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RESTRICTION CODES

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① All other bills
② # pages
③ soften by ~~about~~ pages = metaphor

spending by companies. The President rejected that approach because it would raise taxes on middle-class families.

The President's plan relied on creating a more competitive market and a more cost-conscious consumer to control costs. As a back-up, the President proposed premium caps to limit the amount insurance premiums could be raised if market forces did not succeed in keeping prices down. This approach was borrowed directly from a bill put forth by Republican Senators Danforth and Kassebaum and moderate Democratic Representatives McCurdy and Glickman.

As you examine the main elements of the President's plan you will find that the bulk of ideas he proposed were gleaned from members of both parties, from liberals and conservatives and moderates alike. And in many cases, the proposals already had been tested successfully at the state level.

First barrage of attack — to give people added choice & reduce burdens on biz.

Perhaps no idea occasioned as much debate initially as mandatory alliances. The idea behind alliances was to pool the purchasing of workers ~~in firms with fewer than 5,000 employees, government employees, Medicaid beneficiaries, nonworkers and retirees. Through these pools,~~ so community rating could be easily enforced, families would have a wide array of plans to choose from, and families and businesses would have the maximum bargaining leverage to get affordable prices.

The idea for these alliances came from the Jackson Hole group, which advocated managed competition, and from legislation sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux.

choice has been shrinking over past 2 decades. purpose was to give choice & make less bureaucr.

when I ran a small co. I couldn't give all the health plans in my area to my employees. If there had been an alliance, I could have. 1 of main purposes to give people choice of plans and reduce administration

Other provisions such as the long-term care benefit, ~~prescription drugs for Medicare recipients~~, a focus on primary care, funding for academic health centers, improvements in rural and urban health care infrastructures, and some public health initiatives were also included in Republican health reform proposals.

So if you compare the President's approach to some of the options at hand, you will see that -- in case after case -- his plan was fundamentally reasonable, moderate, and in line with what mainstream Americans wanted then and still want now.

Ins. industry first barrage of ads misrep alliances by suggest govt would take away ur plan when in fact the opposite was true

Yet while the bill's provisions reflected the political center, the size and detail of the document generated criticism from opponents that it was a bureaucratic form of social engineering and an example of "big government."

Health care is a very complex subject and, like most major pieces of legislation, a bill to reform the health care system is never going to make for light beach reading. Our goal was to

no diff from other major bills & even other health care bills were.

Day N.D. you could write a bill that was 20-30 pages. Last 25 yrs that hasn't been the case. Congress has made legislation more

provide enough detail and explanation of how the money would actually flow to satisfy the Congressional leadership. We felt that introducing a skeleton bill would be irresponsible to the public and the experts.

It's worth noting that other health care bills circulating on the Hill have ranged from 650 pages to well over 1,000 pages. The crime bill that passed two weeks ago was as long as most of the health care legislation and NAFTA was literally thousands of pages. Yet only our bill was the only one branded as "too complex" because of its detail.

Another misperception is that the formation of the President's health reform policy was done in secret. In fact, it was among the most open processes ever conducted in an Administration.

To meet an aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. We cast a wide net for participants.

There were serious consultations with hundreds of Americans from all walks of life: Physicians, nurses, social workers, hospital administrators, benefits consultants and managers, consumers, business people, actuaries and accountants, health lawyers, and many others.

The task force met with more than 1,100 interest groups, held daily meeting with members of Congress, and involved more than 120 Congressional staffers from both parties in the working groups. During the 14 months between February of 1993 and this past April, the First Lady held 23 public hearings and town meetings across the country.

By May 6, 1993 review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators, and lawyers responded to ideas that had been proposed by different working groups.

The whole process resulted in an amazing amount of work completed in a very short amount of time. We succeeded in meeting a very tight deadline.

Has it been a flawless operation? Of course not. We see that even more clearly in hindsight. While the task force was ready to move forward at the end of May, we encountered some unforeseen obstacles, some avoidable, some not.

We were ready to deliver the bill in the first 100 days, just as the President had pledged we would do. But then we found ourselves captives of a legislative calendar that interrupted our

timetable on reform and cost us momentum.

During April and May of last year, the task force met 21 times to finalize decisions with the President. But after the defeat of the economic stimulus package, it became clear to everyone that the introduction of health care reform should be delayed until passage of the economic package was assured. There was concern that members of Congress might trade votes on the economic package for concessions on health care. For example, when word leaked out -- erroneously -- about a Treasury Department analysis of health care financing that included a tax on wine and beer, the California delegation immediately sent a letter of complaint to the White House and some members privately threatened to withhold support for the economic package.

With the economic package stalled, the introduction of health care was delayed from early June, to late June, to mid July, to late July, and finally to late September. The legislation finally was submitted in late October instead of in late May. Attention was further diverted from health care because of the debate over NAFTA and the crisis in Somalia, both of which dominated the White House and Congress during the weeks after the President's bill was introduced.

There wasn't much we could do about the calendar. But we could have done things differently in terms of the press. From the outset, we should have done a better job of informing the press about the process. That way we could have avoided perceptions that the deliberations were cloaked in secrecy, and we could have helped the news media develop a better understanding of reform as the debate evolved.

These problems notwithstanding, when the plan was introduced in the fall it was greeted very enthusiastically. The President was applauded for offering a clear and persuasive enunciation of his goals to Congress and the nation. Polls showed broad support for his goals. The New York Times went as far as to term the President's bill "alive on arrival."

Then the interest groups took over the debate.

That was perhaps the biggest single obstacle we faced then and still face today as we try to move forward with reform. Several recent studies have documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. Every major legislative battle -- from the New Deal to Social Security to Civil Rights -- has met with opposition. But never in the history of this country has there been the same degree of misinformation spread as has been spread during this health care debate. And never has there been such an extraordinary amount of money spent on disseminating that misinformation.

Easier to make negative case that it was to make positive, more complex case.

The Annenberg Public Policy Center studied this phenomenon and concluded that the health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

Over $100 million has been spent overall to influence the outcome. One study found that $50 million largely to influence reporters and legislators rather than the public as a whole. And these figures don't capture direct mail and phone bank efforts financed by opponents.

Whatever your view of health care reform, if you've seen or heard the now famous -- or infamous -- ads you know that they are not only negative, they're downright scary.

In fact, they were so distorted that the Wall Street Journal ran a story about the misinformation campaign under the headline "Truth Lands In Intensive Care Unit."

The article began:

The baby's scream is anguished, the mother' voice desperate. "Please," she pleads into the phone as she seeks help for her sick child.

"We're sorry, the government health center is closed now," says the recording on the other end of the line. "However, if this is an emergency, you may call 1-800-GOVERNMENT." Her baby still wailing, she tries it, only to be greeted by another recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available . . . ."

"Why did they let the government take over?" she asks plaintively. "I need my family doctor back.

The story goes on to say: The only problem with the radio spot, produced by a Washington-based group called Americans for Tax Reform, is that it isn't true. [WSJ, 4/29/94]

Misconceptions about the President's plan were continually fueled by this type of fearmongering. At town hall meetings I attended, angry people would shout their opposition to the Clinton plan. I'd ask why there were against it. They would talk about government taking over and running all the hospitals. Or they would talk about how people wouldn't be allowed to see their own doctor outside the health plan approved by the government and that, if they did, the doctors could go to jail. I'd explain that these were not elements the plan. But the questioner invariably would shout back that I was lying and wave a mailing he had received from some group asserting one or another of these points as fact.

DRAFT

On any given day, almost 39 million Americans, most of them working people and their children, have no health insurance. Every month, 100,000 Americans join the rolls of the uninsured. Millions more stay locked into jobs they want to leave because they can't risk losing their insurance. Families find they can't get coverage for the very problems they need care for, because those illnesses have been stamped "preexisting conditions." Small businesses face health care premiums that are 35 percent higher than those of large corporations and are projected to continue to grow at double-digit rates. A full third of these small businesses that now cover their employees say they will be forced to drop their workers' insurance.

TKA

In spite of the tens of millions of Americans without insurance and the millions of others with inadequate insurance, our medical bills are growing at over twice the rate of inflation. In 1993, we spent over 14 percent of our income on health care. By the year 2000, if we do nothing, that figure will jump to close to 20 percent. We spend over a third more of our income on health care than any other country. And the gap is growing, putting our companies at a competitive disadvantage in the global economy.

This is the picture candidate Clinton faced: rising health care costs swallowing up growth in workers' wages, ballooning the federal deficit and stifling the competitiveness of American industry. Economic downsizing and a sluggish economy add millions to the ranks of the uninsured, and fueled fears about losing it for those who did had coverage. He saw the health care issue as inextricably linked to his main campaign thrust of economic recovery, promised to submit a health care plan within his first 100 days in office.

Senator Kerrey and former Governor Brown were pushing for a "single-payer" health care plan -- proposing universal coverage through huge new taxes paid to the federal government. Senator Harkin advocated a pay-or-play model, which achieved universal coverage by requiring companies that did not cover their workers to pay a tax to the federal government.

Candidate Clinton embraced a relatively new, more moderate framework, known as "managed competition." A combination of insurance and market reforms, combined with universal coverage and new government ground rules, would stimulate private sector competition and efficiency -- thus holding down health care costs. Many conservative Democrats, including the Democratic Leadership Council and former Senator Tsongas, favored this approach.

Clinton's campaign plan, with private sector health care and increased competition as its centerpiece, would achieve four main goals:

> Provide universal health care coverage to all Americans
>
> Make health care more affordable by controlling the rate of growth of health care costs so that they did not exceed the rate of growth in personal income.
>
> End discrimination in the health insurance market by outlawing insurance industry practices of excluding or dropping sick people and charging prohibitive rates to certain groups.
>
> Provide a prescription drug benefit and better home and community-based long-term care services to the elderly and disabled.

These goals were and still are popular with the American people. Yet meeting them has not come easily.

We were warned that we faced a serious challenge - - health reform had been attempted by seven Presidents. Seven Presidents had failed. Health reform was too big, with too many powerful vested interests. Those who profit from the status quo are tenacious, well-financed, and well-organized. Health reform was not a first-term issue.

And as one old Washington hand wryly noted, health reform was a good campaign issue -- everyone's for health reform. But getting something through once in office would be a different story. The wide coalition of groups and interests who rally behind the label "health reform" supported very different things, and uniting these groups behind a single proposal could prove next to impossible.

A year ago last month, the President's economic program barely passed a reluctant Congress. As a result of its passage, we are experiencing steady economic growth. Over four million jobs have been created since the President took office. The deficit has been slashed, and, for the first time since Harry Truman was President, we'll have three years of declining deficits in a row. Yet, the President's popularity rating is low and major health reform is now viewed as an uphill struggle.

What happened? Conventional wisdom is that the President and his Administration overreached -- proposing a radical, big-government, grandiose plan hatched by policy wonks with political tin ears.

In fact, the President's health care plan -- true to the candidate's promise -- was comprehensive, but hardly radical. It built upon the system 90% of Americans now use: private sector insurance delivered through the workplace. Its main provisions mirrored those proposed by the likes of Richard Nixon and Bob Packwood and conservative Democrats Jim

Cooper and Dave McCurdy.

Why, then, was it perceived as so grandiose or over-reaching? What about these now controversial ideas like employer mandates, premium caps or large mandatory alliances? What has become conventional wisdom over the course of this debate -- that these elements were some "big government" creatures of the First Lady's Health Care Task Force is simply not true. It is not the plan itself that was overly ambitious. Rather, it was how it was portrayed to the American people by opponents of reform.

Employer Mandates

Virtually all Democrats and moderate Republicans supported the goal of universal coverage in 1993 when the President's plan was written and presented. In fact, Senator Dole and 23 other Republican senators initially cosponsored the Chafee bill which achieved universal coverage through a mandate that individuals buy insurance.

Over the past two years of debate on health care -- in fact, over the past few decades of debate -- only a handful of ideas have been proposed that would pay for universal coverage: 1) The raising of broad-based taxes -- the single payer approach; 2) Requiring individuals to purchase insurance -- an "individual mandate"; 3) Requiring individuals and employers to share the cost of purchasing insurance -- an "employer mandate."

The single payer approach would replace today's employer-based system with broad-based income, payroll or value-added taxes, requiring at least three to four hundred billion dollars in new federal taxes per year. The government would take over paying for health care from benefits managers and insurance companies in today's market. Because it required raising so much in new taxes and called for the government to play a large role in the new system, this proposal had limited support.

A second approach was to mandate that all individuals buy health insurance, just as many states now mandate that all individuals buy auto insurance. The Senate Republican Task Force, chaired by Senator Chafee, had an individual mandate as its vehicle to achieve universal coverage. Many economists favor this approach -- believing that virtually all health care spending by employers comes directly out of employer wages anyway. But polling data showed that the public and many organized groups opposed this approach on the grounds that workers had negotiated employer-paid insurance, and had foregone wage increases to get employer-provided health care. They felt that this approach would result in many people losing benefits they currently have. In addition, if individuals were mandated to buy insurance, it would have to be affordable. Because health insurance premiums are so expensive, the federal government would have to ensure adequate subsidies to help defray some of the cost for families. Paying for these subsidies means raising significant new taxes.

And, well over half of the population would then be receiving subsidies, requiring a huge new administrative bureaucracy.

The third approach, a so-called employer mandate, was the approach embraced by the President during the campaign and later by his Administration. It had the advantage of building on the current system of joint employer and individual contributions. Almost 90 percent of those with private insurance today get it through their employer, with employers paying, on average, 80 percent of the cost of the premium. Spreading that responsibility across all employers and individuals -- not allowing "free riders" -- would eliminate "cost shifting" -- the extra cost families and employers with insurance today pay for those who use health care services but can't pay for their care. To ensure that this requirement was affordable, the government would subsidize insurance for low-income families and small and low-wage businesses.

This was the most conservative route to universal coverage, and enjoyed the broadest support. The American Medical Association (AMA), the American Hospital Association (AHA), the Health Insurance Industry Association of America (HIAA), the Catholic Health Association (CHA), many Labor Unions, the Jackson Hole Group, the National Leadership Coalition for Health Care Reform (co-chaired by former Presidents Carter and Ford), and many business groups including the Chamber of Commerce all publicly supported this approach.

Hawaii, the state that had come closest to universal coverage, had had an employer mandate on the books for more than 20 years, and business growth had outpaced the national average. Washington, Oregon, and other states were following Hawaii's lead.

In fact, the Clinton task force proposal for employer mandates was very similar to a proposal made by the U.S. Chamber of Commerce and to President Nixon's 1972 health care proposal introduced by Senator Packwood, today's ranking Republican member of the Senate Finance Committee.

Premium Caps

The biggest concern the American people had about health insurance was losing it; the second was its cost. Cost containment was critical to insuring that health care was affordable for businesses and families, and was essential for controlling federal spending. Virtually all comprehensive health care bills submitted by Democrats and moderate Republicans included cost containment.

But as with universal coverage, there were a limited set of options for meeting this objective.

One option was price controls -- directly setting the price for goods and services delivered in the health care sector, or setting annual ceilings on the total amount the nation would spend on health. Liberal bills included either global national budgets, or nationally-set rates for

each specific health care test and procedure. These measures had the support of some business and many labor groups. The National Leadership Coalition, co-chaired by former Presidents Carter and Ford, and including companies like Xerox and Chrysler, supported this approach.

Managed competition advocates like Senators Breaux and Boren and Representatives Cooper and Andrews proposed "tax caps" to contain health care spending -- limits on the tax deductibility of health spending by companies. By tying the amount of deductibility to the cost of the lowest-cost health plan in an area, managed competition theory went, families and businesses would become smarter shoppers and choose lower cost health plans. Families that chose more expensive plans would be penalized by paying more, dollar-for-dollar, out of their own pockets. This new cost conscious behavior, combined with other market reforms like a standard benefits package, would constrain health care expenditures.

We did not adopt the tax cap because it raised taxes on middle-class families. But we did encourage consumer cost consciousness through other measures. Employer contributions would be tied to the average cost plan in a region. Employees that chose a higher-cost plan would pay more out-of-pocket, those who chose a plan that cost less than the average would pay less. Like the managed competition approach, cost conscious behavior, combined with increased competition due to market reforms would achieve efficiencies and contain costs.

A third method of cost control was premium caps -- limiting the amount insurance premiums could be raised year after year. Bills submitted by moderate Democrats and Republicans such as Senators Danforth and Kassebaum, and moderate Democrats such as Senator Bingaman and Baucus and Representatives McCurdy and Glickman included premium caps for controlling health spending. Moderates preferred premium caps over other forms of cost containment because, unlike rate setting or price controls, premium caps cover only pre-tax health care spending. The American public could spend whatever it wanted with after-tax money.

