Durenberger, Dave

THE WHITE HOUSE

July 2, 1993

Honorable Dave Durenberger
United States Senate
Washington D.C. 20510

Dear Senator Durenberger:

Thank you for sending me your paper on bipartisan health care reform. I passed along copies of your statement to the President's health care advisors for their consideration.

The President believes that the current health care crisis requires that we abandon partisan politics in order to solve a problem that is bankrupting our country. Health care reform is too important to the future of this country to be weakened by political discord. Your understanding of the acute policy and political differences between the Democrats and Republicans has been instructive for the President and his advisors.

Again, thank you for your efforts on behalf of national health care reform. I look forward to continuing this productive dialogue in our effort to ensure that every American family enjoys the security of quality, affordable health care.

Sincerely,

Hillary

Hillary Rodham Clinton

cc: Shirley, Melanne, Steve R.

Dave Durenberger

United States Senator for Minnesota

Contact: Bob Shipman (202) 224-9480

FAX COVER SHEET

TO: Office of the First Lady

Phone: 456-2369 Fax:

DATE: May 27, 1993

PAGES: 6 (inc. cover sheet)

NOTES: Senator Durenberger would like the First Lady to have a copy of his paper on biparisan health care reform. We're also sending a hard copy of the paper in the mail.

Senator Dave Durenberger
U.S. Senator for Minnesota

THE PATH TO BIPARTISAN HEALTH REFORM
Key Differences between the Administration and Republicans

by Senator Dave Durenberger (R-MN)
May 17, 1993

Congress and the President agree that our national goal in health care is universal access to high quality care through universal coverage of financial risk.

WE AGREE that reducing the cost growth in medical services is key to our success. We agree that only an American solution to the cost of health care can reduce that growth from the current and projected 20% of GNP by the end of President Clinton's first term (what he calls the cost of doing nothing) to 10% of GNP by the end of his second (or Bob Dole's first). And that should be our goal.

We agree that true consumer choice and producer competition is the American solution and that something called "managed competition" can make medical markets work.

So at meetings the last two weeks we've aired our differences on two crucial issues. They are:

"Who manages competition?"

"How do we pay for universal coverage?"

WHO MANAGES COMPETITION?

Not all congressional Republicans and Democrats believe that managing competition is the solution to cost containment.

Some Democrats believe that universal coverage is more important than fixing the market. Indeed, some don't trust markets at all. They favor state or federal government regulation of prices for services. Sometimes they use the term managed competition to describe this regulated system, but with so much government, there is little competition to manage.

MORE

On the contrary, some Republicans stress the competition over the management. They believe that individuals, completely unassisted, should "manage" competition. They argue that if every American were required to pay for the first, say $3,000, of medical services and government guaranteed access to catastrophic insurance protection of greater risks, individuals could select the best physicians and services and competition would flourish.

They are both mistaken. Let's look closely at what markets require to work well. The current market in medical services does not work because we consumers do not have the information we need to judge what is of value to us, nor the incentive to acquire that information. Indemnity insurance has combined with fee-for-service medicine to rob us and the providers of the incentives we need to do what is right. We need to change how we buy and how we sell health care services.

President Clinton and a large number of Democrats and Republicans seem to favor a system that changes how services are delivered by changing the way consumers buy coverage. Large employers and cooperative -- consumer managed -- groups of individuals and small employer purchasers will demand information about cost and quality of health plans.

These plans compete for our business by providing us each year with better health and medical services, more information about what "works" and by increasing our satisfaction level with one plan compared to others.

The most competitive plans will link the financing and administration of services with the medical caregivers. Paid by an annual premium (not on fee-for-service), they will have the incentive to deliver high-quality, cost-effective care. Physicians make most of the diagnostic and treatment decisions. So, rewarding good physician behavior should be the key to higher quality and lower cost.

We know this works because we have evidence in several key markets. The Mayo Clinic and a growing number of multi-specialty clinics in the United States have achieved the size and scale to do excellent medicine at low prices. Mayo's cost increases the last 10 years are 4.8% a year against a national average of 11%.

If every insurance plan in America covered first class airfare to Rochester, Minnesota, our national prices for health care would be less than 10% of the GNP today! In Los Angeles and Miami today, you pay insurance premiums that are 78% above the national average while in Rochester, Minnesota, they are 23% below the average. In Minneapolis-St. Paul, Minnesota, they've dropped from 10% above to 15% below the average in ten years of competition "managed" mainly by employers choosing among several strong "accountable health plans".

Decisions about appropriate use of specialists, technology, hospitals and other care settings are made by the medical providers. Decisions about satisfaction and value (appropriate price) are made by consumers.

In order to help consumers make good choices, we need to provide better and more useful information for them. Minnesota's health care market, despite its successes, lacks the necessary information for truly effective consumer choice.

A growing number of state governments, pressured by rising costs of Medicaid and politics, are pressing enactment of laws to prescribe the power of purchasing groups, to dictate doctor-hospital-technology relationships and to authorize purchasing groups to set prices paid to providers.

This is antithetical to markets which reward the choices of good providers with more business and which then pass the dollar savings on to the purchasers of accountable health plans (us).

HOW DO WE PAY FOR UNIVERSAL COVERAGE?

This is where the differences between the Democrats and the Republicans present the President with his greatest difficulty. And, may also present him with his most significant opportunity.

Today there are three differences between the Republican approach, on which more than 40 Republicans in the Senate agree, and President Clinton and the Democrats.

1st: Timing of Universal Coverage

The President and the Democrats want universal coverage legislated this year and in place by 1996. The President and the Democrats seem willing to raise taxes by $100 billion a year to accomplish it.

Republicans oppose universal coverage now for several reasons:

> Very substantial price disparities for the same services exist in different parts of the country. A majority of the states are below the national average and about a dozen states are above the national average. Universal coverage now means that states in which the medical practice has been conservative or in which efforts at reform have been increasingly successful would be sending large amounts of tax money to reward inefficient care givers and communities.

Adding millions quickly to coverage paid by third-party payers in these and other states will run up the costs and utilization beyond all expectations.

In addition, the reason Republicans reject universal coverage now is that the imposition of universal coverage on the current marketplace will impede and probably defeat efforts to bring costs down through market reform.

The Republican position is that we must provide the national policy framework to restore sound markets a community at a time and then move to universal coverage by redesign of public policies which subsidize the price of health plans for all Americans.

Republicans believe that the process of redesigning public policy can begin now with the passage of insurance underwriting reforms--including guaranteed issue and portability from job to job--which were included in S.1872, the Bentsen Durenberger bill that passed the Senate in August of 1992. We also believe that we should encourage buyer coalitions to bring about reform of the delivery system.

We believe Medicare should be restructured to provide more comprehensive benefits through the purchase of an accountable health plan. This would replace the confusing and uncertain Part A/Part B/Medigap patchwork in the present system. We agree that long term care should be built into Medicare, and that the promise of retiree health benefits by private firms should be supplemental to the Medicare program.

Republicans believe that the current $100 billion annual payroll and income tax subsidy should be restructured. The current system favors well-paid employees and punishes the self-employed. We need a more equitable tax subsidy keyed to the price of the low-cost comprehensive plan in each community.

Republicans believe that Medicaid should be scrapped and a premium supplement paid to guarantee access to health plans for all low-income persons on a sliding income scale.

Republicans believe in individual and community responsibility for public health and for psychosocial and education-related services.

2nd: Employer Mandates

Democrats and Republicans agree that ultimately every American should own a health plan. And, we agree on all underwriting insurance reforms. BUT, the President and many Democrats want to ensure universal coverage NOW with mandates on all employers to provide coverage or pay a 7% payroll tax to purchasing groups to buy health plans for employees.

Republicans support a mandate on individuals to own a health plan, but believe it should only come into effect when market reform is underway. Republicans believe that employers should be required to offer health plans, and some of us also think there should be a choice of plans presented. But, with so much inequality among employers and with so much price variation, we don't believe employers should be forced to "play or pay."

Republicans believe that unless the cost shifting onto the private marketplace can be eliminated and inequalities reduced, ERISA should remain intact.

3rd: Price Controls and Global Budgets

The President and the Democrats still talk about annual limits on state health spending through fixed budgets on providers and voluntary or involuntary price controls on services.

Republicans reject this arbitrary approach. We believe that the federal government can and should design performance targets on a market-by-market basis to measure changes in the percentage of annual cost growth. Some Republicans do believe that without enforceable annual expenditure limits, the market cannot be made to fulfill expectations of cost containment.

Republicans do not want to penalize the low-cost, high-quality states who have made good progress toward reform, nor to discourage efficient providers or high-value plans from getting more business. If market incentives are properly designed, we will see reductions in cost. Top-down budgets will just invite gamesmanship, rationing, and quality reduction -- not real reform.

Republicans and Democrats have many points of agreement. But important differences remain. We are searching for a common ground, for only with bipartisan effort can true health reform succeed.

-- # # # --

DURENBERGER
health - Senate

MEMORANDUM

To: Hillary Rodham Clinton

From: Shirley Sagawa

Re: Meeting with Senator Durenberger

Date: February 23, 1993

FYI -- Senator Durenberger introduced a bill in the 102nd Congress (S. 700) which would impose a federal excise tax on insurers in the small group market who fail to guarantee coverage to most small group applicants and to offer standardized benefits. The bill would also regulate underwriting, rating, and marketing practices of insurers.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

Dave Durenberger

United States Senator for Minnesota

Designing an Infrastructure for Health Reform

DESIGNING AN INFRASTRUCTURE FOR HEALTH REFORM

EXECUTIVE SUMMARY

INTRODUCTION

Health care reform is now clearly on the national agenda. There has been a great deal of debate about health care among politicians, policy analysts, interest groups and the general public. As a result, reform plans have proliferated, offering a wide variety of proposed solutions. The discussion and analysis these plans have generated helped educate all of us on the complexities of the health care system in the United States.

