



EDWARD M. KENNEDY ORAL HISTORY PROJECT

INTERVIEW WITH JAMES MONGAN

May 9, 2007
Washington, D.C.

Interviewer
Janet Heining

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TRANSCRIPT

INTERVIEW WITH JAMES MONGAN

May 9, 2007

Heininger: I want to go over three general areas today, but if we only get to two of them, I'll tell you which one we may not get to. What we're particularly interested in is your background working for Russell Long and the relationship between Kennedy and Russell Long and between Finance and the Health Subcommittee in the early '70s and the debate over national health care. And then the years that you spent in the [Jimmy] Carter administration working for Joe Califano writing the Carter health plan. And then the big picture, the broad brush overview of Kennedy through the years, which you're perfectly suited to describe, since your position in Boston and what you've been doing is unique. The first two I have to get, since you're the only person who can tell us about the relationship with Russell Long.

Let me briefly go over the ground rules again for what the interviews are. This is a six-year project. We're two years into it. Four more years, including very extensive interviews with Kennedy himself. We've done a lot of the biographical and family material so far and his campaigns. We're now moving into the issues. What we're working on now are the interviews on civil rights, and we're preparing for the interviews on health care. Big issues, big topics.

You will get a copy of the interview. At that point, review it. You can make any additions, any deletions. If you want to put any disclosure requirements on it, you're free to do so. At the end of the project, understand that no one else will see these interviews until the whole project is completed and everything is released together. There will be an archive of all of the materials we're collecting for this project, which is enormous, at the University of Virginia, in the Miller Center. There will also be another one in the Center for the Study of the Senate that Kennedy is setting up at UMass Boston. Kennedy will not see any of the interviews. He does not see anything that anybody says. It is very important to him and he has asked us to convey to everyone we interview, please be candid. The project loses much of its value if people are not candid about him. So feel free to say what you want.

Let's start. When did you first meet Senator Kennedy?

Mongan: I can't remember the date or the month, but I finished my internship in '68 and went in the Public Health Service. I went to the American Public Health Association meeting and heard him give the talk on health insurance. So that was the first time I saw him. First time I met him, I started with the Finance Committee in April of 1970. That's when I came to the Finance

Committee. So I would have met his staff. I don't know when I first met him, but I started working in those circles in April of '70.

Heininger: Why Long?

Mongan: That's an interesting story. The reason why Long is a woman who's right downstairs on the first floor here, Susanne Stoiber. I don't know if that name has come up before. We were both interns out in the Denver regional office. I was a young doctor assigned to work on Medicare, so I was about ready to go back to a residency. She and her husband had moved here, and she went to work for Max Fine, who ran the Committee for National Health Insurance. Max played poker with Jay Constantine, who was the staff guy on the Senate Finance Committee. You've heard that name.

The Finance Committee was looking for a young doctor who knew something about Medicare. One of the Senators was pushing a guy at Jay who Jay thought was an arrogant fellow. Susanne told Max that she knew this guy out in Denver, so Jay called and I flew back and interviewed with him. That's how I ended up on the Finance Committee. To just continue that a little—because when you mention Lee Goldman, I was really a liberal Democrat from San Francisco, and a big Kennedy fan, and all for the Kennedy bill and everything. So I said, "Gee, Susanne, I'm going to be a little like a duck out of water here on the Finance Committee."

As soon as Kennedy heard that Long had hired a doctor, he wanted to hire a doctor—two doctors, actually. So I was spirited over in my first month working for Long to interview with people to go work for Kennedy, which was a little bit of a risky thing to do. But that ended up not happening, so there I was with Long.

Heininger: That's very interesting, because that is the time in which there was a decision to add a doctor to the Health Subcommittee staff.

Mongan: That's right. I was the first doctor employed. Then Kennedy hired a couple quite quickly. Russell Long was not going to one up him.

Heininger: He hired Phil Caper at that point.

Mongan: I think Phil was the first one, yes.

Heininger: So you interviewed for the job. You went to work for Long. Not ideologically in sync with him. What was Long's stance on health care at that point?

Mongan: It was a funny time in the committee's life. Jay Constantine wielded an enormous amount of power that I don't think people have seen for a long time. People who were on the Finance Committee, particularly in 1970, were basically interested in tax and trade. Medicare was an afterthought. This was before all the money got into health care and the lobbyists. Basically they were pretty bored with Medicare. They didn't understand it that well. So Long and the committee gave Jay an enormous amount of free rein, if you will. Most of my understanding of where the committee was came through my early work with Jay. We would go

talk with Long on a regular basis, but certainly not daily or weekly—I would say, monthly base touches over the seven years.