Unlike price controls, premium caps do not try to regulate every transaction in the market. Instead, they give flexibility to health plans to budget their spending within a premium. Private health plans decide the best mix and pricing of hospital, outpatient and other services, not government bureaucrats. Premium caps had been passed into law in Minnesota and Washington state, and had been proposed in the state of California by the state insurance commissioner. They also were supported by diverse groups including the American College of Physicians (ACP), the American Academy of Family Physicians (AAFP), and the Catholic Health Association (CHA) and were supported by prominent physicians and health reform advocates such as C. Everett Koop and Jack Wennberg.

We borrowed this method of cost control directly from the Danforth/Kassebaum bill as an insurance policy on competition, both as a safeguard for family and employer affordability, as well for Congressional scoring purposes. If competition worked as predicted, insurance premiums would never reach the pre-set caps. As with employer mandates, premium caps, particularly as backstops to competition, were neither a new nor radical idea.

Large Mandatory Alliances

Perhaps no idea occasioned as much controversy as the proposal to establish large mandatory health alliances in regions around the country. These alliances pooled the purchasing of workers in firms with fewer than 5,000 employees, government employees, Medicaid beneficiaries, nonworkers and retirees. Through these pools, community rating could easily be enforced, families would have a wide array of plans to choose from, and families and businesses would have the maximum bargaining leverage to get affordable prices.

The idea for these entities, originally called purchasing cooperatives, came from the managed competition advocates at the Jackson Hole Group and the Managed Competition Act sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux. In this legislation, all firms with fewer than 1,000 employees, all government employees, all Medicaid recipients and all nonworkers were required to join purchasing cooperatives. States had the option to fold in firms with up to 10,000 employees. The rationale for mandatory purchasing cooperatives was to prevent firms with young healthy people from opting out and leaving only sicker, older people in the pools. Having the pool dominated by costly populations would defeat the purpose by making the community rate unaffordable.

The Administration adopted this model, choosing a firm size cutoff of 5,000 as a starting point for negotiation -- mainly because it was in the range of numbers specified in the original Cooper/Breaux/Boren bill. It was also in the range adopted by Washington State which imposed mandatory community rating for firms with fewer than 7,000 employees and allowed them to join exclusive purchasing alliances.

Other Provisions

Though less in the limelight, the Health Security Act contained a number of other significant provisions -- these, too, were well within the mainstream thinking at the time. The long-term care benefit, prescription drugs for Medicare recipients, a focus on primary care, quality improvement, the creation of a health information network, funding for academic health centers, rural and urban infrastructure improvements, malpractice and antitrust reforms, insurance reforms, benefit package design, public health initiative and other aspects of the bill were all developed from recommendations in other previous legislation, from state experience, from company experience or from well established academic analysis. In fact, many of these lesser provisions are also included in Republican health reform proposals.

Complexity

While the bill's actual provisions were in the mainstream, size and complexity made it easy for critics to brand it as bureaucratic social engineering and "big government". The bill is complex -- all 1,342 pages of it. But, as the Congressional Budget Office stated:

> "The Health Security Act is unique among proposals to restructure the health care system both because of its scope and its attention to detail. Some critics of the proposal maintain that it is too complex. A major reason for its complexity, however, is that the proposal outlines in legislation the steps that would actually have to be taken to accomplish its goals. No other proposal has come close to attempting this. Other health care proposals might appear equally complex if they provided the same level of detail as the Administrations on the implementation requirements."

Did the bill really have to be 1,342 pages? Only if we wanted it to work, which we did. Couldn't we have written a shorter skeleton bill? Only if we were willing to leave the actual details of the plan to government regulators, which we weren't.

Health care is a very complex subject, and, like most major pieces of legislation, a bill to reform the health care system is never going to make for beach reading. The Congressional leadership requested a fully fleshed out bill that would be the basis for committee deliberations. When you begin to spell out what benefits are covered, how the money flows, what happens to existing government health plans like Medicare and Medicaid, you find yourself with a long bill. Senator Mitchell's bill is longer than our original one. The Senate Finance Committee bill which does a lot less than ours was over 1,100 pages. Even Senator Dole's bill, which no one thinks does a whole lot, takes over 650 pages to do it. The Crime bill passed two weeks ago was as long as most health care bills and NAFTA legislation was literally thousands of pages. Long legislation is not a new phenomenon, nor is it limited to health care.

Yet, ~~for some reason~~, with health care, the length of the bill became a metaphor for the complexity people would supposedly face under a reformed system. The number of pages became a symbol of the amount of government involvement people would see in their health care. Attacking the substance of health plans by attacking their length played to the cameras. George Mitchell's eloquent presentation of his proposal did not make the evening news, but Bob Dole's antics in weighing it on a scale did.

We knew conservative Republicans would attack the bill as "too bureaucratic", "too regulatory", "big government". We weren't disappointed. The attacks came fast and furious.

But, we believed that introducing a skeleton bill that did not give the public and the experts an explanation of how these reforms would work would be irresponsible. In any event, if we had laid out a skeleton bill, we would undoubtedly have been attacked for being too superficial and not well-grounded.

Where are the Radical Social Engineers?

Critics of the President's initiative painted his bill as a radical document. In fact, its employer mandates were borrowed from Richard Nixon and a host of mainstream groups; its premium caps came from a bill sponsored by moderates such as Senators Danforth and Kassebaum and Congressmen such as Representatives McCurdy and Glickman and its large mandatory alliances came from the bill sponsored in 1992 by Senators Breaux and Boren and Representatives Cooper and Andrews.

Those elements and the central focus of universal coverage remain popular with the public to this day. In a recent Washington Post/ABC poll, universal coverage is favored by 77 percent of people and employer mandates by 72 percent. Government cost controls are favored by 75 percent of the public.

So why then, did Members who had themselves introduced these proposals later come to denounce them and press for different solutions? Why did a plan with moderate foundations and widely supported elements become viewed by many as a politically unworkable albatross?

Several reasons.... some of them within our control, many of them outside of it. Timing and unforeseen congressional events led to missed opportunities and a hardened political environment. The length of the bill and misperceptions about the process fueled people's fears about government intrusiveness and complexity. And perhaps most importantly, deep-pocketed opponents and their endless negative ads, heaped upon a President beleaguered by orchestrated personal attacks and other divisive legislative battles, created a poisoned atmosphere with an already ambivalent public. Though support for the core elements of the plan remained high, the public came to distrust any reform with the label "Clinton plan".

DELAY AND THE LOSS OF MOMENTUM

The first problem we encountered was the loss of momentum occasioned by the need to delay the release of the President's health plan. When the President took office, he appointed a health care task force with a 100 day deadline to produce a health plan which the President could take to Congress by the end of May. Initially, the President, with advice from Congressional leaders contemplated including the health plan in his first budget along with his economic plan. This had a number of advantages. It would not be subject to a filibuster in the Senate, thus requiring only 51 votes to pass. Tying it to his economic plan would allow the President to ask for just one vote, albeit a big and difficult one from allied Democrats. It would ensure that the program moved quickly and did not bog down in

interest group opposition.

This strategy proved to be impossible when as a parliamentary matter, Senator Byrd and others felt that it would not be appropriate.

We then intended to introduce our plan by the end of May and push for passage by the end of the year. We knew that delaying into 1994 raised the risk of having health reform politicized by the midterm elections.

During April and May, the Health Care Task Force met 21 times to finalize decisions on the plan with the President in attendance at numerous meetings to make the key decisions. However, after the defeat of the President's stimulus package and with mounting opposition to his economic and budget package, Congressional leaders asked that the introduction of health care be delayed until after passage of the economic package was assured. They feared that members might trade off their vote on the economic package for concessions in the health package. For example, when a Department of Treasury analysis listed a tax on wine and beer, (a tax which was never seriously considered) as a potential source of health reform financing, the whole California delegation sent a letter of complaint, and some privately threatened to withhold support for the economic package.

As the economic package stalled, the introduction of health care was delayed from early-June to late-June to mid-July to late-July and finally to late-September. The budget situation was tenuous as it was, the collective view was that leaked accounts of health care meetings could only disrupt the delicate balance being sought to pass the budget. At the end of May we suspended all decision meetings, both internally and with members of Congress, until after the economic package was passed.

This meant that the final group of health care decisions, originally scheduled for late-May, did not get made until just after Labor Day. The speech to the Joint Session of Congress introducing the health care plan occurred on September 22 instead of at the end of May and legislation was not submitted until late October.

This delay gave time for the opposition to organize and caused doubt among supporters about our resolve. While those of us working on the health care initiative were dispirited, we agreed with the need to delay. Passage of the President's economic program was crucial to the country and to the presidency. Without a complete focus on it, the President's whole agenda, including health care would be potentially jeopardized.

SECRECY OF THE TASK FORCE

Though the delay was inevitable, the reputation of secrecy that surrounded the health care task force was not. The formation of the President's health policy was among the most open processes ever conducted to form policy in an Administration, yet it is still widely believed, in the court of public opinion, that the President's health plan was drafted in secret, behind closed doors and without the benefit of real-world views.

To meet the aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. To help us flesh out the campaign framework in a way that would work effectively, we cast a wide net for participants. To establish an atmosphere of equal footing among departments and agencies and to foster interdepartmental cooperation, the decision was made to run health care out of the White House.

The health care working groups included an extraordinary group of people, many of whom had extensive careers on the front lines of the health care system. Serious consultations and reviews included hundreds of others from all walks of life. Practicing physicians, nurses, social workers, hospital administrators, benefits consultants and managers, consumers, businessmen, actuaries and accountants, health lawyers and others were involved in extensive work associated with the task force.

Most people took unpaid leaves from their jobs, left their homes and families for three months, and worked literally around the clock to meet the deadline. That would have been trying under any circumstances. It was extremely difficult in a three-week old Administration still unsure how to reserve rooms, get people cleared through security to get into the building, and fill out forms.

We met with more than 1,100 different interest groups, had daily meetings with members of Congress, and involved more than 120 Congressional staffers on the working groups. Outside experts were consulted, and made presentations to the working groups regularly. The White House complex has probably not seen so much traffic, before or since. In fact, no one would be more surprised to hear that the process was secretive than the security guards at the White House, who no doubt still have nightmares about the lines of people flowing in the door saying: "I'm here for a meeting on health care."

Representatives from the National Governors Association participated on the working groups and officials from associations of state legislatures, counties and cities were included as well.

Between February 20, 1993 and April 18, 1994, the First Lady held a series of 23 public hearings and town meetings across the country.

Also by May, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators and lawyers reviewed and responded to ideas presented by the working groups. The working groups incorporated their comments and met their deadlines. The whole process resulted in an amazing amount of work being completed in a very short time period.

Yet despite this unprecedented level of consultation and involvement, the widely held perception is one of secrecy. The main reason, I think, has to do with the way we dealt with the press -- or in this case, didn't deal with the press. While a few cursory briefings were held, the press was by and large excluded from the deliberations of the task force and the ongoing efforts of the working groups. This caused three serious problems from which we never recovered:

1. Many members of the press rightly resented their exclusion from the process. Many of the reporters covering health care had waited 12 years to cover this story, and now that moment in history had arrived, they were being kept out.

2. Reporters meeting daily deadlines for healthcare stories were forced to rely on leaked information, often provided by people who were not directly involved or wanted to influence the outcome of policy deliberations. This led to negative and distorted coverage.

3. We had undertaken an enormous task and were using an unconventional process to complete it. Both the importance of the task, how it was being worked on, and who were involved should have been better communicated and explained. In short, we missed an opportunity for the press to be educated about our deliberations and about the health care issues which could provide a context for their reporting later.

Hindsight is always 20/20, but there was really no good reason for doing this. The rationale of our communications team was that we were simply forming an administration position preparatory to a full scale open national discussion during the congressional process. But this reasoning was flawed. Health care was different. Decisions like filtering all press inquiries through one person and failing to give the press the names of people working on reform led to a perception of secrecy -- and engendered a sense of hostility which has been hard to recover from.

THE COMMUNICATIONS CHALLENGE

We always knew that communication would be essential to the success of the health care initiative. A special operation called the delivery room was established in late-May to prepare the groundwork for introducing health care to the nation. The operation was diverted at the end of June until mid-August toward fighting for passage of the economic program. It resumed operations again in late-August.

We also knew that the first six weeks would be crucial in defining the debate. We had to educate the American public on what was in our plan before opponents mis-characterized it. During the summer of 1993 there were intensive discussions in the White House about scheduling the President's three major initiatives for the fall: health care reform, NAFTA and reinventing government. A decision was made to introduce reinventing government for a week just after Labor Day. The President would spend a day in September to introduce NAFTA. NAFTA would quietly proceed through Congress until a major public offensive would be launched in November, a few weeks before the vote. Five solid weeks of the President's time would be devoted to health care, beginning just before the President's Joint Session health care speech on September 22.

Open to all Members of Congress, a "Health Care University" took place on September 20 and 21. Over 40 experts, including the First Lady, briefed Members of Congress on health reform and the President's plan. Attended by both Democrats and Republicans, the university garnered Republican praise. House Minority Leader Bob Michel called it "very, very productive and unique...on this issue, we can definitely work together."

The following day, September 22, President Clinton delivered his long-awaited health care reform speech to the Joint Sessions of Congress. In his speech, the President repeated the goals for health reform, themes that had become so familiar: security, savings, quality, simplicity, choice, and responsibility. These principles would need to be there in the end, but the President invited the American people and the Congress to carefully review, question and critique the details.

His speech was a hit. According to USA Today, "Lawmakers of both parties praised Clinton for tackling the issue and his persuasive, determined tone." The Boston Globe reported that "Clinton went out of his way to find common ground with Republican lawmakers...citing both former President Richard M. Nixon and Reagan-era surgeon general C. Everett Koop as inspiration for elements of his plan."

During the week following the speech, White House officials and Cabinet Secretaries fanned out across the country in a series of meetings, speeches and interviews. The fall campaign had started off successfully. In a Washington Post- ABC News poll taken on September 23, 56 percent of Americans said they approved of Clinton's health plan.

According to the New York Times the President's plan was "alive on arrival". That universal coverage would be achieved - - that all Americans would have health care that was always there - - was a given. Democrats and Republicans alike realized early on that they had better jump on the universal coverage bandwagon. It was widely believed that any bill the Congress passed would have to get to universal coverage.

The Clinton plan would serve as the foundation for Congress' efforts - - the Committees would work through the details - - how large the alliances would be, how generous the benefits package, when universal coverage would be achieved, the exact mix of taxes and spending cuts. Universal coverage was not in question.

Opponents of reform - - insurers, the NFIB, restaurants, for-profit hospitals stepped up their attacks, mounted their advertising campaigns, began coordinated grass roots lobbying efforts - - all aimed at bringing down the Clinton plan. Supporters of reform - - the AARP, the AFL-CIO, many provider groups and businesses and others - - also shared the view that universal coverage was inevitable. The inevitability motivated opponents to focus their attacks; it had the opposite impact on our supporters. Believing that universal coverage was a foregone conclusion, our supporters spent their time trying to improve the bill in small ways important to their constituencies.

Even those with different approaches used the Clinton plan as the basis for comparison - - Representative Cooper termed his own plan "Clinton Lite", a "second cousin" of the Clinton plan. Senator Chafee spoke on Sunday talk shows of the "similarities in our approaches", and his optimism about achieving consensus. The Wall Street Journal and the New York Times ran articles about possible minor modifications to the President's plan to get to a final deal.

The President's appearances were followed by a successful week of testimony in Congress by the First Lady. Hillary Clinton spent the week testifying before the House Ways and Means Committee, the House Energy and Commerce Committee, the Senate Finance Committee, and the Senate Education and Labor Committee. Responding to a series of challenging, often antagonistic questions, the First Lady impressed legislators with her savvy and expertise. Representative Dan Rostenkowski, then-chair of the Ways and Means Committee, told his fellow committee members that "if there was any doubt about whether the President should have appointed her, there's no doubt about it any longer.

Her mere appearance on Capitol Hill was unusual: she is the third First Lady, preceded by Eleanor Roosevelt and Rosalyn Carter, to ever testify before a congressional committee. The uniqueness of her testimony especially intrigued the media. The Washington Post proclaimed that "overnight, Hillary Clinton's activism updated the First Lady's role to one that many women believe more accurately reflects the status of women in America today." The New

York Times announced "the end of the era in which Presidential wives pretended to know less than they did and to be advising less than they were."

The New York Times described the Clinton's "elegant tango on health care, keeping control of the debate defining the details before opponents can."

Meetings with doctors, including a supportive C. Everett Koop, the Health Care University, the President's September 22 speech, his town hall meeting in Tampa, and the First Lady's testimony before the Congress were all met positively by the Congress and across the country. At last, the White House was coasting on the previously elusive momentum that was so vital to the success of health care reform.