A consensus appears to be emerging out of the health care debate; a consensus that crosses lines of ideology and party. There is agreement that we must provide universal access to superior quality, cost-effective care through universal coverage of financial risk. Despite disputes about details, there is also a growing consensus that both the public sector and the private sector will play important roles in any reform plan.

REDEFINING HEALTH

The first step in health care reform must begin with a new definition of health. Without this we will never sort out the responsibilities of all the participants in the health care system. Health includes three components: public health, medicine and long term care.

- Public health means disease prevention, health promotion, the elimination of social problems that reduce physical and personal well-being. These include personal safety, adequate food and housing, a clean environment, occupational health and safety. Viewed from this perspective, we confront issues of health in the headlines of our newspapers every day. We will not be able to grapple with our medical care system until and unless we address our public health problems.

- Medicine applies to acute care services. Our public health failures have overburdened our medical care system. For example, lack of prenatal care and substance abuse produces low-birth weight, premature infants. Smoking is the single most preventable cause of death and disease in our country. Too many reform plans try to expand access to medicine without confronting the underlying public health problems.

- Long term care deals with chronic conditions, the aging process, and gradual loss of function. It is the successes of our acute care services that have presented us with the challenge of an expanding aging population. Many of the needs of the elderly do not require medicine, but do require nurturing, housing and living assistance. Our current financing and medical care systems either ignore these needs or price them beyond the capacity of most individuals in need.

RETURNING TO THE PRINCIPLES OF FEDERALISM

Government has become deeply involved in all three components of health. But we have no clear delineation of the health and medical care responsibilities among levels of government, the private sector and individuals. Without clear-cut responsibilities, we lose the ability to hold decision makers accountable for results.

Role of federal government

In relation to health care, there are several key roles for the federal government to play. Its principal role must be the guarantor of income security for all citizens. Only the federal government has the resources to ensure that every American has protection when catastrophic illness strikes.

The federal government must also play a role in other areas where national policy is needed. We need a national manpower policy to equalize resources among states and redeploy them in underserved areas, both rural and urban. We need to continue our strong federal biomedical research activities and greatly expand our capacity to evaluate medical procedures and products at the national level.

Role of state government

The primary role of state governments in health care should be to provide for the public health of their citizens. States can design delivery systems and public health services. States can also design incentives for strengthening the family, neighborhood, community, and the workplace.

Understanding the market

Once we untangle the intergovernmental inefficiencies, we will be ready to address the appropriate role of government in relationship to the private sector. We must return to basic principles to help guide our understanding of the private marketplace and of private-public interaction.

There are five key actors in the health care marketplace - four of which are private sector, and the fifth is government. The private sector actors include providers, insurers, employers, and consumers. We must involve all the actors in system redesign without allowing them the power to obstruct the flow of change.

STATE FUNCTIONS

Health care reform is likely to put increased responsibility on states, no matter what plan ultimately emerges. States are in a unique position to understand their populations, the nature and demands of the private sector, and the need for enhanced delivery systems.

States are currently reeling from a legacy of federal mandates, reductions in financial assistance, and declining states revenues. If states are to assume an enhanced role in promoting access to health care, they must be given clear authority and financial stability to accomplish these responsibilities.

Medicaid Redesign

A fundamental part of health care reform must be a redesign of the Medicaid program to become a national income-based eligibility program that is consistent across states and provides a flexible system that allows low income individuals to have access to medical care.

The new program will make the public provision of health care benefits more uniform nationally, in eligibility and the range of available benefits, and will emphasize the provision of primary and preventive care. The use of capitation will promote more efficient delivery of medical care through case management and capitated financing arrangements and should serve to reduce inappropriate use of emergency rooms, hospitalizations, and high technology medicine.

Public Health System Reform

When the federal government frees the states from the burdens of Medicaid financing, states will have the resources to support their public health infrastructure. By swapping financial responsibility for income security to the federal government, states are in a stronger position to assume responsibility for selected health and social service programs.

This "swap" will increase the flexibility of state government, allowing funds to be targeted more efficiently and effectively to vulnerable populations. The restructuring will also eliminate detailed program rules and regulations to allow better targeting to meet the rapidly changing needs of various populations.

REDESIGNING THE FEDERAL BUREAUCRACY

The first step in redesigning government institutions is to raise the visibility and streamline the functions of government by creating a new cabinet level Department of Health. The Department will consolidate all components of health and medical care that contribute to the implementation of health care reform.

The structure of the Department will be based on an academic "campus" model with five centers which are policy hubs for critical aspects of the health care system: Biomedical Research, Medical Evaluation, Health Resources, Income Security, and Market Reform.

In order to provide an independent group of experts to establish policies on cost containment strategies, a Health Reform Board will be established as an independent advisor to the Secretary of Health, the President, and the Congress.

CONCLUSION

I have laid out an ambitious agenda for change. But the complexities presented here support the notion that no single expert, no single piece of legislation, nor any single public or private entity can "solve" the health care crisis with one big bang.

We also cannot expect dramatic changes to happen overnight. We must admit that we don't yet have all the answers for the perfect design of a health care system for all Americans. We must leave room for experimentation, and we must take some risks. After all, if there were a perfect plan out there, we would all be supporters of it and we wouldn't have any further debate.

GUIDING PRINCIPLES TO ACHIEVE HEALTH REFORM
DAVE DURENBERGER, U.S. SENATE

GOAL: UNIVERSAL ACCESS TO SUPERIOR QUALITY CARE THROUGH UNIVERSAL COVERAGE OF FINANCIAL RISK

PRINCIPLES:

1. EFFICACY

   To guarantee that a health reform plan improves health outcomes for all Americans. Access to medical services alone will not solve major public health problems due to violence, addiction, and poverty. Health must be broadly defined to include public health, medicine, and long term care.

2. ACCOUNTABILITY

   To assure that the roles and responsibilities of each actor in the system, including government, are clarified and strengthened. Health reform must disentangle current federal and state responsibilities so that each level of government can do what it does best.

3. PRODUCTIVITY

   To increase access to high quality care through productivity. PRODUCTIVITY means we must get more health services at less total cost. The only way to achieve this goal is by creating a sound market on the "managed competition" model. This will require delivery reform, purchasing reform, and new incentives to reward good behavior.

4. EQUITY

   To ensure that every American has access to an affordable health plan in a way that does not disrupt the market through subsidies for low-income individuals, and equitable financing through major tax reforms.

5. VALUE/QUALITY

   To ensure that quality care is preserved through support for education, training, and allocation of health care providers, support for innovative research and evaluation. Value means that each purchaser gets a fair return on their investment.

6. FISCAL RESPONSIBILITY

   To facilitate informed judgment by citizens regarding fiscal priorities for health and medical expenditures in relationship to other needed services, such as education, and to the overall budget.

GUIDING PRINCIPLES TO ACHIEVE HEALTH REFORM

DAVE DURENBERGER, U.S. SENATE

GOAL: UNIVERSAL ACCESS TO SUPERIOR QUALITY CARE THROUGH UNIVERSAL COVERAGE OF FINANCIAL RISK

PRINCIPLES:

1. EFFICACY

To guarantee that a health reform plan improves health outcomes for all Americans. Access to medical services alone will not solve major public health problems due to violence, addiction, and poverty. Health must be broadly defined to include:

- **public health** includes disease prevention, health promotion, elimination of social problems that reduce physical and personal well-being.
- **medicine** includes acute care services by medical professionals.
- **long term care** deals with chronic conditions, the aging process, and gradual loss of function.

2. ACCOUNTABILITY

To assure that the roles and responsibilities of each actor in the health care system, including government, are clarified and strengthened. Health reform must disentangle current federal and state responsibilities so that each level of government can do what it does best.

The federal role must be determined by reference to national purposes. The federal government must be the:

- guarantor of financial access for low income persons to medical services.
- facilitator of competition.
- promoter of scientific research, evaluation of outcomes data, and medical technology assessment.

State governments must:

- assume responsibility for public health, including health promotion and disease prevention.
- work with communities and individuals to strengthen accountability at the local level.
- provide opportunities for access to care for all citizens.

3. PRODUCTIVITY

To increase access to high quality care through productivity. PRODUCTIVITY means we must get more health services at less total cost. The only way to achieve this goal is by creating a sound market on the "managed competition" model. This will require delivery reform, purchasing reform, and new incentives to reward good behavior.

Productivity is dependent upon:

- delivery system reform resulting in greater integration and efficiency.
- purchasing reform through restoration of a sound market premised on informed value-sensitive choice among competitive health plans.
- incentives that reward good behavior so that the buyer gets reduced price or more service and the seller gets more business.

4. EQUITY

To ensure that every American has access to an affordable health plan in a way that does not disrupt the market through subsidies for low-income individuals, and equitable financing through major tax reforms.

Markets cannot produce equity. Public policy must ensure basic fairness through:

- federal subsidies so low income persons can purchase a health plan.
- equitable financing so that each player in the system pays a fair share.
- restructuring government tax and social insurance policies that are currently inequitable or inefficient.
- elimination of cost shifting by adequate support for government sponsored health plans.

5. VALUE/QUALITY

To ensure that quality care is preserved through support for education, training, and allocation of health care providers, support for innovative research and evaluation. Value means that purchasers get a fair return on their investment.

To create a system based upon value and quality, we must design appropriate incentives to:

- support an effective balance between primary care providers and specialists.
- promote innovation that is both efficacious and cost-effective.
- provide information to consumers and providers to allow prudent purchasing and delivery of quality medical care services.

6. FISCAL RESPONSIBILITY

To facilitate informed judgment by citizens regarding fiscal priorities for health and medical expenditures in relationship to other needed services, such as education, and to the overall budget.

A truly productive market should produce substantial cost savings.