Heininger: What was Jay’s philosophy?

Mongan: Jay was one of those Senate investigator types. He was really into antifraud and abuse, which frankly I always thought was not the central issue but it was critical to Jay’s worldview of things. Then Jay was also of the opinion, as was the Finance Committee, that Medicare costs were exploding and that this had to be brought under control. So most of the work the first two years was working on this legislation called H.R. 1, which was the first major set of amendments to Medicare. It was mostly all about cost control, limits on hospital costs, doctors’ charges, etc. It did have a big expansion of Medicare to cover the disabled. You could see that it was a foot on the gas and a foot on the brakes at the same time.

Relevant, I think, to what you’re most interested in, during that period of time, Kennedy had introduced his Health Security Act. So I would say that just about every member on the Finance Committee from right to left felt that in the next Congress, there’d be a major debate about health insurance. They had to finish this work first and then they would turn to a major debate on health insurance. Long’s earliest positioning, from the time I first got there, was interested in a counter to Kennedy’s bill. Long was for a much smaller catastrophic proposal.

One of the first meetings I remember with him, he was saying that he thought catastrophic was the right thing to do—“Help all these poor devils with high medical bills”—but he also clearly saw it as a way to spike Kennedy’s bill. At one of my earliest meetings with him, he took Kennedy’s speech and he said, “Look, he talks about ten different people in there, and I’ll bet we could design something that would be much smaller and much cheaper and cover seven or eight of them,” because Kennedy would use the examples of people who had horrible auto accidents or horrible cancer or something of that sort.

Long assigned me to go work with him and others on putting together his catastrophic bill. This was basically a bill that would cover people after \$2,000 in medical bills or 60 days of hospital costs—patterned after Medicare—which would have been much cheaper. If Kennedy’s bill at the time was \$60 billion, Long’s would have been three or something like that. The Left hated it, and Kennedy hated it because (a) he could see that it spiked some of his best cases, and (b) they felt that if you just focus on the high-cost expenses, it would do nothing for lots of people who couldn’t afford the cost under the deductible, and it wouldn’t allow you to control costs as well and those sorts of things. So that’s the long answer.

Heininger: This is very important.

Mongan: Long thought catastrophic was the thing to do. It was smaller, it would be less damaging to the economy, and it would spike Kennedy’s bill. One other piece to finish this question, because I remember this clearly. I’d been there just a couple months, and I was getting to know him just enough, and I felt, *Gee, I know a lot about this stuff*. So I remember talking with him once, and I was saying, “Senator, before you get all dead set against the Kennedy bill, there are some arguments you could make about how it could do a better job of controlling

overall costs if the government ran it,” etc. I remember his two rebuttals, which told me that that this was going to be a losing battle. So I went back to another approach I’ll describe in a moment.

He said, “Look, Jim, I hear what you’re saying. But right now, people pay for their health insurance through premiums they pay to Blue Cross or Aetna. If you pass Kennedy’s bill, it becomes a tax. They blame me for the tax. They don’t blame me for the premium.” So it was a primal antitax thing that was very deep in his mind. Then he also went on, “As far as controlling costs, look at the Post Office. The cost of stamps keeps going up, so I’m not sure I buy into that ‘Government will control costs.’” So that was Long’s mind, as I can read it, with what his real concerns about the Kennedy proposal were and why his choice was for catastrophic.

Heininger: But he wasn’t anti doing something about health care.

Mongan: No.

Heininger: He just thought the catastrophic was, from his perspective sitting on the Finance Committee, because taxes were his jurisdiction—

Mongan: They were such an issue, and to get the kind of tax increases you need for the Kennedy bill, he just didn’t want hung around his neck.

Heininger: Did he think they couldn’t have been gotten, or was it that there were political risks?

Mongan: I don’t think he wanted them himself, *and* I don’t think he thought he could get them. One other postscript to that story, though it didn’t actually come up till the next year, I had given up at that point trying to convince him that he ought to be for Kennedy’s bill. I wasn’t a fifth columnist exactly, but I was trying to raise all the issues for him. I did go back to him, actually, with Jay the next year. Working with Senator [Abraham] Ribicoff’s staff, he reintroduced his catastrophic bill as the Long-Ribicoff bill, which then had changed into a catastrophic-plus-federalized-Medicaid bill.