However, such clear sailing was short-lived. A series of foreign policy crises commanded the attention of the President and the media, and prevented the President from concentrating on health policy until mid-December. On October 3rd, twelve American soldiers were killed and fifteen wounded in skirmishes with supporters of General Aidid in Somalia. The President learned of this on the plane to California, where he was scheduled to kick off a month of health care events. This foreign policy crisis curtailed the California trip and led to the cancellation of subsequent Presidential health events.

Four days later, the President announced that he would sent 1,700 reinforcement troops to Somalia. The international crises continued: on October 11th, Haitian demonstrators prevented American and Canadian peacekeeping troops from landing in Port-au-Prince, and on October 19th, the United Nations resumed it soil and arms embargo against Haiti.

What was supposed to be four weeks of the President's time in October devoted to health care was whittled down to one day - - the event in late-October, when the President took his bill to the Congress.

In this void, opponents of health reform were very active. Newspapers were filled with stories critical of the health plan generated by one interest group or another. The HIAA funnelled $10 million in a negative television advertising campaign, and their unanswered attacks proliferated and filled the airwaves. Other opposition groups initiated a series of direct-mail campaigns that reached the homes of thousands of Americans, warning them of the evils of the Clinton health care plan.

Several studies have now documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. While every major legislative battle, including every previous attempt at health reform, has met with opposition, nowhere in the history of this country is there a precedent for the level of misinformation spread during the health debate, nor for the amount of money spent to spread it. The Annenberg Public Policy Center has conducted a series of studies on this phenomena, and their conclusion is summarized as follows: *The health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the*

Republic. [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The first of three studies conducted by Annenberg concluded that "an unprecedented amount of money ($50 million) had been committed to produce, air and print an unprecedented amount of ads whose prime purpose was influencing reporters and legislators rather than the public as a whole. (This conclusion was deduced from the fact that the ads were concentrated in New York and D.C..) Focusing on the lawmaker and pundit audiences paid off, as those who make the laws, those who report on it, and those who offer commentary all began to fear that they would no longer be able to see their own doctor. I personally was called aside by worried television anchors, newspaper editors and others who asked if their brother the specialist was really going to have to go out of business, if they were going to have to wait in line at a clinic called the DC alliance, ...

And according to Annenberg, the press did not help to clarify fact from fiction: the press coverage of the ads had focused not on their fairness or accuracy but on "describing them and mapping their strategies." [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The study also indicated that the majority of the ads had opposed rather than favored some facet of reform with more ads explicitly objecting to the Clinton plan than supporting it. This study analyzed 198 ads - 125 print and 73 broadcast and found 28% and 59%, respectively, to be misleading. Moreover, these ads were found to reflect the claims made by their sponsors and/or to invite negative inferences rather than just misstate facts. A large percentage of the ads were also found to "impugn the good will and integrity of those on the other side of the issue." And finally it was found that the "most histrionic and demonstrably false assertions occur...in direct mail addressed to older Americans."

Not only were the ads negative, they were scary. Health care is an extremely personal issue, one people connect with more deeply and directly than something like trade policy or deficit reduction. Even those supportive of a major overhaul were also anxious about losing what they themselves had, so ad campaigns took direct aim at exploiting the sense that people would lose everything they now knew and liked about their health insurance. *"The ads are more likely to provoke anxiety than to provide reassurance. Fear is the primary motivator in ads on all sides."* [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The Wall Street Journal published an article titled "Truth Lands in Intensive Care Unit", which detailed some of the worst fearmongering hitting the airwaves. The article began:

> The baby's scream is anguished, the mother's voice desperate. "Please," she pleads into the phone, as she seeks help for her sick child.
>
> "We're sorry, the government health care center is now closed," says the recording at the other end of the line. "However, if this is an emergency, you may call 1-800-Government." Her baby still wailing, she tries it, only to be greeted by another recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available.."
>
> "Why did they let the government take over?" she asks plaintively. "I need my family doctor back."
>
> The only problem with the radio spot, produced by a Washington-based group called Americans for Tax Reform, is that it isn't true." (WSJ, April 29, 1994)

Yet these kinds of threats -- government take over... losing your doctor.... paying more and getting less.... were raised over and over by opponents. According to the Annenberg study, the focus of anti-Clinton plan ads was 1) increased taxation; 2) rationing; 3) big bureaucracy/government control; 4) diminished choice of plan/doctor; 5) massive job loss.

Recent studies indicate that over $100 million has been spent on lobbying and advertising to influence health reform. And even this figure doesn't capture the direct mail and phone bank efforts financed by right wing groups, the cost of the high powered lawyers, lobbyists, paid consultants and experts who paraded nonstop into our offices and the offices of key congressional members with their insurance company or pharmaceutical company clients and sponsors in tow.

The opposition mustered by the leaders of the National Federation of Independent Businesses, the Health Insurance Industry Association of America, The Alliance for Managed Competition (The Big 5 Insurers), The Pharmaceutical Manufacturers Association, and the for Profit Hospitals was tenacious, well organized, well financed and effective. This combined with the efforts of the Republican National Committee and various ultra conservative organizations who were responsible for some of the most misleading scare attacks have led to a seemingly intractable belief that the term Clinton plan is synonymous with 1)government takeover of the health care system. (In fact, the Health Security Act preserved a private system). 2) Losing your choice of doctor and being forced into one plan. (In fact, the proposal increased choice for most Americans by requiring a fee-for-service plan and giving families choice, not their employers. 3) Bankrupting the country. (In fact, premium caps limited the growth of health care costs to below where they would be without reform. 4) Big government and bureaucracy. (Compared to the current system, it streamlined things).

In late-December, the Administration made an effort to reinvigorate the political and communications effort. But no sooner did this effort kick off than the Whitewater and Arkansas trooper allegations sprung up. The attacks were venomous and personal, and they took aim at the core ingredient needed for public support of reform, trust in the President and First Lady. To diminish public trust in the reformers was to effectively raise fears about reform -- as Rush Limbaugh so boldly put it in his appearance on Nightline: "Whitewater is about health care."

The Administration had formally passed the health care baton to the Congress, but unforeseen events in both bodies also changed the dynamic on the Hill. Senate Majority Leader George Mitchell unexpectedly announced his plan to retire after this term. The powerful chairman of the House Ways and Means Committee, Dan Rostenkowski, was charged with criminal misconduct, and forced to resign his chairmanship. If someone had asked our strongest opponents to make a "wish list" for helping them defeat health reform, it could have read: "Undermine the trust and credibility of the President and First Lady, and knock out the two most powerful consensus builders in both houses of Congress.

Misconceptions about the President's plan had by this point become widely accepted and many ordinary Americans reacted with a mixture of fear and anger over what they were sure we proposed to do to their health care. At town hall meetings I attended, angry people would state their vociferous opposition to the Clinton plan. I would ask why they were against it. They would respond that the plan would have the government taking over and running all the hospitals in the country. I would reply that this was not what the plan said. The questioner would shout back that I was lying and wave a mailing he had received from some group asserting it. Another favorite mischaracterization was that people would not be permitted to see their own doctor outside the health plan approved by the government, and that if they did so, they and their doctors could go to jail. This of course was ridiculous. The Wall Street Journal article detailing the false advertising touched on this, too. It said:

> "Another of the big canards about the Clinton plan is that people face "5 years in jail if you buy extra health care", as the American Council for Health Reform puts it in a direct-mail package it has sent out to millions of people....But in fact, while there is an anti-bribery provision in the Clinton proposal, the bill explicitly says that people are free to purchase "any health care services" they want out of their own pockets. "I don't see anybody going to jail on a liver transplant rap," says John Sheils, a vice president at health consulting firm Lewin-VHI, Inc. "They're trying to scare little old ladies."

Yet this particular charge was repeated by Washington pundits, magazine and newspaper columnists and at almost every town hall meeting I attended.

Public Support

The opponents were successful. Despite high and consistent support for all the major elements of the Administration's proposal, support for anything labelled the Clinton Plan declined dramatically since September of 1993. This was best captured in a Wall Street Journal article that was title "Many Don't Realize It's the Clinton Plan They Like". The Clinton plan, when described without the label was viewed favorable by 76 percent of those surveyed, versus 48 percent for the original Chafee plan, 42 percent for the Gramm plan, 34 percent for the Cooper bill and 30 percent for the McDermott bill.

Consistently, when labels are removed from plans and their essence is described to the public in polls or focus groups, the Clinton plan wins far and away the most support as delivering what Americans want in the way they want.

PARTISAN GRIDLOCK

Finally, the decline in presidential popularity and the battering taken by the plan itself led Republican leaders to conclude that they could effectively stonewall on health care and hand the President a major political defeat.

While minority-leader-in waiting Gingrich had been urging and enforcing an obstructionist path in the House from the beginning, Senator Dole went back and forth, alternatively speaking constructively about achieving universal coverage, the President's bottom line, and at other times declaring that there was no health care crisis and that we should do nothing.

During the late spring, Republicans made a decision not to give the President any victories, for it they did not, they could potentially gain significantly at the mid-term elections. In a June 7 memo, Republican strategist Bill Kristol urged republicans to reject a bill, even a watered down bill, that would allow the President to honor his veto pledge, since it would "protect the President's 'read my lips' pledge on health care." By July, Kristol's advice was: ***"Republicans should hold off on health care negotiations until Mr. Clinton eats his words."*** *"The appropriate Republican response is to take the noble road of opposing any alternative that Democrats offer and insist on starting over in '95. We should send them to the voters empty-handed."*

That strategy even spilled over to the politically safest of issues, crime fighting. All but two Republican Senators voted for the crime bill in the Spring, and then they tried to kill it in August, the tone in the Senate turned very partisan.

Even when we were willing to declare our own bill dead so that we could form a new initiative which Republicans could claim a significant state in and even after Senator Mitchell introduced a bill which we supported which moved far in the direction of Republican proposals to achieve universal coverage, they backed away.

If this debate has taught us anything, it is that there are no easy answers for solving this problem. Nobody has yet found the silver bullet - - and believe me, everybody's looked. Legislators wanting to approach universal coverage with no heavy lifting have found that not only is it impossible, but halfway attempts make things worse rather than better, and so they fall of their own weight when analyzed closely.

No bill, not the Cooper bill, Chafee bill, the Dole bill, the Michel bill, or the so-called "Mainstream" proposal find they have either the money to do what they say or the outside support needed to build a consensus.

So, where do we go from here? The problems which health reform is designed to address will not go away by themselves. People will continue to lose coverage. Costs will continue to rise faster than people's incomes, stealing away their living standards. Bureaucracy will increase and choice will diminish. The problem will not go away.

The final pages in this chapter of legislative history are yet to be written. Some continue to declare health reform dead, and as they run the legislative clock with their pronouncements of failure, they may just fulfill their prophecy. But it isn't over yet. As Rep. Dan Rostenkowski once noted of a previous piece of major legislation: "I went to many wakes, but never a single funeral." The budget, NAFTA, the crime bill...all faced difficult odds, discouraging vote counts, and routine death notices, yet now they are the law of the land.

Health care may meet with a different fate. It may be that the old Washington hands were right: it's just too hard to do. But we're not prepared to say that...the American people aren't prepared to say that. Health care is a real problem affecting real people, and we owe it to them to fight to the last. The President is committed to working with Senator Mitchell and others to try to achieve a path to universal coverage when the Congress reconvenes in September. The American people want comprehensive health reform. They want universal coverage, they believe that shared responsibility between employers and individuals is the best way to finance it and they believe that in health care, the government must play a role to contain costs.

Of all the hundreds of lobbyists who visited my office, there were none representing those real Americans counting on us to solve this problem once and for all. No one represented the 58 million people who at some time during the year have no insurance; or the 80 million people who come from families who are classified as having pre-existing conditions; or the 120 million Americans whose health insurance policies include lifetime limits which means that the insurance runs out when they need it most. The President has to be their lobbyist, and he will continue to speak out and fight for their interests and the interests of all Americans who deserve comprehensive private health insurance that can never be taken away.

Norm Ornstein –

IRA / APSA Speech

MV Start where things are today -- not a retrospective on what went wrong

Maggie/ First part of it – pp 3-4 (news) + summary

How do we talk about where we are now

Remedy pp6 of problem – was + is in most dramatic terms

Mission = huge

Restructure economy

Headline > 2 big ones:

Process - open - task force - arrived proposal

Met Congress old way

→ How do you solve an intractable prob when you don't have 60 more grs

Historic - to build this process

Set a marker - How do you solve a social problem - bigger picture –

Context of social science

Huge obstacles – we're still fighting + will continue to find

What we did here was historic in terms of actually an intractable social problem

Best defense – what's going on here is history making

MV What we did was reasonable, essentially conservative

– calendar used against us – overtaken by Clyburn legis. process

IRA/ABSA (2)

End w/ Amer. pple will win thru

Jack/ Tackled an unsolvable prob

Got it further than ever before

- Set in motion a process - eventually will solve

Four Points

I Exec. summary 3 + pts

- Delineation -

JH ① Problem + critical need to solve + - interest groups - are part of the problem

② Process put in place

Reasonable + open → essentially a conservative grounded plan taken from Dem + Rep. proposals

③ Put in motion as part of natl agend. -

won't go away, will have to be dealt with

for social + economic reasons

jump-started it as issue for 90s

* Leadership told us to put a

lg's mark down so process

did go fwd.

encouraged us to put the mark down.

Pres' plan to be submitted to Congress . . .

Focus on economy piece - low h.c. a piece of that

IRA / APSA

MV / Pres motivated by 2 things: Health of individuals + economy.
(Huge part of the problem)

Policy – ppl still want this

Attitude – too much war
open, reasonable

Dramatic opening
① What motivated us was the Amer ppl – not re-election
② Zillions of politicos advised never to do h.c. – Pres said he had to be afraid of demand of Amer ppl + econ wldn't allow him to quit like predecessors
③ Right thing to do –
④ Mission – econ. recovery
⑤ Willing to show character – followed thru – ∴ Commitment
Did not run from it when got elected
wld have done it had he promised or not
bc saw the havoc wreaked – he
ever
Only pres who has been able to see
us started along the
road

APSA / ERA

Self-deprecation –

– a couple of mistakes

– not fully pass along of the process

Doctors involved

Dr. Phil Lee

Dr Annie Epstein

We ~~are not~~ be stay eyed or naive – comfort level –

~~We~~

Don't want to make it turned out –

Fluidity of process

⊛ Repetition of motion theme

Taking issue head –

Civil Rights

Early New Deal – persevering even the Court said no

Sor See –

OUTLINE

The Problem

- Economy
- Indiv. h.c.
- History against is

→ Advised not to do it

Norm Ornstein 212.586-7000 (1825)

- The Politics of health care reform
- as analytic as possible -
- give pple an insight into process -
  - From campaign from 1st year to 2nd year
- statements by Mitchell/Foley/Gephardt to sweep; Δ

Start w/ extra caveats
Purpose / paper to shed light & no process -
for scholars
Accts / journalists not even 1st drafts of
history -
interpretations that flow from a
certain set / assumpt
This is another cut at best

This is not a post mortem
Process far from over. Thus yr - let alone next yr.

So this view is v. much perspective while this is ongoing

- Most pple in audience - skeptical of Dra -
Couldn't believe how naive he/they were
? Mind)
More polit. sophist. than he is given credit for.
Plan always intended to go thru
Meat-grinder ✓ Congress

ORNSTEIN (2)

Hopefully - a few apple core away feeling better about Lin than stereotype.

Kooky radical plan hatched in Ira's head — far to the left

	/Nixon	/Kassebaum	/Dayton
Empl. mandates	X		
Prem. caps	X		
Alliances	X		

All elements taken from mainstream, center

As soon as plan was out Pres seal ugly was unsalvageable except univ coverage.

Univ. cov. + cost control go hand-in hand.
Econ. security
Mentally cool for big ∆

COMMENTS - DRAFT #2

Maggie/ Get it to AP first

LC - Dra defends process

IRA/

p. 6. More on interest grps
Wall St. Journal
Town mtgs
caught up in misperceptions

Still have to overcome that pressure as we move fwd.

WSJ/ TMA loads in intensive care

Interest grps powerful, effective, misled
Polls data — it's what the Amer. ppl really want
WSJ - Clinton plan They really want

LM DRAFT #2 -- 9/1/94 1:35 a.m.

IRA C. MAGAZINER
REMARKS TO THE AMERICAN POLITICAL SCIENCE ASSOCIATION
NEW YORK CITY
SEPTEMBER 1, 1994

Today we find ourselves in a great -- yet still unfinished -- chapter of American political and social history. Great because for the first time in decades we have set in motion a process for dealing with one of the most intractable social and economic problems of our time -- a health care system that is out of reach for millions of Americans and too costly for our nation. Unfinished because Congress has not yet written the final words of the text.

As you know, the daily accounts we read on issues like health care reform are merely first drafts of history. Over time, those interpretations are revisited by scholars like you, who bring their own theoretical and historical perspectives to bear.

