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001. memo	Phone No. (Partial) (1 page)	08/31/1994	P6/b(6)
002. memo	Phone No. (Partial) (1 page)	08/31/1994	P6/b(6)
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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] [2]

2012-1004-S
ms517

RESTRICTION CODES

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

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AUGUST 31, 1994 8 pm

[001]

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

RE: Ira's remarks to the APSA

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Melanne
Heavy Academic stuff need

LM DRAFT 8/31/94 8 pm

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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 this chapter.

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 that of other insiders and journalists and political commentators, is based on current and fluid events that can change from one day, or one month, to the next. But hopefully I can offer you a ~~fresh view~~ useful perspective of 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 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.

insured and uninsured

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

from perspective
with budget deficit - couldn't solve health expenditures
by chipping away at M'care and M'caid -

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.

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 President Clinton felt he had no choice but to go forward with health care reform. The American people demanded it. The economy demanded it. And -- to use a football metaphor, since football season is now upon us -- he knew he could not punt on such a crucial issue. Pres Cl. was not about to

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. The two go hand in hand. You can't save $ unless e.a covered
the burdens on bus, & govt. - - even tho counter-intuitive

Universal coverage was his bottom line because, unless everybody is covered, we can't fully control inflation. Why? Because people who don't have insurance still get health care, but they get it when it's too late, too expensive, and often and from most expensive place in all, the emergency room. The rest of us end up footing the bill through higher hospital bills and higher insurance premiums.

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.

3 options → go through why chose route we did -

There was a general consensus that the most efficient, most feasible option for achieving universal coverage was an employer mandate. This was the system that 90 percent of insured Americans

already used. It was the least disruptive, most conservative option available. And, once again, it was an option embraced by groups across the political spectrum: 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.

groups who had really studied this issue more than a.o. else + who were most directly affected by it

also - Nixon

Cost containment was an equally important part of the 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 are only a few ways to get costs under control.

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

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

? Alliances -- another idea borrowed from mainstream - not some wonky proposal.

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

Timetable
100 days report ~~spread~~ to be out
etc.

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, 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.

Early on, we should have done a better job of educating the press about the process. Early on, 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. And we wish, in retrospect, that we somehow could have overcome -- very early -- the huge obstacles presented by the legislative calendar.

Let me just digress for one moment to talk about the single biggest obstacle we faced then and still face now. Several studies have now 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

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✓Harold Ickes
Ira Magaziner
Lisa Caputo
Greg Lawler
Lorrie McHugh
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[002]

FROM: Lissa Muscatine

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campaign against health care reform continues to play on people's fears.

I point out the degree of misinformation because these advertising campaigns succeeded in distorting 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 a process for dealing with a health care problem that is not going to vanish on its own. And we are further along than we have ever been in our history in getting Congress to act on reform.

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 that launched us toward solving the most difficult social problem of our time, if not of this century.

Thank you very much.

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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

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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.

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 President Clinton felt he had no choice but to go forward with health care reform. The American people demanded it. The economy demanded it. And -- to use a football metaphor, since football season is now upon us -- he knew he could not punt on such a crucial 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 was his bottom line because, unless everybody is covered, we can't fully control inflation. Why? Because people who don't have insurance still get health care, but they get it when it's too late, too expensive, and often and from most expensive place in all, the emergency room. The rest of us end up footing the bill through higher hospital bills and higher insurance premiums.

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 was a general consensus that the most efficient, most feasible option for achieving universal coverage was an employer mandate. This was the system that 90 percent of insured Americans

already used. It was the least disruptive, most conservative option available. And, once again, it was an option embraced by groups across the political spectrum: 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.

Cost containment was an equally important part of the 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 are only a few ways to get costs under control.

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

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

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 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.

Early on, we should have done a better job of educating the press about the process. Early on, 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. And we wish, in retrospect, that we somehow could have overcome -- very early -- the huge obstacles presented by the legislative calendar.

Let me just digress for one moment to talk about the single biggest obstacle we faced then and still face now. Several studies have now 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 succeeded in distorting 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 a process for dealing with a health care problem that is not going to vanish on its own. And we are further along than we have ever been in our history in getting Congress to act on reform.

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 that launched us toward solving the most difficult social problem of our time, if not of this century.

Thank you very much.

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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 are addressing 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.

President Clinton continues to press for health care reform 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 those premiums are projected to grow at double-digit rates.

And there is little hope of further reducing the deficit when health care expenditures consume 14 percent of our national income, and 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 we 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 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 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 everyone is insured.

The reality is that people who don't have insurance can't pay but 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 are only three ways to achieve universal coverage, all of which have been debated by politicians, economists, and policy

experts for years. One 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 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 opposes it.

The third option -- the approach the President chose -- is to extend the system that 90 percent of insured Americans already use. The employer mandate is the least disruptive, most conservative option available. It was an option embraced by groups across the political spectrum: 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 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 are only a few ways to get costs under control.

One option 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 is way too bureaucratic.

Some advocates 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 that would reduce consumer choice, 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.