In order to achieve overall fiscal responsibility, we must also accept the concept of national targets or budgets if they include:

- verifiable cost reporting.
- fairness among all states.
- flexibility as to timing and scope.
- elimination of all hidden subsidies and cost shifting.
- consistency with other principles of equity, productivity, efficacy, accountability and value.

THE WHITE HOUSE

April 8, 1993

Dear Senator Durenberger:

Thank you for your letter and the information on Minnesota's health care system. As you may know, we are looking carefully at a number of states, including Minnesota, as we develop our plan.

I appreciate your willingness to assist us, and look forward to our continued work together on health care, and other issues.

Sincerely,

Hillary

The Honorable Dave Durenberger
United States Senate
Washington, D.C. 20510

Thanks for all your information —

154 RUSSELL SENATE OFFICE BUILDING
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(202) 224-3244

Durenberger

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12 SOUTH SIXTH STREET
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(612) 370-3382

United States Senate

DAVE DURENBERGER

February 23, 1993

Honorable Hillary Rodham Clinton
First Lady and
Chairperson, Health Care Reform Task Force
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

It is encouraging to know that the nation and our leadership is ready, willing and able to take on the tough job of health care reform. I have been committed to health reform during all my years in the Senate, and I am excited about the prospect of forward movement. Thank you for your efforts to focus the debate and shape a viable plan.

This letter formally invites you to visit Minnesota, a state that has made many contributions to improving access to high quality, cost-effective care. As you may know, Minnesota has among the lowest overall health care expenditures in the nation and the best health outcomes. Even the premiums of the traditional indemnity plans are 16% below the national average!

We have exceptional managed care networks that serve as a model for accountable health plans. Our State Employees Health Plan is also an example of managed competition even in remote rural areas. We have tackled access problems through state legislative efforts, including the recently enacted MinnesotaCare plan. And, the Minnesota Health Care Cost Commission is beginning to grapple with the critical problems of cost containment.

I would be honored to arrange a visit with representatives of our health care community at your convenience. If it suits your schedule, I would also be pleased to have you participate in one of a variety of meetings I am planning during March and April to explore the role of the business community in health care reform.

On Monday, April 5, I will preside over a half-day meeting with CEOs of small, medium and large Minnesota-based companies. This meeting will take place in the Twin Cities. We often presume that the business community speaks with a single voice. However, it is important to design reforms, such as tax caps,

COMMITTEE ASSIGNMENTS:
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LABOR AND HUMAN RESOURCES

employer mandates, and ERISA changes, that will treat all businesses equitably regardless of size or economic status. This meeting will explore the diverse views among Minnesota business leaders on these issues.

Another opportunity to hear from Minnesotans will be at either of two public hearings tentatively scheduled for Wednesday, April 7, and Thursday, April 8. Although these hearings are still in the planning stage, I am hopeful one of them will be held in Rochester, Minnesota. This hearing will explore important rural health care issues faced by farmers, shop owners, self-employed people and small businesses in Greater Minnesota. The witness list may also include representatives of international corporations such as IBM and 3M.

To cap your visit, I would be pleased to arrange for a tour of the Mayo Clinic which is delivering superior quality care while keeping costs 20 percent below the national average. Mayo's rate of growth in revenue per patient registration is 4.7% compared to national health care spending per capita of 9.6%.

It would be my pleasure to serve as your host in Minnesota so you may hear how our state has become one of the healthiest in the nation while keeping costs far below the national average. I know the time would be well-spent.

If you have any questions, please don't hesitate to call me at 224-3244. I look forward to working with you as the nation strives to meet its health care needs. Thank you for the opportunity.

Sincerely,

Dave Durenberger
United States Senator

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United States Senate

DAVE DURENBERGER

February 23, 1993

Honorable Hillary Rodham Clinton
First Lady and
Chairperson, Health Care Reform Task Force
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

As you are aware, recent CBO Reports have demonstrated a reluctance to score savings associated with managed care networks, including HMOs. This position is contrary to all the empirical experience of Minnesota health care providers, in both the public and private sectors.

Two weeks ago, Robert Reischauer, the Director of CBO, and Kathryn Langwell of the CBO staff came to Minnesota at my invitation to hear first hand about the economic efficiencies in the health care system there. A copy of their schedule is attached.

I would like to invite you and any members of your Health Care Task Force to hear from our Minnesota experts. If scheduling is inconvenient, I am sure that we could arrange presentations in Washington, D.C.

I would be happy to provide you with the background data and reports presented to Mr. Reischauer and Ms. Langwell by the speakers. Some of this material has been provided to the Office of Management and Budget at the request of OMB staff.

Sincerely,

Dave Durenberger
United States Senate

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LABOR AND HUMAN RESOURCES

To: Robert Reischauer
Kathy Langwell
Congressional Budget Office

From: Susan Foote, Office of Senator Dave Durenberger

Re: Visit to Minnesota/ February 8, 1993

8:40 Arrive at Mpls. Airport

9:00-10:30 Meet with State of Minnesota Employee Group Insurance Program, administered by the Department of Employee Relations.

To bring costs under control, the State implemented a "managed competition" approach to health insurance purchasing in 1989. Rates had increased 42% that year. The new approach led to dramatic drops in rate of increase, down to 6% in 1992 and 1993.

10:30-11:15 Meet with members of the Minnesota Health Care Commission to discuss its report, "Containing Costs in Minnesota's Health Care System."

The report contains an analysis of cost increases in Minnesota's health care system and outlines a series of first steps toward achieving cost containment goals.

11:30-3:00 Presentation by Minnesota Council of HMOs

Participants included Group Health/MedCenters, Medica, and Blue Plus (Blue Cross/Blue Shield) These HMOs enroll 1.1 million members in MN

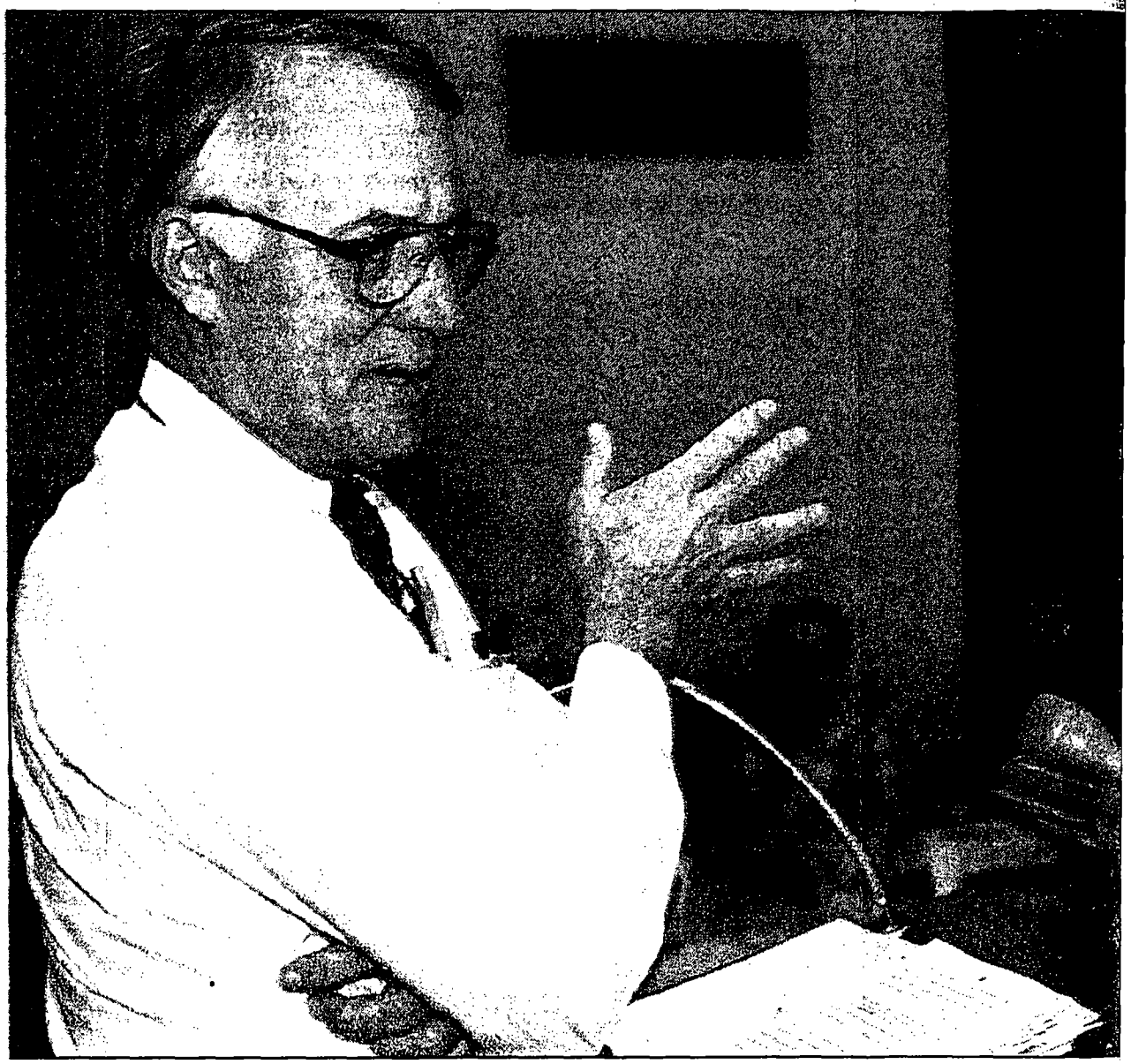
3:00-4:00 Presentation of data by the Institute for Health Services Research, University of Minnesota

4:00-5:00 Presentation by the Business Health Care Action Group (consortium of 14 large Twin Cities companies)

This group selected Group Health/Medcenters to create a comprehensive network plan for the employees. It represents an effort for employers to become actively engaged in efforts to reduce health care costs to the overall rate of inflation, to reduce administrative costs.