We then pointed out to Long that his bill was good for middle-class people who had insurance, but it didn’t really help very-low-income people. The Medicaid program was such a mess with so many very-low-income standards around the country that he’d have a better bill substantively, and he could defuse the opposition from the Left and Kennedy and others if he had a bill, and Ribicoff signed on to this too, the Long-Ribicoff bill, which was a combination of a catastrophic bill plus federalizing Medicaid across the country. It ended up being a quite expensive bill—not as expensive as Kennedy’s—but took it from, like, three to 18 or something like that. That’s the end of the story.

Heininger: No, it’s not.

Mongan: Oh, it’s not.

Heininger: No, part of this is the detail that we have to get into to understand. When scholars in the future want to know what happened here, this is exactly what they need to know. You said Jay basically delegated to you to go write Long's bill with some other people. Who else did you work with?

Mongan: The legislative counsel.

Heininger: So you just took it to legislative counsel?

Mongan: Doug Hester and people like that, yes.

Heininger: Did he give you any marching orders as to what should be included, or did you have a lot of—

Mongan: Oh no, Long and Jay then set out. He knew that he wanted the 60 days and the \$2,000. I don't know exactly where he got those numbers from, but he was modeling it. He worked a lot with Social Security—he got a lot of informal advice from Bob Ball and Irv Wolkstein. Even though this wasn't their favorite approach, advice along the line, "If this is what you want to do, Mr. Chairman, this is the best way to do it." He listened to them. So I would say that I wasn't given a blank piece of paper. There were maybe two pages of bullet points and things of that sort.

Heininger: If you look at the approach that Long was taking then and compare it to—let's skip ahead 20 years—what happened with the catastrophic health bill that was passed in 1988 and then repealed in 1989—

Mongan: Yes, that was interesting.

Heininger: How did Long's approach compare to what was done subsequently, which in fact was introduced by Kennedy?

Mongan: I don't know that I know that much of the detail of the '89 catastrophic, to tell you the truth. Strangely it looks a lot like when [John] Kerry put in that reinsurance thing last year. Reinsurance, in a way, is another name for catastrophic. It does bear some similarities to that.

Heininger: So there were legitimate jurisdiction reasons, tax reasons, and the negative ramifications of raising taxes that would be entailed that Long didn't want for this. How much of this was personal with Kennedy? What was his relationship with Kennedy?

Mongan: I didn't have that kind of relationship with Long that I would get that directly from him. I guess what I picked up from people around him, Kennedy had beat him in the whip's race a few years earlier. This was all before my time, but apparently that was at a time when Long was still drinking fairly heavily. By the time I got there in '70, he'd remarried to this lovely woman and gotten the drinking under control. So I never saw an alcohol issue. But apparently he was quite heavily into alcohol, and that made him vulnerable to the challenge from Kennedy. Kennedy beat him for the whip's job, and so a lot of people would say he carried a lot of

lingering resentment about that. I never saw it, to tell you the truth. Never saw it at all. I never heard any negative Kennedy stuff. I did hear, “This is our jurisdiction,” because there were some attempts to end run and find a way to do it in Labor and Welfare. He was fiercely protective of the jurisdiction. He believed he had a better approach that fit the country better than Kennedy’s approach.

Heininger: So you raise the issue of jurisdiction. Did you hear him railing at any point about the jurisdiction issues?

Mongan: I wouldn’t use the word “railing.” I did hear him concerned and planning against—I now forget the exact details, but when Kennedy would have hearings on health insurance, “That’s our bill. He shouldn’t be doing that. We’ll have these hearings to show that it’s ours and not his.” I remember that kind of tactical discussion.

Heininger: Would he go so far as to hold hearings in response to what Kennedy was doing at the same time?

Mongan: I’d be going beyond my recall if I could tell you what happened in June and what happened in August. But I could tell you that from the time I got there in ’70, most of our focus was on H.R. 1. Then the bill didn’t pass. So H.R. 1 picked up again in ’71, ’72. Most of the focus was on H.R. 1, with this health insurance hovering in the background. Then it moved into the period of time—I guess we’re up to ’73, ’74 now—where we had the Kennedy-[Wilbur] Mills Bill and that sort of stuff. That was after H.R. 1 passed. So this went on from ’70 through ’74, I would say, this ballet.

Heininger: Tell me what H.R. 1 did, because the issue of cost containment is one that permeates the whole health insurance debate.