Analyzing health care reform is all the more difficult right now because the process is far from over. So my perspective, like the perspectives of other insiders and journalists and political commentators, is based on current and fluid events that can change from day to day and month to month. But hopefully I can offer some useful insights into the health care reform process that has engaged the Clinton Administration and Congress for much of this year.

When Bill Clinton ran for the Presidency, he was committed to solving the health care crisis for two principal reasons: First, because the health of tens of millions of Americans -- both uninsured and insured -- was at risk in the current system. And second, because there was no way to restore our economy without doing something about rising health care costs.

When he took office last year, the picture was only getting worse. On any given day, close to 40 million Americans -- most of them working people -- lacked insurance. Millions were locked in jobs they couldn't leave for fear of losing their insurance. Families couldn't get coverage because of "pre-existing conditions" and other forms of insurance discrimination. Small businesses faced health care premiums 35 percent higher than those of large corporations -- and projected to grow at double-digit rates.

And there was little hope of reducing the deficit when health care expenditures consumed about 14 percent of our

national income. By the year 2000, the figure would be closer to 20 percent. Month after month, year after year, health care costs were further eroding our savings, our investment capital, our ability to create new jobs in the private sector and the public treasury. And given the immensity of the deficit, there was no hope of restoring economic growth or reining in health care costs simply by chipping away at Medicare and Medicaid.

So the question the new President faced 20 months ago was this: How do you solve a problem of this magnitude, of this complexity, of this urgency, when no President, Republican or Democrat, has managed to do it in 60 years?

Many people advised President Clinton that it was too politically risky to tackle health care reform. It couldn't be done, they said, because of the array of special interests positioned to stop it -- special interests that had spent millions and millions of dollars to stymie the efforts of Presidents Truman and Kennedy and Nixon and Carter before him.

But the American people demanded reform. The economy demanded it. And -- to use a football metaphor, since football season is now upon us -- the President was not about to punt on such a critical and momentous issue.

Health care reform was simply the right thing to do socially, economically, and morally. That's why the President took on this mammoth challenge, and set in motion this historic process, regardless of the political risk. That's why he is sticking to it, and why he will keep fighting for reform until it is achieved.

Throughout the process the President's goal has been twofold: to achieve universal coverage and to control health care costs. Universal coverage and cost containment sometimes are viewed as contradictory, when in fact they go hand-in-hand. ~~Counter intuitive as it may seem, you can't really save~~ money ~~until everyone is covered.~~ You can't reduce the burdens on business and government and individual families until there is no more cost shifting to compensate for the health care of millions who are un- or under-insured.

The reality is that people who don't have insurance still get health care. They just get it when it's too late, too expensive, and often from the most expensive source of all, the emergency room. The result is that the rest of us end up footing the bill through higher hospital bills and higher insurance premiums. ~~So until everyone is covered, we won't end cost-shifting and we won't begin to slow down the escalation in~~ health ~~care costs~~.

When the President's plan was first presented last year,

virtually all Democrats and moderate Republicans supported the goal of universal coverage. And virtually all the comprehensive health care bills subsequently submitted by Democrats and moderate Republicans included cost containment.

There were only three ways to go about universal coverage, all of which have been debated by politicians, economists, and policy experts for years. One was a single payer approach that would replace today's employer-based system with a broad-based income, payroll or value-added tax. It would require about three to four billion (hundred) dollars of new federal taxes each year, a political implausibility.

A second approach was to require all individuals to buy health insurance, the same method many states use with auto insurance today. The down side of that method was that employers might be inclined to stop covering their workers, that more and more individuals would need government subsidies to help pay for their premiums, and ~~huge~~ new taxes and a ~~giant~~ new administrative bureaucracy would result. Public opposition is. Insurance most imp.

The third option -- the approach the President chose -- was to extend the system that 90 percent of insured Americans already used. The employer mandate seemed to be the least disruptive, most conservative option available. And, once again, it was an option embraced by groups across the political spectrum -- groups that had studied the issue more closely than anyone else because they were the most directly affected by it: the American Medical Association, the Health Insurance Industry Association of American, many labor unions, the Jackson Hole group, the Chamber of Commerce and other business groups, and a national coalition on health care reform co-chaired by former Presidents Carter and Ford.

~~Just as an historical note, I might mention that~~ In fact we based our proposal the concept of universal coverage through an employer mandate was originally proposed by President Nixon more than two decades ago.

Cost containment was an equally important part of the President's equation. Cost containment is essential if you want families and businesses to be able to afford health care, and if you want to control federal spending.

But as with universal coverage, there were only a few ways to get costs under control.

One option was ~~price controls~~ govt rate setting - directly setting the price for goods and services delivered in the health care sector, or setting ceilings on the total amount the nation would spend on health care. Too bureaucratic to have gov involved in every transaction in health care economy and be effective.

~~Managed competition~~ Some advocates supported the idea of "tax caps" to contain health care spending -- limits on the tax

deductibility of health spending by companies. The President rejected that approach because it would raise taxes on middle-class families.

The President's plan included premium caps to limit the amount insurance premiums could be raised each year. This approach was borrowed directly from Republican Senators Danforth's and Kassebaum's bill and cons. Dem. Rep Dave McCurdy's bill.

As you examine the main elements of the President's plan you will find that his approach was not dreamed up by a bunch of starry-eyed, revolutionary wonks holed up in the Old Executive Office Building. In fact, the bulk of ideas he proposed were gleaned from members of both parties, from liberals and conservatives and moderates alike. Mandatory alliances, for example, came from legislation sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux. Other provisions such as the long-term care benefit, prescription drugs for Medicare recipients, a focus on primary care, funding for academic health centers, improvements in rural and urban health care infrastructures, and some public health initiatives were also included in Republican health reform proposals.

And if you compare the President's approach to some of the options at hand, you will see that -- in case after case -- his plan was fundamentally reasonable, moderate, and in line with what mainstream Americans wanted then and still want now.

So how were these decisions reached?

The formation of the President's health reform policy was among the most open processes ever conducted in an Administration, despite perceptions to the contrary.

To meet an aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. We cast a wide net for participants.

There were serious consultations with hundreds of Americans from all walks of life: Physicians, nurses, social workers, hospital administrators, benefits consultants and managers, consumers, businesspeople, actuaries and accountants, health lawyers, and many others.

The task force met with more than 1,100 interest groups, held daily meeting with members of Congress, and involved more than 120 Congressional staffers from both parties in the working groups. During the 14 months between February of 1993 and this past April, the First Lady held 23 public hearings and town

while task forces generally to go out & Mtg, timetable increased. lost momentum during the delay.
However, there were some things we could have done differently.

meetings across the country. some air air & secrecy to process/Press....

By May, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators, and lawyers responded to ideas that had been proposed by different working groups.

The whole process resulted in an amazing amount of work completed in a very short amount of time.

Some avoidable, some not...

Has it been a flawless operation? Of course not. We see that even more clearly in hindsight. And today, while we have made huge strides toward solving this seemingly insolvable problem, and while we have set in motion an historic process for the first time in 60 years, we might have come farther faster had we done a few things differently early on.

First, we should have done a better job of ~~educating~~ informing the press about the process at the outset. We should have explained more about the deliberations of the task force and about specific health care issues. If we had done so, the news media would have had a much better understanding of the problems we faced and the solutions available as the health care debate evolved.

One solution

Second, we ~~needed to take better control of~~ were ready to deliver in 100 days but were captives of the legislative calendar. During April and May of last year, the task force met 21 times to finalize decisions with the President. ~~But after the~~ defeat of the economic stimulus package, Congressional leaders asked that ~~the introduction of health care be delayed until after passage of the economic plan was assured. They worried that members might trade votes on the economic package for concessions on health care. Those fears were not unreasonable. When word~~ leaked out -- erroneously -- about a Treasury Department analysis of health care financing that included a tax on wine and beer, the California delegation immediately sent a letter of complaint to the White House and some members privately threatened to withhold support for the economic package.

It became clear to c.o. that intro should be delayed until...

With the economic package stalled, the introduction of health care was delayed from early June, to late June, to mid July, to late July, and finally to late September. The legislation finally was submitted in late October instead of in late May. Attention was further diverted from health care because of the debate over NAFTA and the crisis in Somalia, both of which dominated the White House and Congress during the weeks after the President's bill was introduced.

The delay was costly. It gave special interests who opposed reform time to organize and raise doubts about the President's approach.

A third challenge we didn't meet adequately from the outset

When bill came out there were headlines & wks that this bill was alive & arrival - univ. cov. assumed. Supporters assumed univ. cov. was set, and focused on minor elements that were of great importance to their members.

was to exploit the support we had. The President's proposal was meant to be a starting point, a foundation of goals and principles that Congress could build on. It allowed room for tailoring, fine-tuning, embellishing. And that's what happened, even among groups who supported what we were doing. So the perception was that everyone had something to complain about, that everyone was against the bill. One interesting example of this was an advertisement run by the American Association of Retired Persons. The ad advocated long-term care and prescription drugs, both of which were in the President's plan. But the ad came across as an ad against reform because it never made clear that those were provisions in the Administration bill.

(1) Delay hurt - unavoid.
(2) Press hurt us - it was avoid
(3) But when plan was released it was viewed as very positive - would have had support - press speculation, no leg. was launched well.

Finally, we should have done a better job of anticipating and responding to one of the most expensive and intense advertising campaigns ever mounted against us.

That was perhaps the biggest single obstacle we faced then and still face now. Several recent studies have documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. Every major legislative battle -- from the New Deal to Social Security to Civil Rights -- has met with opposition. But never in the history of this country has there been the same degree of misinformation spread as has been spread during this health care debate. And never has there been such an extraordinary amount of money spent on disseminating that misinformation.

which many ppl said could never happen.

The Annenberg Public Policy Center studied this phenomenon and concluded that the health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

But then what happened - interest groups really took over the debate.

Over $100 million has been spent overall to influence the outcome. One study found that $50 million largely to influence reporters and legislators rather than the public as a whole. And these figures don't capture direct mail and phone bank efforts financed by opponents.

Whatever your view of health care reform, if you've seen the now famous -- or infamous -- ads you know that they are not only negative, they're downright scary. Health care is an extremely personal issue, one people connect with more deeply and directly than something like trade policy or deficit reduction. And the campaign against health care reform continues to play on people's fears.

Segue to interest grps.

WSJ - Townhall mtgs

I point out the degree of misinformation because these advertising campaigns distorted the President's plan into some radical, wild-eyed attempt to revamp our health system. In fact, as I mentioned earlier, the main elements of he proposed were culled from Republicans and Democrats alike -- most of whom could

p 16 Read ad text

pick up p 17 w/ # "Misperceptions abt the Plan... (Through end of page)

p. 18 top graf → segue to polls ~ p. 8.

This hist process we've begun is going to succeed bc the Amer. pple have said both what they want & how to pay for it.
Very consistent 77% u.c. 72% empl. 78% say govt mand. cost control
80% supp tob. tax

be described as political moderates. Universal coverage, employer mandates, and premium caps are about as mainstream and conservative an approach to health care as you can get.

all things we proposed & those ideas are not going away so even tho the interest grps have been effective

Polling data and Amer. pple still want this

It's also easy to forget that the President never suggested that his plan should be the final word adopted by Congress. As soon as he outlined it, he stated very clearly that his bottom line was universal coverage but that he was ~~open to suggestions, ideas, criticisms on how to achieve his principal goals~~. He welcomed and encouraged bipartisanship. That has always been his position, and remains so now. Expect to be rewritten

Two comm. in Hse/Senate wrote own bills —

So where are we today, nearly 20 months after the process began?

was this a failure. No was it part of the cons'l/leg process the Pres envisioned all along

We are on the path to restoring the economy and fulfilling the President's broader agenda.

The President has set in motion an historic process for dealing with a health care problem that is only going to grow more complicated, more intractable the longer we wait to solve it.

As the Pres said .... end w/radio

Today we are further along than we have ever been in our history in getting Congress to enact reform. But are we as far along the path as we had hoped? Not yet. Have we given up hope? Not at all. Are we more realistic about how to accomplish reform? Definitely.

From a social science perspective, I hope this period will be viewed as one of great ferment, energy, and momentum -- as a critical time in our history when the actions of a committed and courageous President launched us toward solving the most difficult social problem of our time.

Thank you very much.

###

Hist will show this was the beginning of a process that led us to finally solve this problem.

LM DRAFT #3 -- 9/1/94 Noon

IRA C. MAGAZINER
REMARKS TO THE AMERICAN POLITICAL SCIENCE ASSOCIATION
NEW YORK CITY
SEPTEMBER 1, 1994

Today we find ourselves in a great -- yet still unfinished -- chapter of American political and social history. Great because for the first time in decades we ~~have set in motion a process for dealing with~~ are one of the most intractable social and economic problems of our time -- a health care system that is out of reach for millions of Americans and too costly for our nation. Unfinished because Congress has not yet written the final words of the text.

As you know, the daily accounts we read on issues like health care reform are merely first drafts of history. Over time, those interpretations are revisited by scholars like you, who bring their own theoretical and historical perspectives to bear.

Analyzing health care reform is all the more difficult right now because the process is far from over. So my perspective, like the perspectives of other insiders and journalists and political commentators, is based on current and fluid events that can change from day to day and month to month. But hopefully I can offer some useful insights into the health care reform process that has engaged the Clinton Administration and Congress for much of the last year.

Bill Clinton ~~remains committed to~~ continues to press for reform today for the same two reasons he outlined when he ran for the Presidency: First, because the health of tens of millions of Americans -- both uninsured and insured -- was at risk and is at risk in the current system. And second, because there is no way to fully restore our economy over the long-term without doing something about rising health care costs.

Every day, the health care picture gets worse. On any given day, close to 40 million Americans -- most of them working people -- lack insurance. Millions are locked in jobs they couldn't leave for fear of losing their insurance. Families can't get coverage because of "pre-existing conditions" and other forms of insurance discrimination. Small businesses face health care premiums 35 percent higher than those of large corporations -- and projected to grow at double-digit rates.

And there is little hope of further reducing the deficit when health care expenditures consume ~~about~~ 14 percent of our

national income. ~~By the year 2000~~ A DECADE FROM NOW, the figure will be closer to 20 percent. Month after month, year after year, health care costs are further eroding our savings, our investment capital, our public treasury, our ability to create new jobs in the private sector. And ~~today~~ we ~~still~~ cannot take full advantage of the progress this President is making in restoring the economy if we attempt to reduce health care costs simply by chipping away at Medicare and Medicaid.

So the question ~~the~~ President Clinton faced upon his inauguration 20 months ago was this: How do you solve a problem of this magnitude, of this complexity, of this urgency, when no President, Republican or Democrat, has managed to do it in 60 years?

Many people advised President Clinton that it was too politically risky to tackle health care reform. It couldn't be done, they said, because of the array of special interests positioned to stop it -- special interests that had spent millions and millions of dollars to stymie the efforts of Presidents Truman and Kennedy and Nixon and Carter before him.

~~But the American people demanded reform. The economy demanded it. And -- to use a football metaphor, since football season is now upon us -- the President was not about to punt on such a critical and momentous issue.~~

BUT Health care reform was simply the right thing to do socially, economically, and morally. That's why the President took on this mammoth challenge, and set in motion this historic process, regardless of the political risk. That's why he is sticking to it, and why he will keep fighting for reform until it is achieved.

Throughout the process the President's goal has been twofold: to achieve universal coverage and to control health care costs while still preserving quality. Universal coverage and cost containment sometimes are viewed as contradictory, when in fact they go hand-in-hand. Counter-intuitive as it may seem, you can't reduce the burdens on business and government and individual families until ~~there is no more cost shifting to compensate for the health care of millions who are un- or under-insured.~~ ALL ARE SO INSURED. CAN'T PAY BUT

The reality is that people who don't have insurance still get health care. They just get it when it's too late, too expensive, and often from the most expensive source of all, the emergency room. The result is that the rest of us end up footing the bill through higher hospital bills and higher insurance premiums.

The President beat the historical odds by putting health care reform on the national agenda and presenting a plan last

year. Furthermore, virtually all Democrats and moderate Republicans supported the goal of universal coverage. And virtually all the comprehensive health care bills subsequently submitted by Democrats and moderate Republicans included cost containment.

There ~~were and~~ are only three ways to ~~go about~~ achieve universal coverage, all of which have been debated by politicians, economists, and policy experts for years. One ~~was~~ is a single payer approach that would replace today's employer-based system with a broad-based income, payroll or value-added tax. It would require about three to four hundred billion dollars of new federal taxes each year, a political implausibility.

A second approach ~~was~~ is to require all individuals to buy health insurance, the same method many states use with auto insurance today. The down side of that method is that employers might be inclined to stop covering their workers, that more and more individuals would need government subsidies to help pay for their premiums, and new taxes and a new administrative bureaucracy would result. More important, the public opposed it.