6:00 Departure

Durenberger wishes Cl



Minnesota's U.S. Sen. David Durenberger gives his views on how the Clinton administration is faring in a speech Wednesday to members of the Golden K Kiwanis Club at the Elks Lodge in Rochester.

Phil Beighley/
The Post-Bulletin

Smekta honored for public service by Senate

Alex Smekta, Rochester's longest-serving mayor, received an award Wednesday from the U.S. Senate — and it was delivered in person by Sen. Dave Durenberger.

Smekta, 84, was mayor of Rochester from 1958 to 1969 and again from 1973 to 1979. Upon his retirement, he told Durenberger that he wanted to continue in public service in some form, Durenberger said. So, in June 1979, Smekta began traveling the state to help gauge public opinion of the senator's performance.

"He said he would talk to people and tell me what they had to say — not what I wanted to hear," Durenberger said.

Durenberger presented the Senate award to Smekta at his home, where he has been suffering from shingles for several weeks.

"It was a complete surprise. I couldn't believe it," Smekta said Wednesday. "It was a nice award." The plaque says: "The U.S. Senate, in grateful recognition, awards Alex P. Smekta for loyal service to the Senate of the United States of America, beginn June 18, 1979."

Bill Fritz, director of Durenberger Cities office, explained that a resolu the 89th Congress authorized the aw of such plaques to aides who have s distinguished service to the Senate.

Durenberger said Smekta served unteer and was paid only his expens his travels throughout the state.

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Bill Fritz, director of Durenberger's Twin Cities office, explained that a resolution in the 89th Congress authorized the awarding of such plaques to aides who have shown distinguished service to the Senate.

Durenberger said Smekta served as a volunteer and was paid only his expenses for his travels throughout the state.

▶ You must understand the problems before proposing solutions, senator says

By Brian Williams
The Post-Bulletin

U.S. Sen Dave Durenberger is not saying whether he will seek a fourth term in the Senate next year. He is focusing instead on Bill Clinton's future as president.

"I wish him well," Durenberger told members of the Golden K Kiwanis at the Elks Lodge in Rochester Wednesday.

He quoted John F. Kennedy's inaugural address ("All this will not be finished in the first 100 days . . .") and spoke of "enlisting Americans in an effort that will outlast him. That's what we need from Bill Clinton."

Durenberger, an Independent-Republican, appeared optimistic about the sort of leadership Clinton is capable of, and also had kind words for Hillary Rodham Clinton's role in coordinating the nation's health-care efforts.

The fact that 36 million Americans do not have health insurance, Durenberger said, is a "political problem" that misses the point. The real problem, he said, is why they do not have insurance. And he said the answer is that health care is too expensive.

"A lot of solutions to health-care problems have been put on the table," he told Kiwanis members. "But nobody has defined the problem."

Durenberger told a panel at the Post-Bulletin that Mrs. Clinton "has the capacity to understand the problem and to lay it out properly." He said, "For the first time, we will have a president looking at the problem" and not at an assortment of incomplete solutions. He said the health-care problem includes social problems such as violence, not just traditional medical care.

Durenberger is respected in Washington for his devotion to health-care issues, and is an advocate of "managed competition" — the sort of plan that is emerging in Minnesota.

The idea of understanding problems before proposing solutions was a theme in Durenberger's remarks Wednesday.

"(Hillary Clinton) has the capacity to understand the problem and to lay it out properly."

– Sen. Dave Durenburger
about health care

"We need a vision more than we need a plan," he told Kiwanis members. "Clinton needs to tell us something we can all be a part of." He recommended three points for Clinton to focus on: National spirit, redefining the role of national government, and flexibility.

National spirit, he said, "is not just saluting the flag. It is the will to do what is right. People don't need reinvigorating; government itself needs reinvigorating."

Durenberger said government leaders "neither learn the appropriate lessons of the past nor prepare for the future." He said government needs to redefine its role through accountability — measuring its results, not its spending levels.

"There is more innovation in the medium-size towns of Minnesota than in all the agencies in Washington," Durenberger said. He said government must work closer to "the people with the responsibility to judge how well it is doing."

Durenberger is receptive to controversial deficit-reduction tools like broader taxes on Social Security income and caps on other entitlements, but said the American people want to make sure they are getting their money's worth for their sacrifices.

"There's no budget gizmo that can erase a $4 trillion deficit," he said.

"The job to be done is not a Democratic job or a Republican job or a special-interest job," Durenberger said. "It is an American job."

UNITED STATES SENATE
WASHINGTON, D. C. 20510

DAVE DURENBERGER
MINNESOTA

27 May

Dear Mrs. Clinton,

Thank you for inviting me and Jan Haessler.

I hope the enclosed gives you an opportunity

to help me find Mrs. Hartman middle-ground on reform.

Best wishes,

Dave

Senator Dave Durenberger

U.S. Senator for Minnesota

THE PATH TO BIPARTISAN HEALTH REFORM

Key Differences between the Administration and Republicans

by Senator Dave Durenberger (R-MN)
May 17, 1993

Congress and the President agree that our national goal in health care is universal access to high quality care through universal coverage of financial risk.

WE AGREE that reducing the cost growth in medical services is key to our success. We agree that only an American solution to the cost of health care can reduce that growth from the current and projected 20% of GNP by the end of President Clinton's first term (what he calls the cost of doing nothing) to 10% of GNP by the end of his second (or Bob Dole's first). And that should be our goal.

We agree that true consumer choice and producer competition is the American solution and that something called "managed competition" can make medical markets work.

So at meetings the last two weeks we've aired our differences on two crucial issues. They are:

"Who manages competition?"

"How do we pay for universal coverage?"

WHO MANAGES COMPETITION?

Not all congressional Republicans and Democrats believe that managing competition is the solution to cost containment.

Some Democrats believe that universal coverage is more important than fixing the market. Indeed, some don't trust markets at all. They favor state or federal government regulation of prices for services. Sometimes they use the term managed competition to describe this regulated system, but with so much government, there is little competition to manage.

MORE

On the contrary, some Republicans stress the competition over the management. They believe that individuals, completely unassisted, should "manage" competition. They argue that if every American were required to pay for the first, say $3,000, of medical services and government guaranteed access to catastrophic insurance protection of greater risks, individuals could select the best physicians and services and competition would flourish.

They are both mistaken. Let's look closely at what markets require to work well. The current market in medical services does not work because we consumers do not have the information we need to judge what is of value to us, nor the incentive to acquire that information. Indemnity insurance has combined with fee-for-service medicine to rob us and the providers of the incentives we need to do what is right. We need to change how we buy and how we sell health care services.

President Clinton and a large number of Democrats and Republicans seem to favor a system that changes how services are delivered by changing the way consumers buy coverage. Large employers and cooperative -- consumer managed -- groups of individuals and small employer purchasers will demand information about cost and quality of health plans.

These plans compete for our business by providing us each year with better health and medical services, more information about what "works" and by increasing our satisfaction level with one plan compared to others.

The most competitive plans will link the financing and administration of services with the medical caregivers. Paid by an annual premium (not on fee-for-service), they will have the incentive to deliver high-quality, cost-effective care. Physicians make most of the diagnostic and treatment decisions. So, rewarding good physician behavior should be the key to higher quality and lower cost.

We know this works because we have evidence in several key markets. The Mayo Clinic and a growing number of multi-specialty clinics in the United States have achieved the size and scale to do excellent medicine at low prices. Mayo's cost increases the last 10 years are 4.8% a year against a national average of 11%.

If every insurance plan in America covered first class airfare to Rochester, Minnesota, our national prices for health care would be less than 10% of the GNP today! In Los Angeles and Miami today, you pay insurance premiums that are 78% above the national average while in Rochester, Minnesota, they are 23% below the average. In Minneapolis-St. Paul, Minnesota, they've dropped from 10% above to 15% below the average in ten years of competition "managed" mainly by employers choosing among several strong "accountable health plans".

Decisions about appropriate use of specialists, technology, hospitals and other care settings are made by the medical providers. Decisions about satisfaction and value (appropriate price) are made by consumers.

In order to help consumers make good choices, we need to provide better and more useful information for them. Minnesota's health care market, despite its successes, lacks the necessary information for truly effective consumer choice.

A growing number of state governments, pressured by rising costs of Medicaid and politics, are pressing enactment of laws to prescribe the power of purchasing groups, to dictate doctor-hospital-technology relationships and to authorize purchasing groups to set prices paid to providers.

This is antithetical to markets which reward the choices of good providers with more business and which then pass the dollar savings on to the purchasers of accountable health plans (us).

HOW DO WE PAY FOR UNIVERSAL COVERAGE?

This is where the differences between the Democrats and the Republicans present the President with his greatest difficulty. And, may also present him with his most significant opportunity.

Today there are three differences between the Republican approach, on which more than 40 Republicans in the Senate agree, and President Clinton and the Democrats.

1st: Timing of Universal Coverage

The President and the Democrats want universal coverage legislated this year and in place by 1996. The President and the Democrats seem willing to raise taxes by $100 billion a year to accomplish it.

Republicans oppose universal coverage now for several reasons:

> Very substantial price disparities for the same services exist in different parts of the country. A majority of the states are below the national average and about a dozen states are above the national average. Universal coverage now means that states in which the medical practice has been conservative or in which efforts at reform have been increasingly successful would be sending large amounts of tax money to reward inefficient care givers and communities.

Adding millions quickly to coverage paid by third-party payers in these and other states will run up the costs and utilization beyond all expectations.

In addition, the reason Republicans reject universal coverage now is that the imposition of universal coverage on the current marketplace will impede and probably defeat efforts to bring costs down through market reform.