As someone who ran a successful small business, I can tell you that today, cost and complexity make it nearly impossible for small businesses to offer their employees a choice of plans. Alliances would have made this choice possible.

The idea for mandatory alliances came from the Jackson Hole group 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, 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 most Americans wanted then and still want now.

Yet while the bill's provisions reflected the conventional solution, 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. A bill to reform the health care system is never going to make for light beach reading. 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 Capitol Hill range 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 reformed 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, one must address dozens of specific issues such as long term care, mental health, malpractice, and insurance reform. So we brought together experts and practitioners in each of these areas -- both from Washington and from around the country.

We held daily meetings with members of Congress, and involved more than 120 Congressional staffers in the working groups. The First Lady also held 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 of 1993, 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, a number of times 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 package. 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 "close 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 plan. The New York Times went as far as to term the President's bill "alive on arrival."

As the President's plan generated excitement and support for reform, interest groups who benefited from the status quo mobilized their attacks.

Powerful special interests are 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.

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 mother's 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 the 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 this just wasn't true. 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.

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 alluded to a direct mail package sent to millions of Americans by the American Council for Health Reform. The story explained that this penalty referred to an anti-bribery provision in the Clinton proposal and, in fact, the President's bill explicitly stated that 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 rather 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, while opposed by powerful interest groups, are heavily favored by most Americans -- even though, as a Wall Street Journal headline noted, "Many Don't Realize It's the Clinton Plan They Like."

In spite of the barrage from special interests, 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 favor 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 bottom line was universal coverage but he knew his plan would be rewritten. In fact, two House committees and one Senate committee wrote their own bills, which were similar to the President's. This was 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 to solve the health care problem once and for all.

We have made extraordinary progress in the fight for the health security of the American people and the fight 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 interests 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 will not walk away from the fight to provide security for the American people.

Thank you.

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

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~~Bill~~ Pres Clinton continues to press 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~~ Those premiums are is little hope of further reducing the deficit when health care expenditures consume 14 percent of our national income. A decade from now, the figure will be closer to 20 percent. Month after month, year after year, health care costs

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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 everyone is insured.

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experts for years. One 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.

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The third option -- the approach the President chose -- is to extend the system that 90 percent of insured Americans already use. The employer mandate is the least disruptive, most conservative option available. It was an option embraced by groups across the political spectrum: 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.

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As someone who ran a successful small business, I can tell you that today, ~~that~~ cost and complexity make it nearly impossible for small businesses to offer their employees a choice of plans. Alliances would have made this choice ~~available to all employees~~. possible.

The idea for ~~these~~ mandatory 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.

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Yet while the bill's provisions reflected the ~~political center~~ conventional solutions, 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. A bill to reform the h.c. system is really going to make folks feel left behind. Our goal in writing the legislation was to offer the American people a

realistic description of how the proposed changes would work.

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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 in the working groups. During the 14 months between February of 1993 and this past April, the First Lady held 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 of 1993, 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, at a number of meetings 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 "close 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 plan. The New York Times went as far as to term the President's bill "alive on arrival."

~~Although~~ As the President's plan generated excitement and support, ~~opposing~~ for reform, interest groups who benefited from the status quo mobilized their attacks.

Powerful special interests are 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.

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 mother's 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

This just can't true.

he had received from some group asserting one or another of these points as fact.

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 alluded to a direct mail package sent to millions of Americans by the American Council for Health Reform. The story explained that this penalty referred to an anti-bribery provision in the Clinton proposal and, in fact, the President's bill explicitly stated that 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, while opposed by powerful interest groups, are heavily favored by most Americans -- even though, as a Wall Street Journal headline noted, "Many Don't Realize It's the Clinton Plan They Like."

In spite of the barrage from special interests, 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 bottom line was universal coverage but he knew his plan would be rewritten. In fact, two House and ~~two~~ Senate committees wrote their own bills, ~~where~~ were similar to the President's. ~~It~~ was 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 to solve the health care problem once and for all.

We have made extraordinary progress in the fight for the health security of the American people and the fight 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 will not walk away from the fight to provide security for the American people.

Thank you.

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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 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 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 restore our economy 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 reducing the deficit when health care expenditures consume 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 are 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 is 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 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.

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.

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.

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 hundred billion 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 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 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 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.

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 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 way too bureaucratic.

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

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.

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 ~~called~~ borrowed 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 ones favored by most Americans even though, as a Wall Street Journal headline noted, "Many Don't Realize It's the Clinton Plan They Like."

aggressive 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 bottom line was universal coverage but he knew his plan would be rewritten. In fact, two House and two Senate committees wrote their own bills. ~~Was that a failure on the part of the President? Not at all. It was part of the legislative process he envisioned all along.~~ which were similar to the Pres's. It was part of the legislative process the Pres 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 this

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President launched a process that led us to solve the health care problem once and for all.

So, while we still have further to go, we will get there. The business of health care reform is not yet over.

Thank you very much.

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progress for h-care.

Cong'l - 1st on agenda

As we're proved of Pass