The third option -- the approach the President chose -- ~~was to extend~~ extends the system that 90 percent of insured Americans already used. The employer mandate ~~seemed to be~~ is the least disruptive, most conservative option available. ~~And, once again,~~ It was an option embraced by groups across the political spectrum ~~-- groups most directly affected by reform:~~ the American Medical Association, the Health Insurance Association of America, many labor unions, the Jackson Hole group, the Chamber of Commerce and other business groups, and the National Coalition on Health Care Reform co-chaired by former Presidents Carter and Ford.

In fact, the President's proposal for achieving universal coverage through an employer mandate was first proposed by President Nixon more than two decades ago, in a bill introduced by Senator Packwood the ranking Republican member of the Senate Finance Committee.

Cost containment ~~was~~ is an equally important part of the President's equation. ~~Cost~~ containment is essential if you want families and businesses to be able to afford health care, and if you want to control federal spending.

But as with universal coverage, there ~~were only a few~~ are only three ways to get costs under control.

One option ~~was~~ is to have the government directly set the price for goods and services delivered in the health care sector, or set ceilings on the total amount the nation would spend on health care. But having the government involved in every health care transaction ~~seemed~~ is way too bureaucratic.

Some advocates ~~supported~~ support the idea of "tax caps" to contain

health care spending -- limits on the tax deductibility of health spending by companies. The President rejected that approach because it would raise taxes on middle-class families.

The President's plan relied on creating a more competitive market and a more cost-conscious consumer to control costs. As a back-up, the President proposed premium caps to limit the amount insurance premiums could be raised if market forces did not succeed in keeping prices down. This approach was borrowed directly from a bill put forth by Republican Senators Danforth and Kassebaum and moderate Democratic Representatives McCurdy and Glickman.

As you examine the main elements of the President's plan you will find that the bulk of ideas he proposed were gleaned from members of both parties, from liberals and conservatives and moderates alike. And in many cases, the proposals already had been tested successfully at the state level. Employer mandates are working effectively in Hawaii, Washington and Oregon; premium caps in Washington and Minnesota.

Perhaps no idea occasioned as much debate initially as mandatory alliances. The first barrage of negative ads came from the insurance industry, which misrepresented alliances as government take-overs of health plans when in fact the opposite was true.

The idea behind alliances was to give people more choice of plans and to reduce the administrative ~~burdens that now exist for~~ businesses. When I ran a small company, for example, it was too costly for me to offer all the health plans in my area to my employees. But if alliances had existed then, I could have offered a wide array of plans to my employees.

The idea for these alliances came from the Jackson Hole group, which advocated managed competition, and from legislation sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux.

Other provisions such as the long-term care benefit, ~~prescription drugs for Medicare recipients~~, a focus on primary care, funding for academic health centers, improvements in rural and urban health care infrastructures, and some public health initiatives were also included in Republican health reform proposals.

So if you compare the President's approach to some of the options at hand, you will see that -- in case after case -- his plan was fundamentally reasonable, moderate, and in line with what mainstream Americans wanted then and still want now.

Yet while the bill's provisions reflected the political center, the size and detail of the document generated criticism from opponents that it was a bureaucratic form of social

engineering and an example of "big government."

Health care reform is a very complex subject. Our goal in writing the legislation was to offer the American people a realistic description of how the proposed changes would work.

It's worth noting that many pieces of major legislation are as long or longer than our bill. Health care reform measures circulating on the Hill ranged from 650 to 1,400 pages. The crime bill that passed last month was almost as long as health care legislation and NAFTA was literally thousands of pages.

Yet the length of the President's health care reform bill became a metaphor for the complexity people would supposedly face under a reform system. The number of pages became a symbol of the amount of government involvement people would see in their health care.

How did we arrive at the provisions of the bill?

To meet an aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. We cast a wide net for participants.

To have a credible health care bill we wanted credible sections on specific issues such as long term care, mental health, and insurance reform. So we brought together experts and practitioners in each of these areas -- both from Washington and from around the country.

We also held daily meetings with members of Congress, and involved more than 120 Congressional staffers from both parties in the working groups. During the 14 months between February of 1993 and this past April, the First Lady held 23 public hearings and town meetings across the country.

By May of 1993, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators, and lawyers responded to ideas that had been proposed by different working groups.

The whole process resulted in an amazing amount of work completed in a very short amount of time. We succeeded in meeting a very tight deadline.

Has it been a flawless operation? Of course not. And while some of the problems we encountered were avoidable, others were not.

One that we couldn't avoid was the legislative calendar. We were ready to move forward at the end of May, just as the

President had pledged we would do. During April and May of last year, the task force met 21 times to finalize decisions with the President. But after the defeat of the economic stimulus package, it became clear to everyone that the introduction of health care reform should be delayed until passage of the economic package was assured. There was concern that introducing health care might compromise support for the economic passage. For example, when word leaked out -- erroneously -- about a Treasury Department analysis of health care financing that included a tax on wine and beer, the California delegation immediately sent a letter of complaint to the White House and some members privately threatened to withhold support for the economic package.

With the economic package stalled, the introduction of health care was delayed from early June, to late June, to mid July, to late July, and finally to late September. The legislation finally was submitted in late October instead of in late May. Attention was further diverted from health care because of the debate over NAFTA and the crisis in Somalia, both of which dominated the White House and Congress during the weeks after the President's bill was introduced.

There wasn't much we could do about the calendar. But we could have done things differently in terms of the press. From the outset, we should have done a better job of informing the press about the process. That way we could have avoided perceptions that the deliberations were cloaked in secrecy, and we could have helped the news media develop a better understanding of reform as the debate evolved.

These problems notwithstanding, when the plan was introduced in the fall it was greeted very enthusiastically, and in fact, it became a baseline for other approaches. Representative Cooper termed his plan "Clinton Lite," a "second cousin" of the Clinton plan. Senator Chafee spoke on Sunday talk shows about "the similarities in our approaches" and voiced optimism about achieving a consensus. The President, meanwhile, was applauded for offering a clear and persuasive enunciation of his goals to Congress and the nation. Polls showed broad support for his goals. The New York Times went as far as to term the President's bill "alive on arrival."

Although the President's plan generated excitement and support, the interest groups quickly took over the debate. That was perhaps the biggest single obstacle we faced then and still face today as we try to move forward with reform. Several recent studies have documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. Every major legislative battle -- from the New Deal to Social Security to Civil Rights -- has met with opposition. But never in the history of this country have modern

technology and scare tactics combined to produce the degree and tone of misinformation that was spewed out so quickly about health care reform. And never has there been such an extraordinary amount of money spent on disseminating that misinformation.

Father Coughlin could scream at the American people. Rush Limbaugh bonded with them.

The Annenberg Public Policy Center studied this phenomenon and concluded that the health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

Over $100 million has been spent overall to influence the outcome. One study found that $50 million was spent largely to influence reporters and legislators rather than the public as a whole. And these figures don't capture direct mail and phone bank efforts financed by opponents.

Whatever your view of health care reform, if you've seen or heard the now famous -- or infamous -- ads you know that they are not only negative, they're downright scary.

In fact, they were so distorted that the Wall Street Journal ran a story about the misinformation campaign under the headline "Truth Lands In Intensive Care Unit."

The article began:

The baby's scream is anguished, the mothers' voice desperate. "Please," she pleads into the phone as she seeks help for her sick child.

"We're sorry, the government health center is closed now," says the recording on the other end of the line. "However, if this is an emergency, you may call 1-800-GOVERNMENT." Her baby still wailing, she tries it, only to be greeted by another recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available . . . ."

"Why did they let the government take over?" she asks plaintively. "I need my family doctor back.

The story goes on to say: The only problem with the radio spot, produced by a Washington-based group called Americans for Tax Reform, is that it isn't true. [WSJ, 4/29/94]

Misconceptions about the President's plan were continually fueled by this type of fearmongering. At town hall meetings I attended, angry people would shout their opposition to the Clinton plan. I'd ask why they were against it. They would talk

about government taking over and running all the hospitals. Or they would talk about how people wouldn't be allowed to see their own doctor outside the health plan approved by the government and that, if they did, the doctors could go to jail. I'd explain that these were not elements of the plan. But the questioner invariably would shout back that I was lying and wave a mailing he had received from some group asserting one or another of these points as fact.

~~In another story,~~ The Wall Street Journal said that "another of the big canards about the Clinton plan is that people face '5 years in jail if you buy extra health care.'" The story was referring to a direct mail package sent to millions of Americans by the American Council for Health Reform. The story explained ~~that there was an anti-bribery provision in the Clinton proposal, but that~~ the bill explicitly stated people were free to purchase any health care services they wanted.

But these ads proved that it's always easier to make the negative case than the positive, more complicated case.

I point out the degree of misinformation because these advertising campaigns distorted the President's plan into some radical, wild-eyed attempt to revamp our health system. In fact, as I mentioned earlier, the main elements he proposed were drawn from Republicans and Democrats alike -- most of whom could be described as political moderates. Universal coverage, employer mandates, and premium caps, ~~are about as mainstream and conservative an approach to health care as you can get. And these provisions were precisely the one~~s favored by most Americans even though, as a Wall Street Journal headline noted, "Many Don't Realize It's the Clinton Plan They Like."

That's why I believe that, even though the interest groups have been successful and remain our biggest obstacle as we move forward, the process is going to succeed.

The American people have said what they want -- and they have said how they want to pay for it. And they've been very consistent in their views.

A recent Washington Post/ABC poll showed that 77 percent favored universal coverage, 72 percent favor an employer mandate, and 75 percent favor government cost controls. Even more, 80 percent, support a tobacco tax.

With that kind of support, these ideas and proposals are not going to disappear and be forgotten by the public.

Another thing worth remembering about this process is that the President never expected his plan to be the final version adopted by Congress. He has always stated very clearly that his

all part of the legislative process the President envisioned.

So where are we today, nearly 20 months after the process began?

We are on the path to restoring the economy and fulfilling the President's broader agenda. And ultimately history will show that this was a time of great ferment and energy when a courageous President didn't dodge a difficult issue, but instead launched a process ~~that led us~~ to solve the health care problem once and for all.

We have made extrarodinary progress in the fight for the health security of the American people and the fight ~~is far from over.~~ goes on. The Congressional Leadership has made certain that health care will be first on the agenda when they return to Washington. As was proven with passage of the Crime Bill, special interests do not always succeed in undermining the interest of the American people. And we must continue to make sure that the voices of reason are heard over the shouts of fear and confusion. That's why we we will not walk away from the fight to provide security for the American people.

Thank you.

###

But our business is not over. We have shown the way Washington should work, and I hope that's the way it will continue to work as we move forward on the challenge of health care reform. [We have made extraordinary progress in the fight for the health security of the American people and the fight is far from over. The Congressional Leadership has made certain that health care will be first on the agenda when they return to Washington. As we proved with the passage of the Crime Bill, we must not allow the special interests to undermine the interests of the American people and we must enable the voices of reason to overcome the shouts of confusion. We will not walk away from the fight for the security of the American people, ~~and I am confident that Congress will once again, stand up, come together, and protect the interests of our families, our children and our future~~.]

not transcript.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Phone Nos. (Partial) (1 page)	08/30/1994	P6/b(6)

COLLECTION:
Clinton Presidential Records
First Lady's Office
Speechwriting
OA/Box Number: 8169

FOLDER TITLE:
Ira/APSA [American Political Science Association] 9/94 [9/1/94] [1]

2012-1004-S
ms516

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.
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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]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
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]

[001]

August 30, 1994

Norm 862-[redacted]
862 5892

[redacted]

MEMORANDUM FOR HAROLD ICKES
MAGGIE WILLIAMS ✓
MELANNE VERVEER
LISA CAPUTO
LORRIE McHUGH - WH room
CHRIS JENNINGS
JACK LEW 212 65562
Claudia 7431 Fax Jack/Christine

FROM: IRA C. MAGAZINER
Lynn 65561 - or page [redacted] 212 (left)

SUBJ: POLITICAL SCIENCE ASSOCIATION SPEECH 216 Ira

Enclosed is a draft of the document I propose to hand out at the American Political Science Association on Thursday evening in New York. The actual speech will be a 30-minute shortened version of this document.

While I believe we have to make a speech like this now because of all the misunderstanding that exists, I am concerned that it has the feel of a restrospective, more appropriate after the process is over. I'm also concerned that it may appear unavoidably defensive.

Any suggestions are welcome. We will prepare a final draft tonight. Thanks for your prompt attention.

Melanne: 403-762-2211 Rm 859
762.5755 Fax

IRA

LM DRAFT #2 -- 9/1/94 1:35 a.m.

IRA C. MAGAZINER
REMARKS TO THE AMERICAN POLITICAL SCIENCE ASSOCIATION
NEW YORK CITY
SEPTEMBER 1, 1994

Today we find ourselves in a great -- yet still unfinished -- chapter of American political and social history. Great because for the first time in decades we have set in motion a process for dealing with one of the most intractable social and economic problems of our time -- a health care system that is out of reach for millions of Americans and too costly for our nation. Unfinished because Congress has not yet written the final words of the text.

As you know, the daily accounts we read on issues like health care reform are merely first drafts of history. Over time, those interpretations are revisited by scholars like you, who bring their own theoretical and historical perspectives to bear.

Analyzing health care reform is all the more difficult right now because the process is far from over. So my perspective, like the perspectives of other insiders and journalists and political commentators, is based on current and fluid events that can change from day to day and month to month. But hopefully I can offer some useful insights into the health care reform process that has engaged the Clinton Administration and Congress for much of this year.

When Bill Clinton ran for the Presidency, he was committed to solving the health care crisis for two principal reasons: First, because the health of tens of millions of Americans -- both uninsured and insured -- was at risk in the current system. And second, because there was no way to restore our economy without doing something about rising health care costs.

When he took office last year, the picture was only getting worse. On any given day, close to 40 million Americans -- most of them working people -- lacked insurance. Millions were locked in jobs they couldn't leave for fear of losing their insurance. Families couldn't get coverage because of "pre-existing conditions" and other forms of insurance discrimination. Small businesses faced health care premiums 35 percent higher than those of large corporations -- and projected to grow at double-digit rates.

And there was little hope of reducing the deficit when health care expenditures consumed about 14 percent of our

national income. By the year 2000, the figure would be closer to 20 percent. Month after month, year after year, health care costs were further eroding our savings, our investment capital, our ability to create new jobs in the private sector and the public treasury. And given the immensity of the deficit, there was no hope of restoring economic growth or reining in health care costs simply by chipping away at Medicare and Medicaid.

So the question the new President faced 20 months ago was this: How do you solve a problem of this magnitude, of this complexity, of this urgency, when no President, Republican or Democrat, has managed to do it in 60 years?

Many people advised President Clinton that it was too politically risky to tackle health care reform. It couldn't be done, they said, because of the array of special interests positioned to stop it -- special interests that had spent millions and millions of dollars to stymie the efforts of Presidents Truman and Kennedy and Nixon and Carter before him.

But the American people demanded reform. The economy demanded it. And -- to use a football metaphor, since football season is now upon us -- the President was not about to punt on such a critical and momentous issue.

Health care reform was simply the right thing to do socially, economically, and morally. That's why the President took on this mammoth challenge, and set in motion this historic process, regardless of the political risk. That's why he is sticking to it, and why he will keep fighting for reform until it is achieved.

Throughout the process the President's goal has been twofold: to achieve universal coverage and to control health care costs. Universal coverage and cost containment sometimes are viewed as contradictory, when in fact they go hand-in-hand. Counter-intuitive as it may seem, you can't really save money until everyone is covered. You can't reduce the burdens on business and government and individual families until there is no more cost shifting to compensate for the health care of millions who are un- or under-insured.

The reality is that many people who don't have insurance still get health care. They just get it when it's too late, too expensive, and often from the most expensive source of all, the emergency room. The result is that the rest of us end up footing the bill through higher hospital bills and higher insurance premiums. So until everyone is covered, we won't end cost-shifting and we won't begin to slow down the escalation in health care costs.

When the President's plan was first presented last year,

virtually all Democrats and moderate Republicans supported the goal of universal coverage. And virtually all the comprehensive health care bills subsequently submitted by Democrats and moderate Republicans included cost containment.

There were only three ways to go about universal coverage, all of which have been debated by politicians, economists, and policy experts for years. One was a single payer approach that would replace today's employer-based system with a broad-based income, payroll or value-added tax. It would require about three to four billion dollars of new federal taxes each year, A point implausible

A second approach was to require all individuals to buy health insurance, the same method many states use with auto insurance today. The down side of that method was that employers might be inclined to stop covering their workers, that more and more individuals would need government subsidies to help pay for their premiums, and ~~huge~~ new taxes and a ~~giant~~ administrative bureaucracy would result.

