aaron, a health economist at the Brookings Institute, says that "(s)uccessful implementation of health care reform is one of the best pieces of news American business could receive."

- **CEOs of the largest companies say that it will help competitiveness:**

In an October 11 letter to the New York Times, ten top CEOs -- from companies like Bethlehem Steel, Chrysler and Sara Lee -- praised the plan's effect on business competitiveness. They said: "We believe there is much in the plan that is good for American competitiveness. Providing universal coverage will stop the cost shifting that has hurt the private sector in recent years. Having a standardized benefits package and a single insurance form could dramatically lower business costs. And taking the responsibility for a more equitable distribution of the costs of retiree health care will help American business to be more competitive."

DOCTORS

- **The doctor-patient relationship will be strengthened.**

The plan will make it easier for patients and doctors to stay together. No longer will employers be able to restrict employees' choice of plans -- sometimes forcing patients to leave their doctor. One of the nation's leading doctors groups -- the American College of Physicians -- says that the plan "strengthens, not weakens, the doctor-patient relationship" and provides the "best hope of ending inappropriate intrusion into the physician-patient relationship."

- **Paperwork will be reduced and simplified.**

A single claim form will replace the hundreds of forms that exist today. Electronic billing will further reduce costs and frustration for doctors. And with the introduction of a standard, comprehensive benefits package, doctors will no longer have to haggle with insurance companies over whether services are covered. Simplifying the system will give physicians the opportunity they deserve to spend more time with their patients.

- **Doctors will choose what plans to join.**

Doctors will be able to choose what health plans they want to join, and doctors can join several plans if they so choose. Uniform, comprehensive coverage, a single claim form, and standard rules for reimbursement will ease the burden on those providers who participate in more than one health plan. Physicians can also choose not to join any plan and remain in a fee-for-service private practice.

- **Malpractice laws will be reformed.**

The plan will develop alternative approaches to resolving patients' claims against providers. Patients who claim malpractice-related injuries will be required to submit their claims to an out-of-court panel to resolve the dispute before pursuing the case in court. The plan will also limit attorneys' fees to one-third of an award and permits states to impose even lower limits.

- **Government regulations will be streamlined.**

The Health Security plan will streamline quality assurance procedures. For example, the Clinical Laboratories Improvement Act (CLIA) regulations will be refocused to stress protection of quality. And process standards for licensing health care institutions will be replaced by an emphasis on an institution's overall performance.

SIMPLIFYING THE SYSTEM

- **All insurers will be required to use a single claim form.**

There will be a single claim form for all insurance companies to use. You won't be forced to fill out form after form when you go to the doctor. You won't have to pore over fine print. Fill out one simple form -- and you're done.

- **A Health Security card will reduce paperwork.**

When you go to the doctor, you hand over a plastic card -- much like a credit card. But it's a Health Security card that guarantees you comprehensive benefits -- making life easier for you, the doctor, and the hospital. It will cut down on paperwork and make billing less complicated.

- **Consumers will see a "surprisingly simple" world.**

The Washington Post says that "(f)or all the mind-blurring, quasi-technical talk swirling around President Clinton's health care proposal, from the consumer's point of view it would create a surprisingly simple world." A single claim form. A Health Security card. Easy-to-understand information comparing health plans. And no more insurance company fine print.

- **Doctors and nurses will be able to spend less time at the file cabinet and more time at the bedside.**

The introduction of a standard, comprehensive benefits package will free providers from haggling with insurance companies over what's covered. A single, claims form will mean less time dealing with paper. And a Health Security card and electronic billing will mean less wasted money on paperwork. All these things add up to less time filling out forms and more time caring for patients, which is why the American Nurses Association applauded the plan's approach to "paperwork reduction."

STATE AND LOCAL GOVERNMENTS

- **The plan affords unprecedented flexibility for states.**

States will have the flexibility to design the health care system that best reflects their needs within a federal framework. Federal statutes that have stood in the way of state experimentation, such as ERISA, will be modified to enhance state flexibility. States can even choose a single payer to serve a region of their state, or a single payer plan for the entire state.

- **The plan will reduce the burden on state and local budgets.**

States will benefit from the overall slowing of the rate of growth in health care spending. State spending for Medicaid has increased from 10% in fiscal 1987 to 17% in fiscal 1990. States will realize immediate Medicaid savings from setting per capita payments on behalf of AFDC and SSI recipients at 95% of the current fee for service levels. Instead of growing at Medicaid's recent 18% annual growth rate, what states pay will be limited as the overall rate of growth is slowed.

- **New federal support will lower state Medicaid expenditures.**

A new community-based long-term care program for the elderly and disabled will replace some care now covered by states under Medicaid. The federal government will guarantee wrap-around benefits for services not covered in the national benefits package for children currently eligible for Medicaid. And the new Medicare prescription drug benefit will reduce state Medicaid spending on prescription drugs for low-income elderly residents.

- **Uncompensated care within public health programs will be reduced.**

With universal coverage, virtually all care will be compensated, saving states money. Federal grants will help states provide special assistance to rural and underserved areas, and as a result, states will be able to strengthen and improve essential public health efforts. State and local governments will receive some help in compensating for emergency care given to undocumented residents.

- **State employee health programs will be protected.**

Guaranteeing coverage for early retirees will produce large savings for state employee health benefit programs and state budgets. Starting in 2002, there will be a 7.9% cap on the cost for covering state employees, based on the state's total payroll costs.