The Republican position is that we must provide the national policy framework to restore sound markets a community at a time and then move to universal coverage by redesign of public policies which subsidize the price of health plans for all Americans.

Republicans believe that the process of redesigning public policy can begin now with the passage of insurance underwriting reforms--including guaranteed issue and portability from job to job--which were included in S.1872, the Bentsen Durenberger bill that passed the Senate in August of 1992. We also believe that we should encourage buyer coalitions to bring about reform of the delivery system.

We believe Medicare should be restructured to provide more comprehensive benefits through the purchase of an accountable health plan. This would replace the confusing and uncertain Part A/Part B/Medigap patchwork in the present system. We agree that long term care should be built into Medicare, and that the promise of retiree health benefits by private firms should be supplemental to the Medicare program.

Republicans believe that the current $100 billion annual payroll and income tax subsidy should be restructured. The current system favors well-paid employees and punishes the self-employed. We need a more equitable tax subsidy keyed to the price of the low-cost comprehensive plan in each community.

Republicans believe that Medicaid should be scrapped and a premium supplement paid to guarantee access to health plans for all low-income persons on a sliding income scale.

Republicans believe in individual and community responsibility for public health and for psychosocial and education-related services.

2nd: Employer Mandates

Democrats and Republicans agree that ultimately every American should own a health plan. And, we agree on all underwriting insurance reforms. BUT, the President and many Democrats want to ensure universal coverage NOW with mandates on all employers to provide coverage or pay a 7% payroll tax to purchasing groups to buy health plans for employees.

Republicans support a mandate on individuals to own a health plan, but believe it should only come into effect when market reform is underway. Republicans believe that employers should be required to offer health plans, and some of us also think there should be a choice of plans presented. But, with so much inequality among employers and with so much price variation, we don't believe employers should be forced to "play or pay."

Republicans believe that unless the cost shifting onto the private marketplace can be eliminated and inequalities reduced, ERISA should remain intact.

3rd: Price Controls and Global Budgets

The President and the Democrats still talk about annual limits on state health spending through fixed budgets on providers and voluntary or involuntary price controls on services.

Republicans reject this arbitrary approach. We believe that the federal government can and should design performance targets on a market-by-market basis to measure changes in the percentage of annual cost growth. Some Republicans do believe that without enforceable annual expenditure limits, the market cannot be made to fulfill expectations of cost containment.

Republicans do not want to penalize the low-cost, high-quality states who have made good progress toward reform, nor to discourage efficient providers or high-value plans from getting more business. If market incentives are properly designed, we will see reductions in cost. Top-down budgets will just invite gamesmanship, rationing, and quality reduction -- not real reform.

Republicans and Democrats have many points of agreement. But important differences remain. We are searching for a common ground, for only with bipartisan effort can true health reform succeed.

-- # # # --

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cc: Shirley

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United States Senate

DAVE DURENBERGER

SA/SS SW

March 1, 1993

picture only

The Honorable Hillary Rodham Clinton
First Lady and Chair,
Health Care Reform Task Force
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

Thank you for taking the time to meet with me and members of my staff last Wednesday at the White House. The meeting confirmed my view that you are truly committed to tackling the difficult issue of health care reform. May I reiterate my willingness to help you articulate your vision of reform. Please feel free to call me or Susan Bartlett Foote at your convenience.

As you well know, health reform rhetoric is one thing, but the reality of the health care marketplace may be quite different. The evidence from Minnesota has persuaded me that managed competition will succeed only if we do not assume that government does all the managing. There are many entities inside the private health care system that manage aspects of cost and quality successfully.

The evolution of the Minnesota health care marketplace has been occurring for many years. Government has had little or nothing to do with that success. Our ability to contain costs while improving quality is a direct result of competitive efforts by providers' health plans and employers.

I have enclosed some materials that reinforce the successes of Minnesota in health care. Highlights of these documents include:

- Minnesota is the healthiest state in the Union measured by public health outcomes. Minnesota is among the top 10 states with the lowest number of medically underserved.

- The Twin Cities rank the lowest of 15 major metro areas in overall medical costs (82% of national average compared to Los Angeles = 136%, Miami = 138%). When compared with the 50 largest metro areas, the Twin Cities ranked second lowest.

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LABOR AND HUMAN RESOURCES
SPECIAL COMMITTEE ON AGING

o Twin Cities employers (15-45 employees) pay 15% less than national average for the most common comprehensive indemnity plan (compared to 78% more than average in L.A.).

o HMO enrollment is 1.38 million, out of a population of 4.37 million (31%), which is twice the national average. The HMO penetration in the Twin Cities is considerably higher.

o The Mayo Clinic costs are 20% below national average with annual rate of growth at 4.7% compared to 9.6% nationally.

o Using managed competition approaches, the State of Minnesota Employee Group Insurance Program dramatically reduced premium increases from 42% in 1989 to 6% in 1992 and 1993. The State plan operates in all 87 counties in the state and serves 140,000 employees and dependents.

o Medicare payment rates are well below the national average. A prostate procedure in L.A. is reimbursed at $1006 and $834 in Minnesota; a mid level office visit is $39.22 in Manhattan and $26.11 in Minnesota -- a 30% differential.

I will continue to provide you with information on the improving success of consumer choices and competition. Please come to Minnesota and meet with the health care experts who have contributed to our successes, and who are engaged in continuing efforts to reduce costs and improve quality.

On Wednesday we discussed homelessness in Minnesota. There are approximately 10,000 homeless people in the Twin Cities area, many of whom include families with children. The Wilder Foundation is putting out a report on homelessness in Ramsey County (St. Paul) in the next few weeks. I will send you a copy.

Again, thank you for your time and commitment. You are in an historically unique position to be an enormous difference. I would like to help you do it.