The third option -- the approach the President chose -- was to extend the system that 90 percent of insured Americans already used. The employer mandate seemed to be the least disruptive, most conservative option available. And, once again, it was an option embraced by groups across the political spectrum -- groups that had studied the issue more closely than anyone else because they were the most directly affected by it: the American Medical Association, the Health Insurance Industry Association of American, many labor unions, the Jackson Hole group, the Chamber of Commerce and other business groups, and a national coalition on health care reform co-chaired by former Presidents Carter and Ford.

Just as an historical note, I might mention that ~~the concept~~ of universal coverage through an employer mandate was originally proposed by President Nixon more than two decades ago.

Cost containment was an equally important part of the President's equation. Cost containment is essential if you want families and businesses to be able to afford health care, and if you want to control federal spending.

But as with universal coverage, there were only a few ways to get costs under control.

One option was price controls -- directly setting the price for goods and services delivered in the health care sector, or setting ceilings on the total amount the nation would spend on health care.

~~Managed competition advocates supported~~ the idea of "tax caps" to contain health care spending -- limits on the tax

was to exploit the support we had. The President's proposal was meant to be a starting point, a foundation of goals and principles that Congress could build on. It allowed room for tailoring, fine-tuning, embellishing. And that's what happened, even among groups who supported what we were doing. So the perception was that everyone had something to complain about, that everyone was against the bill. One interesting example of this was an advertisement run by the American Association of Retired Persons. The ad advocated long-term care and prescription drugs, both of which were in the President's plan. But the ad came across as an ad against reform because it never made clear that those were provisions in the Administration bill.

Finally, we should have done a better job of anticipating and responding to one of the most expensive and intense advertising campaigns ever mounted against us.

That was perhaps the biggest single obstacle we faced then and still face now. Several recent studies have documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. Every major legislative battle -- from the New Deal to Social Security to Civil Rights -- has met with opposition. But never in the history of this country has there been the same degree of misinformation spread as has been spread during this health care debate. And never has there been such an extraordinary amount of money spent on disseminating that misinformation.

The Annenberg Public Policy Center studied this phenomenon and concluded that the health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

Over $100 million has been spent overall to influence the outcome. One study found that $50 million largely to influence reporters and legislators rather than the public as a whole. And these figures don't capture direct mail and phone bank efforts financed by opponents.

Whatever your view of health care reform, if you've seen the now famous -- or infamous -- ads you know that they are not only negative, they're downright scary. Health care is an extremely personal issue, one people connect with more deeply and directly than something like trade policy or deficit reduction. And the campaign against health care reform continues to play on people's fears.

I point out the degree of misinformation because these advertising campaigns distorted the President's plan into some radical, wild-eyed attempt to revamp our health system. In fact, as I mentioned earlier, the main elements of he proposed were culled from Republicans and Democrats alike -- most of whom could

be described as political moderates. Universal coverage, employer mandates, and premium caps are about as mainstream and conservative an approach to health care as you can get.

It's also easy to forget that the President never suggested that his plan should be the final word adopted by Congress. As soon as he outlined it, he stated very clearly that his bottom line was universal coverage but that he was open to suggestions, ideas, criticisms on how to achieve his principal goals. He welcomed and encouraged bipartisanship. That has always been his position, and remains so now.

So where are we today, nearly 20 months after the process began?

We are on the path to restoring the economy and fulfilling the President's broader agenda.

The President has set in motion an historic process for dealing with a health care problem that is only going to grow more complicated, more intractable the longer we wait to solve it.

Today we are further along than we have ever been in our history in getting Congress to enact reform. But are we as far along the path as we had hoped? Not yet. Have we given up hope? Not at all. Are we more realistic about how to accomplish reform? Definitely.

From a social science perspective, I hope this period will be viewed as one of great ferment, energy, and momentum -- as a critical time in our history when the actions of a committed and courageous President launched us toward solving the most difficult social problem of our time.

Thank you very much.

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meetings across the country.

By May, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators, and lawyers responded to ideas that had been proposed by different working groups.

The whole process resulted in an amazing amount of work completed in a very short amount of time.

Has it been a flawless operation? Of course not. We see that even more clearly in hindsight. And today, while we have made huge strides toward solving this seemingly insolvable problem, and while we have set in motion an historic process for the first time in 60 years, we might have come farther faster had we done a few things differently early on.

First, we should have done a better job of educating the press about the process at the outset. We should have explained more about the deliberations of the task force and about specific health care issues. If we had done so, the news media would have had a much better understanding of the problems we faced and the solutions available as the health care debate evolved.

Second, we needed to take better control of the legislative calendar. During April and May of last year, the task force met 21 times to finalize decisions with the President. But after the defeat of the economic stimulus package, Congressional leaders asked that the introduction of health care be delayed until after passage of the economic plan was assured. They worried that members might trade votes on the economic package for concessions on health care. Those fears were not unreasonable. When word leaked out -- erroneously -- about a Treasury Department analysis of health care financing that included a tax on wine and beer, the California delegation immediately sent a letter of complaint to the White House and some members privately threatened to withhold support for the economic package.

With the economic package stalled, the introduction of health care was delayed from early June, to late June, to mid July, to late July, and finally to late September. The legislation finally was submitted in late October instead of in late May. Attention was further diverted from health care because of the debate over NAFTA and the crisis in Somalia, both of which dominated the White House and Congress during the weeks after the President's bill was introduced.

The delay was costly. It gave special interests who opposed reform time to organize and raise doubts about the President's approach.

A third challenge we didn't meet adequately from the outset

deductibility of health spending by companies. The President rejected that approach because it would raise taxes on middle-class families.

The President's plan included premium caps to limit the amount insurance premiums could be raised each year. This approach was borrowed directly from Republican Senators Danforth's and Kassebaum's bill.

As you examine the main elements of the President's plan you will find that his approach was not dreamed up by a bunch of starry-eyed, revolutionary wonks holed up in the Old Executive Office Building. In fact, the bulk of ideas he proposed were gleaned from members of both parties, from liberals and conservatives and moderates alike.

Mandatory alliances, for example, came from legislation sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux. Other provisions such as the long-term care benefit, prescription drugs for Medicare recipients, a focus on primary care, funding for academic health centers, improvements in rural and urban health care infrastructures, and some public health initiatives were also included in Republican health reform proposals.

And if you compare the President's approach to some of the options at hand, you will see that -- in case after case -- his plan was fundamentally reasonable, moderate, and in line with what mainstream Americans wanted then and still want now.

So how were these decisions reached?

The formation of the President's health reform policy was among the most open processes ever conducted in an Administration, despite perceptions to the contrary.

To meet an aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. We cast a wide net for participants.

There were serious consultations with hundreds of Americans from all walks of life: Physicians, nurses, social workers, hospital administrators, benefits consultants and managers, consumers, businesspeople, actuaries and accountants, health lawyers, and many others.

The task force met with more than 1,100 interest groups, held daily meeting with members of Congress, and involved more than 120 Congressional staffers from both parties in the working groups. During the 14 months between February of 1993 and this past April, the First Lady held 23 public hearings and town

The White House
Office of the Press Secretary

For Immediate Release August 25, 1994

STATEMENT BY THE PRESIDENT

The United States Senate made history today. The long, hard wait is finally over -- and the American people are going to get the action against crime they have been demanding for over six years.

I want to thank the Members of both parties, in the House and Senate, who answered the call of ordinary Americans to get this job done.

With a little good faith and a lot of hard work, Republicans and Democrats overcame the partisan divisions and false choices that have blocked anti-crime efforts time and time again.

And because they did, children will be safer and parents will breathe a little easier. Police officers will no longer be threatened by gangs and thugs with easy access to deadly assault weapons designed only for war. Violent criminals are going to learn quickly that the revolving door on our prisons has been locked and bolted shut.

This Crime Bill is going to make every neighborhood in America safer -- and the bipartisan spirit that produced it should give every American hope that we can come together to do the job they sent us here to do.

-30-30-30-

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 25, 1994

STATEMENT BY THE PRESIDENT

The Rose Garden

5:36 P.M. EDT

THE PRESIDENT: Good afternoon. For six long years, the American people have watched and waited as Washington talked about stemming the tide of crime and violence in this country, but did not act. Today, senators of both parties took a brave and promising step to bring the long, hard wait for a crime bill closer to an end.

I want to salute the senators of both Republican and Democratic ranks who put law and order, safety and security above politics and party.

Ordinary Americans all across our country ought to take heart today. In the last two weeks, members of Congress in both houses and from both parties have thrown off the bonds of politics as usual to do the people's business. That's what the people sent us all here to do. I hope this crime bill will now rapidly pass the Senate and that we can move on doing the people's business across party lines, unencumbered by the labels of the past and the false choices of the past, moving to a better future for all Americans.

Thank you.

Q Mr. President, Fidel Castro says there's a simple way to stop the exodus of Cuban refugees, and that is to open up a high level dialogue between Washington and Havana. What's so bad about that?

THE PRESIDENT: Well, I think, first of all, we have asked that we resume our talks, as you know, or we have offered a resumption of talks on the whole issue of immigration. And I have been doing a careful study over the last few days of the nature of our immigration laws and their implementation, especially since the 1984 agreement signed in the Reagan administration. But that is what this issue is about.

The other issues -- I think President Castro or Premier Castro needs to be in consultation with his own folks. The people of Cuba want democracy and free markets. And that's always been our policy, and that will continue to be our policy. But I would urge the American people to be firm and be calm about what is going on here now. We must not let any nation, even a nation as close to us as Cuba, even with so many American citizens of Cuban descent, control the immigration policy of the United States and violate the borders of the United States. We have to be firm in this. And we will work this through to a successful conclusion, I believe.

Q Mr. President, what's wrong with talking to Cuba and Fidel Castro when we talk with other so-called outlaw nations like North Korea?

THE PRESIDENT: Well, we have a different policy of 30 years standing. And I think Mr. Castro knows the conditions for changing that policy. The discussions that have been held on a

regular basis for several years now between our two countries have been limited to matters of immigration. They can be held, and we would support that.

Q Mr. President, is health care dead this year?

THE PRESIDENT: I wouldn't say that, no. I don't think you can say that because -- and I don't think the recess will kill it. Was that what you were going to --.

And the reason I say that is because, like most of you, I have watched with great interest what has happened and what has not happened in the Senate and the House. I told you all when we started this issue a long time ago, now over a year ago, that it was a very complicated issue, that it's no accident that presidents of both parties for 60 years have tried to find a way to solve the health care crisis and have never been able to do it, particularly in the face of intense, organized and expensive efforts to stop it.

But I think the less I say the better right now, as long as Senator Mitchell and Senator Chafee and Senator Breaux and others are doing their best to continue this dialogue. I spoke to another Democratic senator today who said that she felt there was -- there's still a good chance that a bill could come out that people would want to vote for and think was the right thing to do.

So I think we just have to let this thing develop a little bit and see what happens in these dialogues. And again, I think the less I say about it, the better.

Thank you very much.

Q When do you go on vacation?

THE PRESIDENT: It's still up to the Congress, isn't it?

Q Will you wait until the Senate goes into recess?

THE PRESIDENT: Oh, absolutely. I want to wait until the crime bill is over for sure.

Thank you.

END 5:41 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release
Until Saturday, August 27, 1994
At 10:06 A.M. EDT

RADIO ADDRESS BY THE PRESIDENT TO THE NATION

THE PRESIDENT: Good morning. This has been an historic week for the American people. After six years of talking about crime, members of Congress in both houses from both parties overcame their partisan divisions and the false choices of the past to pass the toughest attack on crime in history.

With a little good faith and an awful lot of hard work, both Democrats and Republicans took a stand against crime as the American people had demanded they do for years.

For all those Americans who want Washington to work for them, passing the crime bill shows we can break the stranglehold of politics as usual, and solve the problems you sent us all here to solve.

Crime and violence have been increasing for a long time. Too many law-abiding citizens have been killed on their streets and in their homes. Too many of our children have been terrified on their streets and in their schools. Too many police officers have been killed in the line of duty; too many families, torn apart. But for six years, Washington just talked about the crime problem and failed to act. But this week, Congress acted.

The special interests lost. The public interest won. Democrats and Republicans came together without regard to party to make America safer, and every American can take heart.

This is how Washington should work. It's how I wanted a Washington to work when I came here as President, and how I hope it will work in the future. All the elements of an anti-crime program I talked about in my campaign for President are present in this bill, and a lot more good things as well.

This crime bill will put 100,000 more police on our streets in community policing -- walking the beat, preventing crime as well as catching criminals. That's a 20 percent increase in the number of police officers in America. It will provide more prisons and longer sentences for violent criminals. It will lock up the most dangerous criminals for good by making three strikes and you're out the law of the land. It will provide greater protection to women and children by imposing tougher penalties on those who prey on them. It will say to anyone who kills a police officer, you, too, can pay with your life.

The crime bill answers the call of police officers everywhere to do more to prevent crime from happening in the first place. It will help to steer young people away from gangs and drugs by helping them learn right from wrong and giving them something to say yes to, as well as something to say no to.

This bill does make it clear that some things are very wrong and young people must say no to them. That's why it prohibits juveniles from owning handguns and prohibits them from using them except under the supervision of a qualified adult. And this bill does something else that police officers have wanted us to do for a

very long time. It bans assault weapons that were designed for soldiers to use in war but that have been used instead by gang members and gangsters to make war on police and innocent citizens.

And in another dramatic departure from politics as usual, this entire crime bill will be paid for not with new taxes, not by increasing the deficit, but by reducing the federal work force by over a quarter of a million people to its lowest level in 30 years and taking all that money to empower people to make their lives safer. More police on the street, less government in Washington -- that's a good deal for the American people.

Let's remember why this bill finally passed. It passed because half a million police officers who risk their lives every day stood up and made their voices heard. It passed because the families of innocent victims like Polly Klaas stood up and made their voices heard. It passed because parents and teachers and senior citizens who want their streets back stood up and made their voices heard -- the ordinary voices of ordinary Americans that Washington so often ignored. This week, they weren't ignored; this week they were heard and they made all the difference.

We know many challenges remain. We waited six years for a crime bill. Now we have to implement that bill and make it work in the lives of the American people. But the American people have waited 60 years for Washington to do something comprehensive about health care. It's a difficult challenge -- there are even more interest irate against making real change. But we have to meet it because it effects our children, our families and our future, our human quality of life and our ability to pay for the basic things in life as well as to run the federal government without increasing the deficit.

Already we've made more progress on health care than ever before. Members of both parties are trying hard to work out their differences. And health care will be the first order of business when Congress returns. We have to continue this fight; we have to win it.

The crime bill shows we can. It shows that when we put aside the rhetoric and the partisanship, we can solve any issue and meet any challenge. Its narrow victory also shows the damage, the danger that partisanship can bring to our deliberation.

But we can get past the partisan static that drowns out the voices of ordinary Americans. We can put cooperation over confrontation. We can move America forward. We can put the American people first, and we proved it this week.

Thanks for listening.

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002. note	Phone No. (Partial) (1 page)	09/01/1994	P6/b(6)

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Speechwriting
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FOLDER TITLE:
Ira/APSA [American Political Science Association] 9/94 [9/1/94] [1]

2012-1004-S
ms516

RESTRICTION CODES

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September 1, 1994

[002]

TO: Maggie Williams
Melanne Verveer
Harold Ickes
Ira Magaziner
Lisa Caputo
Greg Lawler
Lorrie McHugh
Chris Jennings
Jack Lew
Lynn Margherio
Christine Heenan

FROM: Lissa Muscatine 6-2935 or P6/b(6)

RE: Second draft of Ira's remarks to the APSA

This is a revised and expanded version of the draft I circulated Wednesday evening, based in part on a discussion with Melanne. Please discard the first draft. Thanks. Lissa

Clinton's campaign plan, with private sector health care and increased competition as its centerpiece, would achieve four main goals:

Provide universal health care coverage to all Americans

Make health care more affordable by controlling the rate of growth of health care costs so that they did not exceed the rate of growth in personal income.

End discrimination in the health insurance market by outlawing insurance industry practices of excluding or dropping sick people and charging prohibitive rates to certain groups.

Provide a prescription drug benefit and better home and community-based long-term care services to the elderly and disabled.

These goals were and still are popular with the American people. Yet meeting them has not come easily.

We were warned that we faced a serious challenge - - health reform had been attempted by seven Presidents. Seven Presidents had failed. Health reform was too big, with too many powerful vested interests. Those who profit from the status quo are tenacious, well-financed, and well-organized. Health reform was not a first-term issue.

And as one old Washington hand wryly noted, health reform was a good campaign issue -- everyone's for health reform. But getting something through once in office would be a different story. The wide coalition of groups and interests who rally behind the label "health reform" supported very different things, and uniting these groups behind a single proposal could prove next to impossible.

A year ago last month, the President's economic program barely passed a reluctant Congress. As a result of its passage, we are experiencing steady economic growth. Over four million jobs have been created since the President took office. The deficit has been slashed, and, for the first time since Harry Truman was President, we'll have three years of declining deficits in a row. ~~Yet, the President's popularity rating is low and major health reform is now viewed as an uphill struggle~~.

What happened? Conventional wisdom is that the President and his Administration overreached -- proposing a radical, big-government, grandiose plan hatched by policy wonks with political tin ears.

In fact, the President's health care plan -- ~~true to the candidate's promise~~ -- was comprehensive, but hardly radical. It built upon the system 90% of Americans now use: private sector insurance delivered through the workplace. Its main provisions mirrored those proposed by the likes of Richard Nixon and Bob Packwood and conservative Democrats Jim

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[003]

FAX TRANSMITTAL SHEET

TO: GREG LAWLER + LORRIE MCHUGH

FROM: LISSA MUSCATINE [redacted]

RECEIVER FAX NO. 456—

NUMBER OF PAGES INCLUDING COVER 9

COMMENTS: URGENT — Please give this to Greg + Lorrie ASAP. It's a revised version of remarks I left for them on Wednesday night. Thanks.

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004. fax	Phone Nos. (Partial) (1 page)	08/31/1994	P6/b(6)

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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]

THE WHITE HOUSE

WASHINGTON

[004]

PRESS OFFICE OF THE FIRST LADY

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Cooper and Dave McCurdy.

Why, then, was it perceived as so grandiose or over-reaching? What about these now controversial ideas like employer mandates, premium caps or large mandatory alliances? What has become conventional wisdom over the course of this debate -- that these elements were some "big government" creatures of the First Lady's Health Care Task Force is simply not true. It is not the plan itself that was overly ambitious. Rather, it was how it was portrayed to the American people by opponents of reform.

Employer Mandates

Virtually all Democrats and moderate Republicans supported the goal of universal coverage in 1993 when the President's plan was written and presented. In fact, Senator Dole and 23 other Republican senators initially cosponsored the Chafee bill which achieved universal coverage through a mandate that individuals buy insurance.

Over the past two years of debate on health care -- in fact, over the past few decades of debate -- only a handful of ideas have been proposed that would pay for universal coverage: 1) The raising of broad-based taxes -- the single payer approach; 2) Requiring individuals to purchase insurance -- an "individual mandate"; 3) Requiring individuals and employers to share the cost of purchasing insurance -- an "employer mandate."

The single payer approach would replace today's employer-based system with broad-based income, payroll or value-added taxes, requiring at least three to four hundred billion dollars in new federal taxes per year. The government would take over paying for health care from benefits managers and insurance companies in today's market. Because it required raising so much in new taxes and called for the government to play a large role in the new system, this proposal had limited support.

A second approach was to mandate that all individuals buy health insurance, just as many states now mandate that all individuals buy auto insurance. The Senate Republican Task Force, chaired by Senator Chafee, had an individual mandate as its vehicle to achieve universal coverage. Many economists favor this approach -- believing that virtually all health care spending by employers comes directly out of employer wages anyway. But polling data showed that the public and many organized groups opposed this approach on the grounds that workers had negotiated employer-paid insurance, and had foregone wage increases to get employer-provided health care. They felt that this approach would result in many people losing benefits they currently have. In addition, if individuals were mandated to buy insurance, it would have to be affordable. Because health insurance premiums are so expensive, the federal government would have to ensure adequate subsidies to help defray some of the cost for families. Paying for these subsidies means raising significant new taxes.

And, well over half of the population would then be receiving subsidies, requiring a huge new administrative bureaucracy.

The third approach, a so-called employer mandate, was the approach embraced by the President during the campaign and later by his Administration. It had the advantage of building on the current system of joint employer and individual contributions. Almost 90 percent of those with private insurance today get it through their employer, with employers paying, on average, 80 percent of the cost of the premium. Spreading that responsibility across all employers and individuals -- not allowing "free riders" -- would eliminate "cost shifting" -- the extra cost families and employers with insurance today pay for those who use health care services but can't pay for their care. To ensure that this requirement was affordable, the government would subsidize insurance for low-income families and small and low-wage businesses.

This was the most conservative route to universal coverage, and enjoyed the broadest support. The American Medical Association (AMA), the American Hospital Association (AHA), the Health Insurance Industry Association of America (HIAA), the Catholic Health Association (CHA), many Labor Unions, the Jackson Hole Group, the National Leadership Coalition for Health Care Reform (co-chaired by former Presidents Carter and Ford), and many business groups including the Chamber of Commerce all publicly supported this approach.

Hawaii, the state that had come closest to universal coverage, had had an employer mandate on the books for more than 20 years, and business growth had outpaced the national average. Washington, Oregon, and other states were following Hawaii's lead.

In fact, the Clinton task force proposal for employer mandates was very similar to a proposal made by the U.S. Chamber of Commerce and to President Nixon's 1972 health care proposal introduced by Senator Packwood, today's ranking Republican member of the Senate Finance Committee.

Premium Caps

The biggest concern the American people had about health insurance was losing it; the second was its cost. Cost containment was critical to insuring that health care was affordable for businesses and families, and was essential for controlling federal spending. Virtually all comprehensive health care bills submitted by Democrats and moderate Republicans included cost containment.

But as with universal coverage, there were a limited set of options for meeting this objective.

One option was price controls -- directly setting the price for goods and services delivered in the health care sector, or setting annual ceilings on the total amount the nation would spend on health. Liberal bills included either global national budgets, or nationally-set rates for

each specific health care test and procedure. These measures had the support of some business and many labor groups. The National Leadership Coalition, co-chaired by former Presidents Carter and Ford, and including companies like Xerox and Chrysler, supported this approach.

Managed competition advocates like Senators Breaux and Boren and Representatives Cooper and Andrews proposed "tax caps" to contain health care spending -- limits on the tax deductibility of health spending by companies. By tying the amount of deductibility to the cost of the lowest-cost health plan in an area, managed competition theory went, families and businesses would become smarter shoppers and choose lower cost health plans. Families that chose more expensive plans would be penalized by paying more, dollar-for-dollar, out of their own pockets. This new cost conscious behavior, combined with other market reforms like a standard benefits package, would constrain health care expenditures.

We did not adopt the tax cap because it raised taxes on middle-class families. But we did encourage consumer cost consciousness through other measures. Employer contributions would be tied to the average cost plan in a region. Employees that chose a higher-cost plan would pay more out-of-pocket, those who chose a plan that cost less than the average would pay less. Like the managed competition approach, cost conscious behavior, combined with increased competition due to market reforms would achieve efficiencies and contain costs.

A third method of cost control was premium caps -- limiting the amount insurance premiums could be raised year after year. Bills submitted by moderate Democrats and Republicans such as Senators Danforth and Kassebaum, and moderate Democrats such as Senator Bingaman and Baucus and Representatives McCurdy and Glickman included premium caps for controlling health spending. Moderates preferred premium caps over other forms of cost containment because, unlike rate setting or price controls, premium caps cover only pre-tax health care spending. The American public could spend whatever it wanted with after-tax money.

Unlike price controls, premium caps do not try to regulate every transaction in the market. Instead, they give flexibility to health plans to budget their spending within a premium. Private health plans decide the best mix and pricing of hospital, outpatient and other services, not government bureaucrats. Premium caps had been passed into law in Minnesota and Washington state, and had been proposed in the state of California by the state insurance commissioner. They also were supported by diverse groups including the American College of Physicians (ACP), the American Academy of Family Physicians (AAFP), and the Catholic Health Association (CHA) and were supported by prominent physicians and health reform advocates such as C. Everett Koop and Jack Wennberg.

We borrowed this method of cost control directly from the Danforth/Kassebaum bill as an insurance policy on competition, both as a safeguard for family and employer affordability, as well for Congressional scoring purposes. If competition worked as predicted, insurance premiums would never reach the pre-set caps. As with employer mandates, premium caps, particularly as backstops to competition, were neither a new nor radical idea.

Large Mandatory Alliances

Perhaps no idea occasioned as much controversy as the proposal to establish large mandatory health alliances in regions around the country. These alliances pooled the purchasing of workers in firms with fewer than 5,000 employees, government employees, Medicaid beneficiaries, nonworkers and retirees. Through these pools, community rating could easily be enforced, families would have a wide array of plans to choose from, and families and businesses would have the maximum bargaining leverage to get affordable prices.

The idea for these entities, originally called purchasing cooperatives, came from the managed competition advocates at the Jackson Hole Group and the Managed Competition Act sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux. In this legislation, all firms with fewer than 1,000 employees, all government employees, all Medicaid recipients and all nonworkers were required to join purchasing cooperatives. States had the option to fold in firms with up to 10,000 employees. The rationale for mandatory purchasing cooperatives was to prevent firms with young healthy people from opting out and leaving only sicker, older people in the pools. Having the pool dominated by costly populations would defeat the purpose by making the community rate unaffordable.

The Administration adopted this model, choosing a firm size cutoff of 5,000 as a starting point for negotiation -- mainly because it was in the range of numbers specified in the original Cooper/Breaux/Boren bill. It was also in the range adopted by Washington State which imposed mandatory community rating for firms with fewer than 7,000 employees and allowed them to join exclusive purchasing alliances.

Other Provisions

Though less in the limelight, the Health Security Act contained a number of other significant provisions -- these, too, were well within the mainstream thinking at the time. The long-term care benefit, prescription drugs for Medicare recipients, a focus on primary care, quality improvement, the creation of a health information network, funding for academic health centers, rural and urban infrastructure improvements, malpractice and antitrust reforms, insurance reforms, benefit package design, public health initiative and other aspects of the bill were all developed from recommendations in other previous legislation, from state experience, from company experience or from well established academic analysis. In fact, many of these lesser provisions are also included in Republican health reform proposals.

Complexity

While the bill's actual provisions were in the mainstream, size and complexity made it easy for critics to brand it as bureaucratic social engineering and "big government". The bill is complex -- all 1,342 pages of it. But, as the Congressional Budget Office stated:

> "The Health Security Act is unique among proposals to restructure the health care system both because of its scope and its attention to detail. Some critics of the proposal maintain that it is too complex. A major reason for its complexity, however, is that the proposal outlines in legislation the steps that would actually have to be taken to accomplish its goals. No other proposal has come close to attempting this. Other health care proposals might appear equally complex if they provided the same level of detail as the Administrations on the implementation requirements."

Did the bill really have to be 1,342 pages? Only if we wanted it to work, which we did. Couldn't we have written a shorter skeleton bill? Only if we were willing to leave the actual details of the plan to government regulators, which we weren't.

Health care is a very complex subject, and, like most major pieces of legislation, a bill to reform the health care system is never going to make for beach reading. The Congressional leadership requested a fully fleshed out bill that would be the basis for committee deliberations. When you begin to spell out what benefits are covered, how the money flows, what happens to existing government health plans like Medicare and Medicaid, you find yourself with a long bill. Senator Mitchell's bill is longer than our original one. The Senate Finance Committee bill which does a lot less than ours was over 1,100 pages. Even Senator Dole's bill, which no one thinks does a whole lot, takes over 650 pages to do it. The Crime bill passed two weeks ago was as long as most health care bills and NAFTA legislation was literally thousands of pages. Long legislation is not a new phenomenon, nor is it limited to health care.

Yet, for some reason, with health care, the length of the bill became a metaphor for the complexity people would supposedly face under a reformed system. The number of pages became a symbol of the amount of government involvement people would see in their health care. Attacking the substance of health plans by attacking their length played to the cameras. George Mitchell's eloquent presentation of his proposal did not make the evening news, but Bob Dole's antics in weighing it on a scale did.

We knew conservative Republicans would attack the bill as "too bureaucratic", "too regulatory", "big government". We weren't disappointed. The attacks came fast and furious.

Public Support

The opponents were successful. Despite high and consistent support for all the major elements of the Administration's proposal, support for anything labelled the Clinton Plan declined dramatically since September of 1993. This was best captured in a Wall Street Journal article that was title "Many Don't Realize It's the Clinton Plan They Like". The Clinton plan, when described without the label was viewed favorable by 76 percent of those surveyed, versus 48 percent for the original Chafee plan, 42 percent for the Gramm plan, 34 percent for the Cooper bill and 30 percent for the McDermott bill.

Consistently, when labels are removed from plans and their essence is described to the public in polls or focus groups, the Clinton plan wins far and away the most support as delivering what Americans want in the way they want.

PARTISAN GRIDLOCK

Finally, the decline in presidential popularity and the battering taken by the plan itself led Republican leaders to conclude that they could effectively stonewall on health care and hand the President a major political defeat.

While minority-leader-in waiting Gingrich had been urging and enforcing an obstructionist path in the House from the beginning, Senator Dole went back and forth, alternatively speaking constructively about achieving universal coverage, the President's bottom line, and at other times declaring that there was no health care crisis and that we should do nothing.

During the late spring, Republicans made a decision not to give the President any victories, for it they did not, they could potentially gain significantly at the mid-term elections. In a June 7 memo, Republican strategist Bill Kristol urged republicans to reject a bill, even a watered down bill, that would allow the President to honor his veto pledge, since it would "protect the President's 'read my lips' pledge on health care." By July, Kristol's advice was: ***"Republicans should hold off on health care negotiations until Mr. Clinton eats his words."*** *"The appropriate Republican response is to take the noble road of opposing any alternative that Democrats offer and insist on starting over in '95. We should send them to the voters empty-handed."*

That strategy even spilled over to the politically safest of issues, crime fighting. All but two Republican Senators voted for the crime bill in the Spring, and then they tried to kill it in August, the tone in the Senate turned very partisan.

Even when we were willing to declare our own bill dead so that we could form a new initiative which Republicans could claim a significant state in and even after Senator Mitchell introduced a bill which we supported which moved far in the direction of Republican proposals to achieve universal coverage, they backed away.

interest group opposition.

This strategy proved to be impossible when as a parliamentary matter, Senator Byrd and others felt that it would not be appropriate.

We then intended to introduce our plan by the end of May and push for passage by the end of the year. We knew that delaying into 1994 raised the risk of having health reform politicized by the midterm elections.

During April and May, the Health Care Task Force met 21 times to finalize decisions on the plan with the President in attendance at numerous meetings to make the key decisions. However, after the defeat of the President's stimulus package and with mounting opposition to his economic and budget package, Congressional leaders asked that the introduction of health care be delayed until after passage of the economic package was assured. They feared that members might trade off their vote on the economic package for concessions in the health package. For example, when a Department of Treasury analysis listed a tax on wine and beer, (a tax which was never seriously considered) as a potential source of health reform financing, the whole California delegation sent a letter of complaint, and some privately threatened to withhold support for the economic package.

As the economic package stalled, the introduction of health care was delayed from early-June to late-June to mid-July to late-July and finally to late-September. The budget situation was tenuous as it was, the collective view was that leaked accounts of health care meetings could only disrupt the delicate balance being sought to pass the budget. At the end of May we suspended all decision meetings, both internally and with members of Congress, until after the economic package was passed.

This meant that the final group of health care decisions, originally scheduled for late-May, did not get made until just after Labor Day. The speech to the Joint Session of Congress introducing the health care plan occurred on September 22 instead of at the end of May and legislation was not submitted until late October.

This delay gave time for the opposition to organize and caused doubt among supporters about our resolve. While those of us working on the health care initiative were dispirited, we agreed with the need to delay. Passage of the President's economic program was crucial to the country and to the presidency. Without a complete focus on it, the President's whole agenda, including health care would be potentially jeopardized.

SECRECY OF THE TASK FORCE

Though the delay was inevitable, the reputation of secrecy that surrounded the health care task force was not. The formation of the President's health policy was among the most open processes ever conducted to form policy in an Administration, yet it is still widely believed, in the court of public opinion, that the President's health plan was drafted in secret, behind closed doors and without the benefit of real-world views.

To meet the aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. To help us flesh out the campaign framework in a way that would work effectively, we cast a wide net for participants. To establish an atmosphere of equal footing among departments and agencies and to foster interdepartmental cooperation, the decision was made to run health care out of the White House.

The health care working groups included an extraordinary group of people, many of whom had extensive careers on the front lines of the health care system. Serious consultations and reviews included hundreds of others from all walks of life. Practicing physicians, nurses, social workers, hospital administrators, benefits consultants and managers, consumers, businessmen, actuaries and accountants, health lawyers and others were involved in extensive work associated with the task force.

Most people took unpaid leaves from their jobs, left their homes and families for three months, and worked literally around the clock to meet the deadline. That would have been trying under any circumstances. It was extremely difficult in a three-week old Administration still unsure how to reserve rooms, get people cleared through security to get into the building, and fill out forms.

We met with more than 1,100 different interest groups, had daily meetings with members of Congress, and involved more than 120 Congressional staffers on the working groups. Outside experts were consulted, and made presentations to the working groups regularly. The White House complex has probably not seen so much traffic, before or since. In fact, no one would be more surprised to hear that the process was secretive than the security guards at the White House, who no doubt still have nightmares about the lines of people flowing in the door saying: "I'm here for a meeting on health care."