Sincerely,

Dave Durenberger
United States Senator

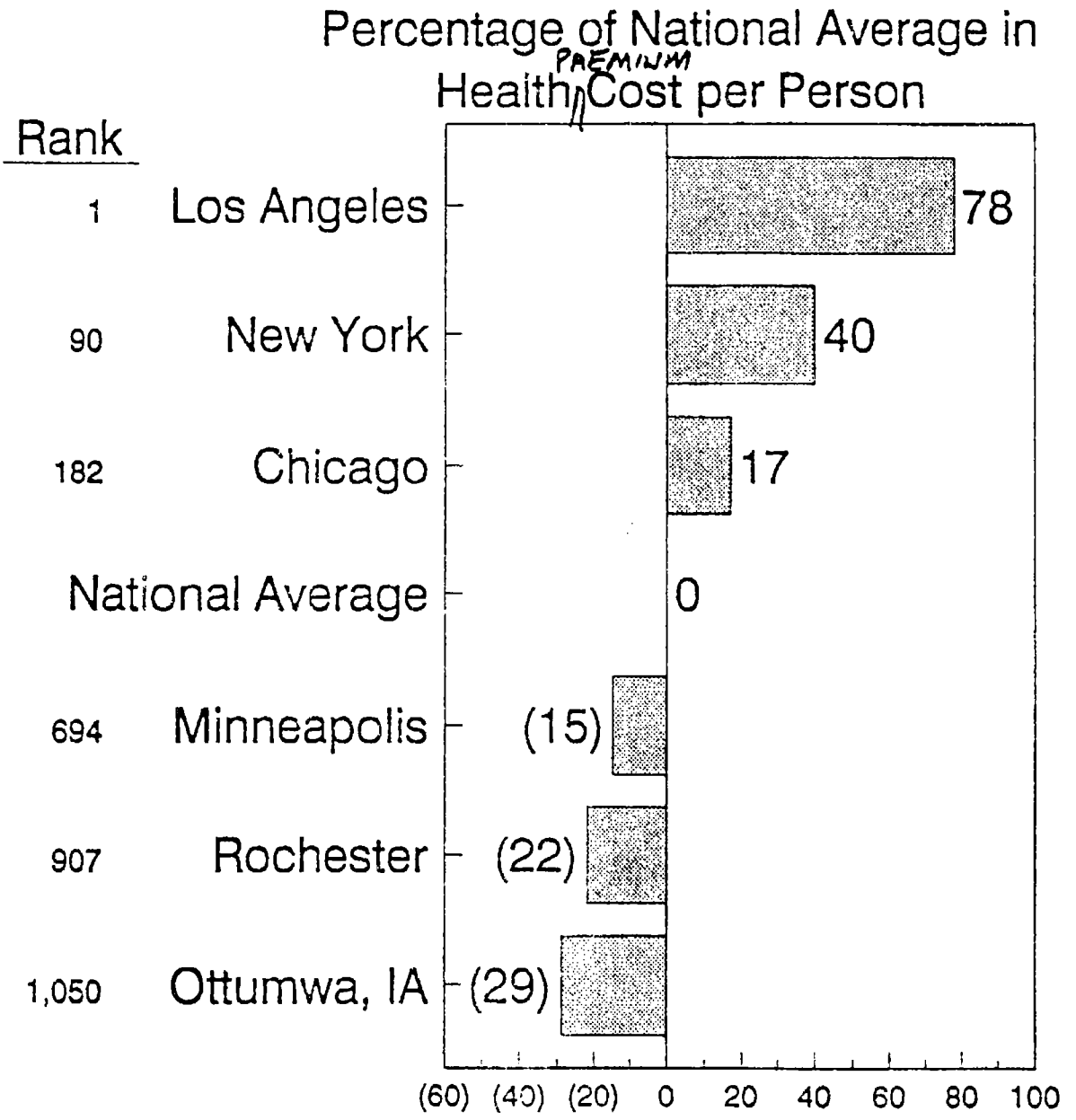
DD/sbf
Attachments

TABLE 6
MEDICALLY UNDERSERVED POPULATION, BY STATE, 1990

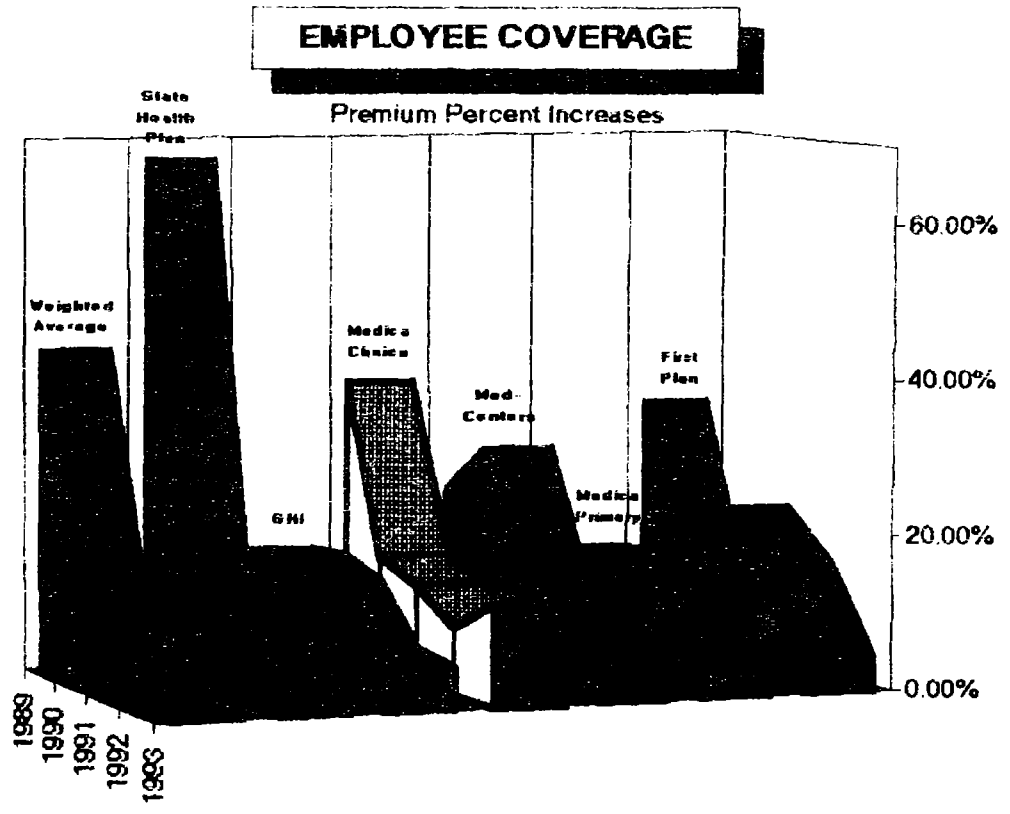
STATE NAME	TOTAL POPULATION	MEDICALLY UNDERSERVED PERSONS: TOTAL	STATE RANK	PERCENT OF TOTAL POPULATION	STATE RANK
UNITED STATES	248,709,873	43,363,939	--	17.4%	--
ALABAMA	4,040,587	1,140,343	11	28.2%	5
ALASKA	550,043	- 0 -	51	0.0%	51
ARIZONA	3,665,228	642,295	24	17.5%	19
ARKANSAS	2,350,725	671,007	23	28.5%	4
CALIFORNIA	29,760,021	6,400,925	1	21.5%	10
COLORADO	3,294,394	496,553	29	15.1%	25
CONNECTICUT	3,287,116	143,006	38	4.4%	49
DELAWARE	666,168	91,266	44	13.7%	28
DISTRICT OF COLUMBIA	606,900	154,264	37	25.4%	6
FLORIDA	12,937,926	2,450,419	4	18.9%	16
GEORGIA	6,478,216	1,323,144	10	20.4%	12
HAWAII	1,108,229	91,837	43	8.3%	45
IDAHO	1,006,749	176,950	36	17.6%	18
ILLINOIS	11,430,602	2,264,139	5	19.8%	13
INDIANA	5,544,159	690,301	21	12.5%	31
IOWA	2,776,755	305,846	33	11.0%	38
KANSAS	2,477,574	300,779	34	12.1%	32
KENTUCKY	3,685,296	636,436	26	17.3%	20
LOUISIANA	4,219,973	1,355,233	9	32.1%	2
MAINE	1,227,928	105,231	42	8.6%	44
MARYLAND	4,781,468	718,337	20	15.0%	26
MASSACHUSETTS	6,016,425	786,083	16	13.1%	29
MICHIGAN	9,295,297	1,437,701	7	15.5%	23
MINNESOTA	4,375,099	438,429	30	10.0%	41
MISSISSIPPI	2,573,216	859,541	14	33.4%	1

Source: National Association of Community Health Centers (1993)

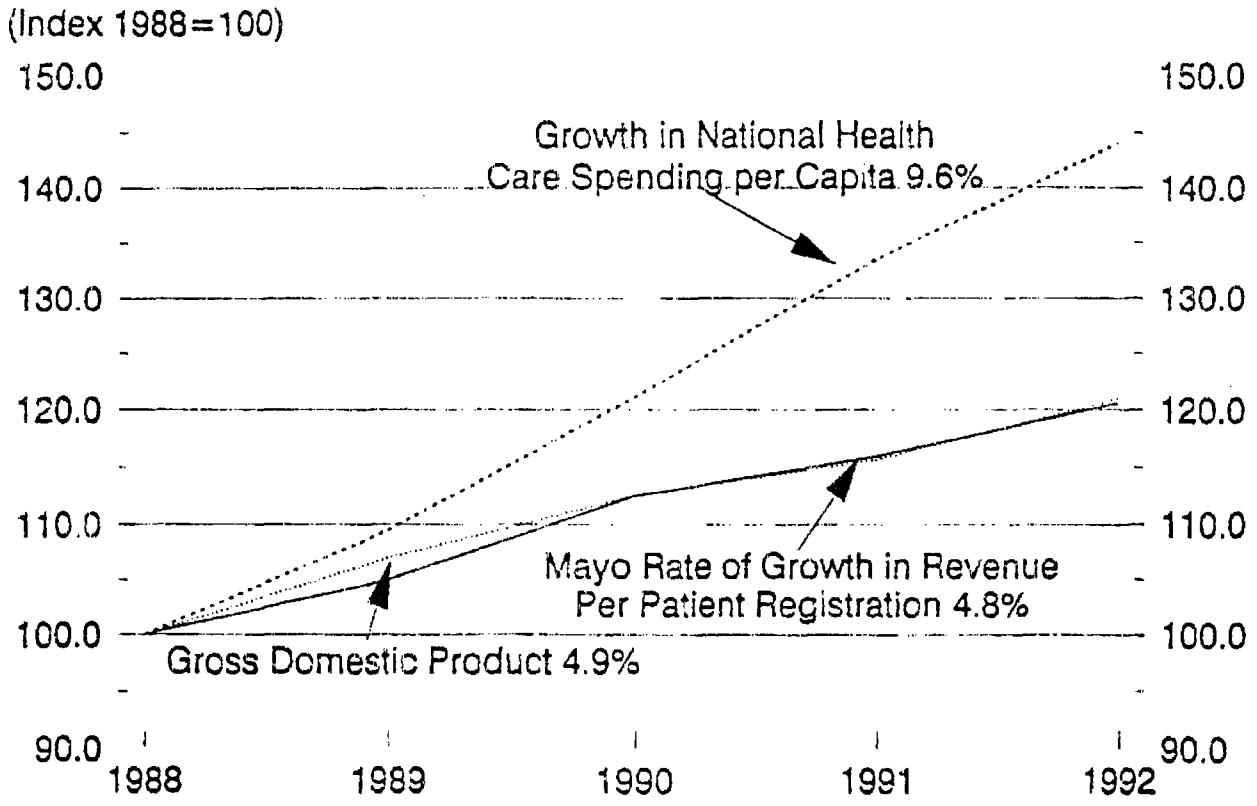
Health Costs of 1,050 U.S. Cities 1992



Source: Milliman & Robertson, Inc.
Based on local premiums for a standardized benefit package. (Minneapolis Tribune, 11-18-92)


EMPLOYEE COVERAGE
Premium Percent Increases
State Health Plan
Weighted Average
GHI
Medica Choice
Med-Centers
First Plan
60.00%
40.00%
20.00%
0.00%
1989
1990
1991
1992
1993

Mayo Health Care Cost Performance Index
1988-1992



F

At 8:00am Wednesday each week the United States Senate is in session, a couple dozen members gather for an hour of prayer and fellowship.

Newly appointed Senator Harlan Matthews (D-TN) recently shared his favorite commentary on human nature with us. Senate President Pro Tempore Robert C. Byrd rose to recite it from memory...

Dave Durenberger
United States Senate

A Fence or an Ambulance
by Joseph Malins

'Twas a dangerous cliff, as they freely confessed,
Though to walk near its crest was so pleasant;
But over its terrible edge there had slipped
A duke and full many a peasant.
So the people said something would have to be done,
But their projects did not at all tally;
Some said, "Put a fence around the edge of the cliff,"
Some, "An ambulance down in the valley."

But the cry for the ambulance carried the day,
For it spread through the neighboring city;
A fence may be useful or not, it is true,
But each heart became brimful of pity
For those who slipped over that dangerous cliff;
And the dwellers in highway and alley
Gave pounds or gave pence, not to put up a fence,
But an ambulance down in the valley.

"For the cliff is all right, if you're careful," they said,
"And, if folks even slip and are dropping,
It isn't the slipping that hurts them so much,
As the shock down below when they're stopping,
So day after day, as the mishaps occurred,
Quick forth would these rescuers sally
To pick up the victims who fell off the cliff,
With their ambulance down in the valley.