Representatives from the National Governors Association participated on the working groups and officials from associations of state legislatures, counties and cities were included as well.

Between February 20, 1993 and April 18, 1994, the First Lady held a series of 23 public hearings and town meetings across the country.

Also by May, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators and lawyers reviewed and responded to ideas presented by the working groups. The working groups incorporated their comments and met their deadlines. The whole process resulted in an amazing amount of work being completed in a very short time period.

Yet despite this unprecedented level of consultation and involvement, the widely held perception is one of secrecy. The main reason, I think, has to do with the way we dealt with the press -- or in this case, didn't deal with the press. While a few cursory briefings were held, the press was by and large excluded from the deliberations of the task force and the ongoing efforts of the working groups. This caused three serious problems from which we never recovered:

better job educating the press.

1. Many members of the press ~~rightly resented~~ their exclusion from the process. Many of the reporters covering health care had waited 12 years to cover this story, and now that moment in history had arrived, they were being kept out.

should be much more vague

2. Reporters meeting daily deadlines for healthcare stories were forced to rely on leaked information, often provided by people who were not directly involved or wanted to influence the outcome of policy deliberations. This led to negative and distorted coverage.

3. We had undertaken an enormous task and were using an unconventional process to complete it. Both the importance of the task, how it was being worked on, and who were involved should have been better communicated and explained. In short, we missed an opportunity for the press to be educated about our deliberations and about the health care issues which could provide a context for their reporting later.

Hindsight is always 20/20, but there was really no good reason for doing this. The rationale of our communications team was that we were simply forming an administration position preparatory to a full scale open national discussion during the congressional process. But this reasoning was flawed. Health care was different. Decisions like filtering all press inquiries through one person and failing to give the press the names of people working on reform led to a perception of secrecy -- and engendered a sense of hostility which has been hard to recover from.

THE COMMUNICATIONS CHALLENGE

We always knew that communication would be essential to the success of the health care initiative. A special operation called the delivery room was established in late-May to prepare the groundwork for introducing health care to the nation. The operation was diverted at the end of June until mid-August toward fighting for passage of the economic program. It resumed operations again in late-August.

We also knew that the first six weeks would be crucial in defining the debate. We had to educate the American public on what was in our plan before opponents mis-characterized it. During the summer of 1993 there were intensive discussions in the White House about scheduling the President's three major initiatives for the fall: health care reform, NAFTA and reinventing government. A decision was made to introduce reinventing government for a week just after Labor Day. The President would spend a day in September to introduce NAFTA. NAFTA would quietly proceed through Congress until a major public offensive would be launched in November, a few weeks before the vote. Five solid weeks of the President's time would be devoted to health care, beginning just before the President's Joint Session health care speech on September 22.

Open to all Members of Congress, a "Health Care University" took place on September 20 and 21. Over 40 experts, including the First Lady, briefed Members of Congress on health reform and the President's plan. Attended by both Democrats and Republicans, the university garnered Republican praise. House Minority Leader Bob Michel called it "very, very productive and unique...on this issue, we can definitely work together."

The following day, September 22, President Clinton delivered his long-awaited health care reform speech to the Joint Sessions of Congress. In his speech, the President repeated the goals for health reform, themes that had become so familiar: security, savings, quality, simplicity, choice, and responsibility. These principles would need to be there in the end, but the President invited the American people and the Congress to carefully review, question and critique the details.

His speech was a hit. According to USA Today, "Lawmakers of both parties praised Clinton for tackling the issue and his persuasive, determined tone." The Boston Globe reported that "Clinton went out of his way to find common ground with Republican lawmakers...citing both former President Richard M. Nixon and Reagan-era surgeon general C. Everett Koop as inspiration for elements of his plan."

During the week following the speech, White House officials and Cabinet Secretaries fanned out across the country in a series of meetings, speeches and interviews. The fall campaign had started off successfully. In a Washington Post- ABC News poll taken on September 23, 56 percent of Americans said they approved of Clinton's health plan.

According to the New York Times the President's plan was "alive on arrival". That universal coverage would be achieved - - that all Americans would have health care that was always there - - was a given. Democrats and Republicans alike realized early on that they had better jump on the universal coverage bandwagon. It was widely believed that any bill the Congress passed would have to get to universal coverage.

The Clinton plan would serve as the foundation for Congress' efforts - - the Committees would work through the details - - how large the alliances would be, how generous the benefits package, when universal coverage would be achieved, the exact mix of taxes and spending cuts. Universal coverage was not in question.

Opponents of reform - - insurers, the NFIB, restaurants, for-profit hospitals stepped up their attacks, mounted their advertising campaigns, began coordinated grass roots lobbying efforts - - all aimed at bringing down the Clinton plan. Supporters of reform - - the AARP, the AFL-CIO, many provider groups and businesses and others - - also shared the view that universal coverage was inevitable. The inevitability motivated opponents to focus their attacks; it had the opposite impact on our supporters. Believing that universal coverage was a foregone conclusion, our supporters spent their time trying to improve the bill in small ways important to their constituencies.

Even those with different approaches used the Clinton plan as the basis for comparison - - Representative Cooper termed his own plan "Clinton Lite", a "second cousin" of the Clinton plan. Senator Chafee spoke on Sunday talk shows of the "similarities in our approaches", and his optimism about achieving consensus. The Wall Street Journal and the New York Times ran articles about possible minor modifications to the President's plan to get to a final deal.

The President's appearances were followed by a successful week of testimony in Congress by the First Lady. Hillary Clinton spent the week testifying before the House Ways and Means Committee, the House Energy and Commerce Committee, the Senate Finance Committee, and the Senate Education and Labor Committee. Responding to a series of challenging, often antagonistic questions, the First Lady impressed legislators with her savvy and expertise. Representative Dan Rostenkowski, then-chair of the Ways and Means Committee, told his fellow committee members that "if there was any doubt about whether the President should have appointed her, there's no doubt about it any longer."

Her mere appearance on Capitol Hill was unusual: she is the third First Lady, preceded by Eleanor Roosevelt and Rosalyn Carter, to ever testify before a congressional committee. The uniqueness of her testimony especially intrigued the media. The Washington Post proclaimed that "overnight, Hillary Clinton's activism updated the First Lady's role to one that many women believe more accurately reflects the status of women in America today." The New

York Times announced "the end of the era in which Presidential wives pretended to know less than they did and to be advising less than they were."

The New York Times described the Clinton's "elegant tango on health care, keeping control of the debate defining the details before opponents can."

Meetings with doctors, including a supportive C. Everett Koop, the Health Care University, the President's September 22 speech, his town hall meeting in Tampa, and the First Lady's testimony before the Congress were all met positively by the Congress and across the country. At last, the White House was coasting on the previously elusive momentum that was so vital to the success of health care reform.

However, such clear sailing was short-lived. A series of foreign policy crises commanded the attention of the President and the media, and prevented the President from concentrating on health policy until mid-December. On October 3rd, twelve American soldiers were killed and fifteen wounded in skirmishes with supporters of General Aidid in Somalia. The President learned of this on the plane to California, where he was scheduled to kick off a month of health care events. This foreign policy crisis curtailed the California trip and led to the cancellation of subsequent Presidential health events.

Four days later, the President announced that he would sent 1,700 reinforcement troops to Somalia. The international crises continued: on October 11th, Haitian demonstrators prevented American and Canadian peacekeeping troops from landing in Port-au-Prince, and on October 19th, the United Nations resumed it soil and arms embargo against Haiti.

What was supposed to be four weeks of the President's time in October devoted to health care was whittled down to one day -- the event in late-October, when the President took his bill to the Congress.

In this void, opponents of health reform were very active. Newspapers were filled with stories critical of the health plan generated by one interest group or another. The HIAA funnelled $10 million in a negative television advertising campaign, and their unanswered attacks proliferated and filled the airwaves. Other opposition groups initiated a series of direct-mail campaigns that reached the homes of thousands of Americans, warning them of the evils of the Clinton health care plan.

Several studies have now documented the amount of money spent on advertising and lobbying to influence the outcome of the health care debate. While every major legislative battle, including every previous attempt at health reform, has met with opposition, nowhere in the history of this country is there a precedent for the level of misinformation spread during the health debate, nor for the amount of money spent to spread it. The Annenberg Public Policy Center has conducted a series of studies on this phenomena, and their conclusion is summarized as follows: *The health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the*

Republic. [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The first of three studies conducted by Annenberg concluded that "an unprecedented amount of money ($50 million) had been committed to produce, air and print an unprecedented amount of ads whose prime purpose was influencing reporters and legislators rather than the public as a whole. (This conclusion was deduced from the fact that the ads were concentrated in New York and D.C..) Focusing on the lawmaker and pundit audiences paid off, as those who make the laws, those who report on it, and those who offer commentary all began to fear that they would no longer be able to see their own doctor. I personally was called aside by worried television anchors, newspaper editors and others who asked if their brother the specialist was really going to have to go out of business, if they were going to have to wait in line at a clinic called the DC alliance, ...

And according to Annenberg, the press did not help to clarify fact from fiction: the press coverage of the ads had focused not on their fairness or accuracy but on "describing them and mapping their strategies." [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The study also indicated that the majority of the ads had opposed rather than favored some facet of reform with more ads explicitly objecting to the Clinton plan than supporting it. This study analyzed 198 ads - 125 print and 73 broadcast and found 28% and 59%, respectively, to be misleading. Moreover, these ads were found to reflect the claims made by their sponsors and/or to invite negative inferences rather than just misstate facts. A large percentage of the ads were also found to "impugn the good will and integrity of those on the other side of the issue." And finally it was found that the "most histrionic and demonstrably false assertions occur...in direct mail addressed to older Americans."

Not only were the ads negative, they were scary. Health care is an extremely personal issue, one people connect with more deeply and directly than something like trade policy or deficit reduction. Even those supportive of a major overhaul were also anxious about losing what they themselves had, so ad campaigns took direct aim at exploiting the sense that people would lose everything they now knew and liked about their health insurance. *"The ads are more likely to provoke anxiety than to provide reassurance. Fear is the primary motivator in ads on all sides."* [The Role of Advertising in the Health Care Reform Debate, The Annenberg Public Policy Center, 7/25/94]

The Wall Street Journal published an article titled "Truth Lands in Intensive Care Unit", which detailed some of the worst fearmongering hitting the airwaves. The article began:

> The baby's scream is anguished, the mother's voice desperate. "Please," she pleads into the phone, as she seeks help for her sick child.
>
> "We're sorry, the government health care center is now closed," says the recording at the other end of the line. "However, if this is an emergency, you may call 1-800-Government." Her baby still wailing, she tries it, only to be greeted by another recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available..."
>
> "Why did they let the government take over?" she asks plaintively. "I need my family doctor back."
>
> The only problem with the radio spot, produced by a Washington-based group called Americans for Tax Reform, is that it isn't true." (WSJ, April 29, 1994)

Yet these kinds of threats -- government take over... losing your doctor.... paying more and getting less.... were raised over and over by opponents. According to the Annenberg study, the focus of anti-Clinton plan ads was 1) increased taxation; 2) rationing; 3) big bureaucracy/government control; 4) diminished choice of plan/doctor; 5) massive job loss.

Recent studies indicate that over $100 million has been spent on lobbying and advertising to influence health reform. And even this figure doesn't capture the direct mail and phone bank efforts financed by right wing groups, the cost of the high powered lawyers, lobbyists, paid consultants and experts who paraded nonstop into our offices and the offices of key congressional members with their insurance company or pharmaceutical company clients and sponsors in tow.

The opposition mustered by the leaders of the National Federation of Independent Businesses, the Health Insurance Industry Association of America, The Alliance for Managed Competition (The Big 5 Insurers), The Pharmaceutical Manufacturers Association, and the for Profit Hospitals was tenacious, well organized, well financed and effective. This combined with the efforts of the Republican National Committee and various ultra conservative organizations who were responsible for some of the most misleading scare attacks have led to a seemingly intractable belief that the term Clinton plan is synonymous with 1)government takeover of the health care system. (In fact, the Health Security Act preserved a private system). 2) Losing your choice of doctor and being forced into one plan. (In fact, the proposal increased choice for most Americans by requiring a fee-for-service plan and giving families choice, not their employers). 3) Bankrupting the country. (In fact, premium caps limited the growth of health care costs to below where they would be without reform. 4) Big government and bureaucracy. (Compared to the current system, it streamlined things).

In late-December, the Administration made an effort to reinvigorate the political and communications effort. But no sooner did this effort kick off than the Whitewater and Arkansas trooper allegations sprung up. The attacks were venomous and personal, and they took aim at the core ingredient needed for public support of reform, trust in the President and First Lady. To diminish public trust in the reformers was to effectively raise fears about reform -- as Rush Limbaugh so boldly put it in his appearance on Nightline: "Whitewater is about health care."

The Administration had formally passed the health care baton to the Congress, but unforeseen events in both bodies also changed the dynamic on the Hill. Senate Majority Leader George Mitchell unexpectedly announced his plan to retire after this term. The powerful chairman of the House Ways and Means Committee, Dan Rostenkowski, was charged with criminal misconduct, and forced to resign his chairmanship. If someone had asked our strongest opponents to make a "wish list" for helping them defeat health reform, it could have read: "Undermine the trust and credibility of the President and First Lady, and knock out the two most powerful consensus builders in both houses of Congress.

Misconceptions about the President's plan had by this point become widely accepted and many ordinary Americans reacted with a mixture of fear and anger over what they were sure we proposed to do to their health care. At town hall meetings I attended, angry people would state their vociferous opposition to the Clinton plan. I would ask why they were against it. They would respond that the plan would have the government taking over and running all the hospitals in the country. I would reply that this was not what the plan said. The questioner would shout back that I was lying and wave a mailing he had received from some group asserting it. Another favorite mischaracterization was that people would not be permitted to see their own doctor outside the health plan approved by the government, and that if they did so, they and their doctors could go to jail. This of course was ridiculous. The Wall Street Journal article detailing the false advertising touched on this, too. It said:

> "Another of the big canards about the Clinton plan is that people face "5 years in jail if you buy extra health care", as the American Council for Health Reform puts it in a direct-mail package it has sent out to millions of people. . . But in fact, while there is an anti-bribery provision in the Clinton proposal, the bill explicitly says that people are free to purchase "any health care services" they want out of their own pockets. "I don't see anybody going to jail on a liver transplant rap," says John Sheils, a vice president at health consulting firm Lewin-VHI, Inc. "They're trying to scare little old ladies."

Yet this particular charge was repeated by Washington pundits, magazine and newspaper columnists and at almost every town hall meeting I attended.

If this debate has taught us anything, it is that there are no easy answers for solving this problem. Nobody has yet found the silver bullet - - and believe me, everybody's looked. Legislators wanting to approach universal coverage with no heavy lifting have found that not only is it impossible, but halfway attempts make things worse rather than better, and so they fall of their own weight when analyzed closely.

No bill, not the Cooper bill, Chafee bill, the Dole bill, the Michel bill, or the so-called "Mainstream" proposal find they have either the money to do what they say or the outside support needed to build a consensus.

So, where do we go from here? The problems which health reform is designed to address will not go away by themselves. People will continue to lose coverage. Costs will continue to rise faster than people's incomes, stealing away their living standards. Bureaucracy will increase and choice will diminish. The problem will not go away.

The final pages in this chapter of legislative history are yet to be written. Some continue to declare health reform dead, and as they run the legislative clock with their pronouncements of failure, they may just fulfill their prophecy. But it isn't over yet. As Rep. Dan Rostenkowski once noted of a previous piece of major legislation: "I went to many wakes, but never a single funeral." The budget, NAFTA, the crime bill...all faced difficult odds, discouraging vote counts, and routine death notices, yet now they are the law of the land.

Health care may meet with a different fate. It may be that the old Washington hands were right: it's just too hard to do. But we're not prepared to say that...the American people aren't prepared to say that. Health care is a real problem affecting real people, and we owe it to them to fight to the last. The President is committed to working with Senator Mitchell and others to try to achieve a path to universal coverage when the Congress reconvenes in September. The American people want comprehensive health reform. They want universal coverage, they believe that shared responsibility between employers and individuals is the best way to finance it and they believe that in health care, the government must play a role to contain costs.

Of all the hundreds of lobbyists who visited my office, there were none representing those real Americans counting on us to solve this problem once and for all. No one represented the 58 million people who at some time during the year have no insurance; or the 80 million people who come from families who are classified as having pre-existing conditions; or the 120 million Americans whose health insurance policies include lifetime limits which means that the insurance runs out when they need it most. The President has to be their lobbyist, and he will continue to speak out and fight for their interests and the interests of all Americans who deserve comprehensive private health insurance that can never be taken away.