(over)

Then an old sage remarked: "It's a marvel to me
That people give far more attention
To repairing results than to stopping the cause,
When they'd much better aim at prevention.
Let us stop at its source all this mischief," cried he,
"Come neighbors and friends, let us rally;
If the cliff we will fence we might almost dispense
With the ambulance down in the valley."

"Oh he's a fanatic," the others rejoined,
"Dispense with the ambulance? Never!
He'd dispense with all charities, too if he could;
No! No! We'll support them forever.
Aren't we picking up folks just as fast as they fall?
And shall this man dictate to us? Shall he?
Why should people of sense stop to put up a fence,
While the ambulance works in the valley?"

But a sensible few, who are practical too,
Will not bear with such nonsense much longer;
They believe that prevention is better than cure,
And their party will soon be the stronger.
Encourage them then, with your purse, voice and pen,
And while other philanthropists dally,
They will scorn all pretense and put up a stout fence
On the cliff that hangs over the valley.

Better guide well the young than reclaim them when old,
For the voice of true wisdom is calling,
"To rescue the fallen is good, but 'tis best
To prevent other people from falling."
Better close up the source of temptation and crime
Then deliver from dungeon or galley;
Better put a strong fence round the top of the cliff
Than an ambulance down in the valley.

THE WHITE HOUSE

WASHINGTON

September 29, 1993

Ms. Susan Bartlett Foote
Office of Senator David Durenberger
154 Russell Senate Office Building
Washington, D. C. 20510

Dear Ms. Foote:

Mrs. Clinton asked me to thank you for sending her Dr. Reinertsen's remarks and for your kind comments regarding her recent trip to Minnesota.

Sincerely yours,

Pam Barnett

Pam Barnett
Executive Assistant
to the First Lady

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United States Senate

DAVE DURENBERGER

PAM SEP 24 1993

September 20, 1993

Hillary Rodham Clinton
First Lady of the United States
The White House
Washington, D.C. 20500

Dear Mrs. Clinton,

On behalf of Senator Durenberger and his entire staff, I would like to thank you for your participation in his working meeting on competition in Minnesota. Everyone in attendance was honored by your presence and deeply impressed by your knowledge and obvious commitment to health reform.

Dr. Reinertsen relayed to me your desire to have a copy of his remarks. I have enclosed copies of the remarks of all four of the presenters. Please let me know if you would like additional information from any one of them.

I hope you enjoyed your brief visit to Minnesota. Do not hesitate to call on this office at any time if you need our assistance. We look forward to working with you and all of your staff to accomplish health care reform in the near future.

Best regards,

Susan

Susan Bartlett Foote
Senior Legislative Assistant for
Health

THE WHITE HOUSE

WASHINGTON

September 16, 1993

Honorable Dave Durenberger
United States Senate
Washington, D.C. 20515

Dear Senator Durenberger:

Thank you for your letter in support of the invitation extended by the American Academy of Neurology. Unfortunately, my schedule does not permit me to take part in every event that I would like to attend. If I am able to take part in this worthwhile event, I will contact Dr. Jack Whisnant directly.

Again, thank you for writing.

Sincerely,

Hi Hary

Hillary Rodham Clinton

THE WHITE HOUSE

WASHINGTON

August 18, 1993

Honorable Dave Durenberger
United States Senate
Washington, D.C. 20515

Dear Senator Durenberger:

Thank you for your letter in support of the invitation extended by the Family and Nutrition Sciences Department at Concordia College. Unfortunately, my schedule does not permit me to take part in every event that I would like to attend. If I am able to take part in this worthwhile event, I will contact Dr. Barbara Rusness directly.

Again, thank you for writing.

Sincerely,

Hillary

Hillary Rodham Clinton

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United States Senate

DAVE DURENBERGER

SS
MW

July 30, 1993

Mrs. Hillary Rodham Clinton
First Lady
The White House
Washington, DC 20500

Dear Mrs. Clinton:

I am writing to express my strong support for the invitation extended by Dr. Barbara Rusness, Chair of the Family and Nutrition Sciences Department at Concordia College, for their Ninth Annual Faith, Reason, and World Affairs Symposium, "Who Cares For Our Children?" to be held September 19-21, 1993. I understand that you have been invited to serve as the opening speaker the evening of September 19.

The Symposium is the major academic event of the year for Concordia. Each year, they seek to bring nationally and internationally recognized authorities on chosen topics to the Fargo-Moorhead area. This year's distinguished speakers include: Dr. Walter Allen, sociologist at UCLA; Dr. Sylvia Hewlett, economist on child and workplace issues; and Dr. Emmy Werner, UC-Davis research child psychologist.

Mrs. Clinton, I believe that your expertise would be greatly appreciated by this audience. I sincerely hope that your schedule will enable you to travel to Minnesota this September for the Faith, Reason, and World Affairs Symposium. Thank you, in advance, for your serious consideration of this invitation.

Enclosed for your further information is a recent letter I received from Dr. Rusness in regards to this request. It provides additional details that this letter omits. Please do not hesitate to contact me if you should have any questions.

Sincerely,

Dave Durenberger
United States Senator

DD/kme
Enclosure

COMMITTEE ASSIGNMENTS:
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LABOR AND HUMAN RESOURCES

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United States Senate

DAVE DURENBERGER

February 23, 1993

Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

On behalf of the Citizens Jury Project I would like to invite you to participate in their fourteenth Citizens Jury project -- "America's Tough Choices: Health Care for a Nation" -- on May 16 - 20, 1993 in Washington D.C.

The Citizens Jury Project is a non-partisan, non-profit organization which combines the best elements of town meetings and focus groups. Participants in the program make presentations to and respond to questions from a randomly selected "Citizens Jury" which then debates the issue and makes recommendations based on what they have learned. Past Citizens Jury projects have received wide media attention and critical acclaim.

This latest Citizens Jury project will be taped by WETA, the Washington public television station, which will produce a one-hour documentary for broadcast on PBS nationally.

I am on the Board of Directors of the Citizens Jury Project, which is based in Minneapolis, Minnesota and can personally vouch for its quality and credibility. I believe it is an excellent forum to get issues before the public.

I have attached some information about the Citizens Jury Project and hope that you will give this invitation serious consideration. If you are interested in participating, or have any questions about the program, please contact Dr. Ned Crosby at 612-344-1766.

Thank you for your consideration.

Sincerely,

Dave Durenberger

COMMITTEE ASSIGNMENTS:
FINANCE
ENVIRONMENT AND PUBLIC WORKS
LABOR AND HUMAN RESOURCES

EXECUTIVE OVERVIEW

Citizens Jury Project
"America's Tough Choices: Health Care for a Nation"
Washington, D.C., May 16-20, 1993

"I know of no safe depository of the ultimate powers of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion."
Thomas Jefferson, 1820

The **Jefferson Center** is a nonprofit, nonpartisan public research and development organization located in Minneapolis, Minnesota, and founded by Dr. Ned Crosby in 1974. The Center's purpose is to help ordinary citizens have a greater voice in public decisions which affect their lives. The Center is governed by a board of directors and a citizen oversight panel.

The **Citizens Jury process**, created in 1974 by the Jefferson Center, combines the best elements of a New England town meeting and a modern focus group by assembling a microcosm of the community--be it city, state, or nation--to render informed and considered opinions on major issues. The Jury panel is chosen from randomly selected pools of individuals and balanced on factors such as age, race, gender, education, locale, and party identification. The jurors are paid to attend and hear testimony from witnesses representing different points of view. The jurors question the witnesses, engage in debate, and offer a final recommendation to the public as well as the public policy-makers. The process and results receive wide attention in the media, thereby giving the public and the policy-makers a source of educated, unbiased, nonpartisan information on the issues.

May 16-20, 1993, the Jefferson Center will be conducting its fourteenth Citizens Jury project and the second **national jury** on "America's Tough Choices". The topic for the May Jury, to be held in Washington, D.C., is **"America's Tough Choices--Health Care for a Nation"**. The jury will conduct congressional-type hearings (calling upon health care reform experts representing different opinions) followed by debate, deliberation and finally rendering a verdict and announcing its recommendation to the American public and policy-makers.

We are very pleased that **WETA**, the public television station in Washington, D.C., has agreed to produce a one-hour documentary on our May Jury for airing by PBS nationally.

The first national Citizens Jury was held in Washington, D.C. in January 1993. It brought together 24 ordinary Americans from around the country to examine the "tough choices" faced by the nation's public policy-makers in determining federal budget priorities . The jurors' work was widely reported by the Washington Post, Los Angeles Times, and USA Today. Senator David Pryor and Representative Martin Sabo are arranging for jurors to share their results with the Senate Finance and House Budget Committees.

The **budget** for conducting our May "Health Care" Jury is **$325,000**. The Jefferson Center is soliciting funds from corporations and foundations. The May Jury will be sponsored by one "Primary Corporate Sponsor" and multiple funders. The Jefferson Center is a 501(c)(3), nonprofit organization.

Our Primary Corporate Sponsor will receive:
1) prominent *recognition* on all printed and televised materials; and
2) *printed materials and videos* for use in communicating with your employees about your sponsorship;
3) an invitation to have a representative from your company *attend* and observe the Jury as our guest; and
4) an offer to have a representative from the Jefferson Center discuss the findings with you and your employees.

Why A Citizens Jury? Americans are awash with information of all kinds on candidates and issues, albeit much of it trivial or manipulative. The challenge is to find a source of information which voters can trust, that is simple and direct in what it has to say. The Citizens Jury process is a unique method for involving citizens in a high quality dialogue with experts and then giving them the opportunity to say in a clear and direct way back to the American public and its representatives what they have learned. **David Broder** ranked the Citizens Jury process as one of the leading election reforms of 1992 (Washington Post, December 27, 1992).

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MANY OF PRESIDENT'S STATE-OF-THE-UNION PROPOSALS PRESAGED BY CITIZENS JURY IN JANUARY

February 21, 1993
For Immediate Release

Contact: Jim Dickenson (301) 946-4222
or Bob Meek (612) 333-5300

Many of the major elements in President' Clinton's state-of-the-union address last week were presaged by a Citizens Jury panel that met in Washington, D.C., in January to draft a federal budget that would begin to meet the nation's long-term needs and priorities.

The parallels were outlined in the Sunday, February 21, edition of the Philadelphia Inquirer, by David R. Boldt, the editorial page editor. Boldt noted that the Citizens Jury's recommended budget "not only anticipated many of the changes Clinton would make in the plan he presented this past week...but pointed to the portions of the current Clinton plan that are going to be hardest to sell."

These included tax increases on the affluent and an energy tax.

President Clinton proposed raising taxes by about $60 billion a year over the next four years; the Citizens Jury budget called for a tax hike of $70 billion for FY 1997. Of this, $20 billion would be in across-the-board taxes on fuels such as oil, natural gas, and coal; the president called for a similar tax on the energy content of such fuels.

About 57 percent of President Clinton's tax increase, or $34 billion would come from raising taxes on annual incomes of $200,000 or more; the Citizens Jury proposed an additional $30 billion in taxes on that income level. The jurors also called for a $20 billion increase in "sin taxes" on tobacco and alcohol; the president didn't include them but administration sources say that they are being considered for financing his health reform proposal, which is scheduled to be completed in May.

The Jefferson Center, which is based in Minneapolis and is the creator and sponsor of the Citizens Jury projects, is planning another national Citizens Jury in May to recommend a reformed health care program.

The president's proposals would reduce the FY '97 budget deficit to $206 billion (compared to the Congressional Budget Office's projection of $290 billion); the Citizens Jury's budget deficit for that year was $194 billion.

"There is something vaguely ridiculous" about President Clinton "barnstorming around the country" to sell his programs to the citizens while "the members of Congress who are supposed to really understand how the fedral budget works, stand around in Washington like so many heifers in a stockyard, waiting to see if the president can pull it off," Boldt wrote.

"Is it reasonable to expect that the citizenry will rise up and demand that their representatives raise their taxes and cut their benefits? Maybe it is. Consider what happened in January when the Jefferson Center convened in Washington a 'Citizens Jury' of 24 ordinary Americans and asked them to fashion a federal budget."

C'tize is . ury verdic' p 'esaged Bill Clinton's economic plan

By **DAVID R. BOLDT**

There is, when you think about it, *something vaguely ridiculous* about the current political process in which President Clinton is barnstorming around the country attempting to sell his economic program to ordinary citizens.

Meanwhile, the members of Congress, the people who are supposed to really understand how the federal budget works, stand around in Washington like so many heifers in a stockyard, waiting to see if the president can pull it off.

Is it reasonable to expect that the *citizenry will rise up and demand* that their representatives raise their taxes and cut their benefits?

Maybe it is. Consider what happened in January when the Jefferson Center, convened in Washington a "Citizens Jury" of 24 ordinary Americans, and asked them to fashion a federal budget.

The concept was basically the same as the Citizens Juries the Jefferson Center assembled to quiz Arlen Specter and Lynn Yeakel in last year's race for the U.S. Senate, except that this jury was intended to be a microcosm of the nation, not just Pennsylvania. It included 12 men and 12 women; 19 whites and five nonwhites; ten members who had been to college and 14 who had not.

Ernestine Garza, a computer operator from Houston came as a skeptic, but left a believer. "To my amazement," she wrote afterward, "a diverse composite of ordinary people with different views put together a proposal for the Congress and our new president."

Miriam Galvin, a medical receptionist from Forest Park, Ill., found the experience to be "the most enlightening I've ever had. I always thought *doing the business of the country was* simple. Just get smart and honest people for the job. I learned so much more. It's not a simple job."

Before preparing their budget recommendations, the jurors heard a presentation of the Clinton economic plan as it had been put forward during the campaign. They also heard, over four days, from a platoon of liberal and conservative economic policy experts.

The conservative squad was led by former Rep. Vin Weber, Republican of Minnesota, who served on the House Appropriations Committee before retiring last year, and who was national co-chair of the Bush-Quayle re election campaign. The other side was led by Robert Kuttner, co editor of The American Prospect, an opinion journal dedicated to reviving American liberalism, and the author of a book on the Reagan era called *The Revolt of the Haves.*

Then the jurors went to war among themselves, gradually forging compromises. "I got $26 billion cut out of the budget," said Jack Goleboski, a commodities trader from Jersey City, with an obvious air of satisfaction. "I wanted $50 billion, but there have to be trade-offs."

Juanita Graham, an unemployed computer graphics specialist from Brooklyn, was disappointed over losing a battle to put $7 billion more in social programs back into the jurors' budget, but thought the process worked.

The conclusions reflected in the jury's recommended budget not only *anticipated many of the changes* Clinton would make in the plan he presented this past week (compared with what he had promised as a candidate), but also pointed to the portions of the current Clinton plan that are going to be hardest to sell.

> *Is it reasonable to expect that the citizenry will rise up and demand that Congress raise its taxes and cut its benefits?*

Not to put too fine a point on things, in the end the jurors had very little confidence in the ability of the federal government to spend money effectively to stimulate the economy through social or public works programs.

But the jurors also showed a grit *that might astound many of their* fellow citizens. When it was all over they had taxed themselves even more heavily than Clinton's current plan would, and paid for a national health-care plan in the process.

In addition to increasing taxes on affluent Americans, the jurors also advocated the same kind of broad-based energy tax the President has proposed. They went to the energy tax *after* learning from both liberal and conservative experts that they couldn't get the revenue they needed from increased taxes on the wealthy alone.

The jurors also proposed raising an additional $70 billion a year by tripling the federal tax on cigarettes and doubling the federal tax on liquor. Clinton's plan doesn't include these "sin taxes," but there are rumors that he may turn to them when the time comes to pay for his health plan.

The need for an immediate major overhaul of the health care system was perhaps the area in which the jurors were most adamant. On this subject, the liberal position held sway. Republican Weber conceded to the jurors at the end, "You really told me loud and clear that I don't have it together on health care."

Yet jurors were conservative on defense, veering sharply away from the recommendations for deep cuts proposed by liberal defense specialists.

Generally, the jurors cut federal spending more than Clinton has in his current plan, scrubbing space missions and slashing crop subsidies. But they added in a big chunk of money — $10 billion a year — for *non-defense research and development.* They didn't shrink from making changes in Social Security, urging that the minimum retirement age be raised.

But in the end, they didn't come any closer than the President did in matching the amount gained by spending cuts with the amount achieved through higher taxes. The jurors' plan would produce $70 billion in new revenues in fiscal 1997, compared with $26 billion gained from spending cuts.

The jurors, however, did a better job of deficit-cutting than the President has, bringing it down to $194 billion in fiscal year 1997, compared to $206 billion in the current Clinton plan.

The biggest differences between the jurors' plan and Clinton's were in the area of federal social programs. The jurors recommended an increase of about half what Clinton has proposed. As for rebuilding the infrastructure, the jurors proposed spending about $15 billion less annually than the *Bush* administration would have.

The Clinton proposals to spend more left them unimpressed. "There is enough money available for the needed infrastructure improvements if political pork barrel projects are eliminated," said the jurors' final report.

On social programs, the report said, "We suspect there is considerable waste in the government programs in this area and believe that money could be saved by simply tightening up." Juror Evelyn Swanson, a supply clerk from Napa, Calif., said, "I don't think education needs more money — it needs more control."

But the overall message to the new President was one of encouragement. Philip Grant, a truck-weighing station inspector from Klamath Falls, Ore., said the jurors were saying to him, "We'll stand behind you if you make the tough choices."

If so, the President may indeed be wiser to count on the public than the Congress.

David R. Boldt is editor of the Editorial Page.

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United States Senate

DAVE DURENBERGER

February 24, 1993

Honorable Hillary Rodham Clinton
FIrst Lady and
Chairperson, Health Care Reform Task Force
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

I have enclosed two papers that I believe will be of interest to you in your efforts to reform the health care system.

The two papers include 1) "Executive Summary, A Quality-Based Consumer Choice Plan for Universal Health Care and Coverage" and 2) "A National Plan for Universal Coverage through Health Care System Reform."

The author is Walter McClure, Ph.D. who heads the Center for Policy Studies based in Minneapolis. Walter has been an astute observer of the health care system for many years. He is committed to creating a sound health care market, but his proposal dffers substantially from the Jackson Hole model.

The address and phone number of the Center are on the papers. Please feel free to contact Dr. McClure for more information or additional papers.

Sincerely,

Dave Durenberger
United States Senator

COMMITTEE ASSIGNMENTS:
FINANCE
ENVIRONMENT AND PUBLIC WORKS
LABOR AND HUMAN RESOURCES

March 26, 1993

Dear Senator Durenberger:

Thank you for your letter and the information on Minnesota's health care system. As you may know, we are looking carefully at a number of states, including Minnesota, as we develop our plan.

I am enclosing a copy of a photo taken at our last meeting. I appreciate your willingness to assist us, and look forward to our continued work together on health care, and other issues.

Sincerely,

The Honorable Dave Durenberger
United States Senate
Washington, D.C. 20510

bcc: gift unit

THE WHITE HOUSE

October 29, 1993

Honorable Dave Durenberger
United States Senate
Washington, D. C. 20510

Dear Senator Durenberger:

Thank you so much for passing along George Halvorson's, Strong Medicine. It was kind of you to do so and I will thank Mr. Halvorson directly. Minnesota is lucky to have so many people who care about good health care.

Sincerely yours,

Hillary

Hillary Rodham Clinton

DAVE DURENBERGER
MINNESOTA

14 Oct

Dear Mrs. Clinton,

You met George in Nigeria. It reads well — not as intimate as Hamlet. Dave