Mongan: H.R. 1 was, as I say, the first major health and welfare legislation since Medicare. It ended up being an omnibus bill. It had all the welfare reform provisions in it. The health sections of it were focused on cost control—limits on physicians’ fees, hospital fees, links to health planning, the first version of HMO [Health Maintenance Organization] legislation.

Heininger: Oh, it did?

Mongan: The thing Jay was most involved in was the PSRO [Professional Standards Review Organization] provisions, peer review legislation. Then also, those were all the cost control things, and a host of others—payments to teaching physicians. It goes on and on.

Heininger: Capitation payments to medical schools, was that in Long’s jurisdiction?

Mongan: No, that was in Kennedy’s. No, it was the payment of teaching physicians under Medicare. It was one of these scandals that teaching physicians would be out of town but they’d still bill and that sort of thing. Then, on the expansion side, the bill contained coverage for the disabled. The interesting point to make about that is they were so concerned about cost, but they really wanted to cover the disabled, so they ended up covering the disabled, but with a two-year

waiting period. This cuts the costs way down, because half the disabled die within the first two years and don't even get covered. That's something that still sits there unchanged.

Then the other story—this is a five-minute digression, and it might fit better later—but then the kidney piece snuck onto that bill too. That was a little pre-skirmish to the health insurance thing that ended at the end of '72.

Heininger: Talk about that.

Mongan: The kidney legislation was one that I was most in the middle of. The National Kidney Foundation, saw that the disabled were covered but that this two-year waiting period was there and that their people would die in this two years if they couldn't afford dialysis, which was just developing.

So they came over, and Jay thought at first that we shouldn't do anything about it. I made the argument that, "These poor guys are going to die in the next two years, and we're all talking about having a broader health insurance bill, at least the chairman's catastrophic bill. So why don't we do this as an experiment and a demonstration?" We went to Long, and Long liked that logic. That sounded like a good deal to him. So the kidney provision was put in after the committee had reported out the bill. It was actually passed on the Senate floor, very much with the idea that it was going to be an opening foot in the door for health insurance, and for the catastrophic model.

It ended up being passed, because in conference—what goes around comes around—the Senate bill also had drugs coverage in it in '72. Jay and I had worked on a more restricted drugs bill—it was chronic drugs only for people with chronic diseases. When we went to conference, there was a huge fight over the drugs coverage. Ways and Means wouldn't take it. The next subject up was the kidney legislation. Long just said, "Look, you didn't give me drugs; you've got to give me kidneys," and it passed. [*laughs*] Kind of a logrolling thing. Everybody thought that was the first step towards national health insurance, and it ended up being the last step.

Heininger: Was this the first time that there had been limitations on physician and hospital payments?

Mongan: Yes, the original Medicare had what they called "usual and customary and prevailing" fees. The hospitals were paid cost. There were few limits on the cost side. The fee side, it was a pretty loose definition of how you could raise your fees. So it was essentially the first time.

Heininger: So this was the first one. Kennedy also was very concerned about costs escalating out of control at this point. Was there any discussion between him and Long about this?

Mongan: Yes. He tried to pitch, just as I had tried to pitch, that the way to deal with costs is budgeting, and that his bill would do like they do in Europe and other countries, you just put a budget in place. Long, whether he didn't want to or didn't accept that—I didn't know him well enough to parse his thinking that deeply—but he said, "I don't get it. Just to have a budget doesn't mean the budget isn't going to go up." He went back to the Post Office. He said, "Look

at the Post Office budget.” He actually had me get the numbers for ten years in a row about how much the Post Office appropriation went up. He said, “There’s no magic in this budget ceiling.” I think that he feared a little that it just meant a big food fight in the Congress every year of what the next health budget ought to be.

Heininger: He was right.

Mongan: Oh yes, he was right.

Heininger: Was there a sense that Kennedy recognized the same thing? Understand, their approaches were very different. But they were still raising issues that remain with us, shall we say.

Mongan: I wasn’t close enough to Kennedy. I had a sense that he was pretty bought into what was in the Health Security Act. “It ought to be publicly financed and damn the taxes” sort of thing, and, “It’s going to be better because people ultimately pay less than what they’re paying in their premiums, and those insurance companies won’t be ripping off their share.” I think he believed all of that at the time—and probably still does deep down—though he’s had to accommodate. On cost, I think he believed it was a problem. I think he felt that you really did have to have some kind of overall limits. In fact I could make a case today that maybe you do if you really want to control cost.

Heininger: You don’t have any recollection as to whether Kennedy supported or voted against H.R. 1?

Mongan: I’m almost sure he voted for it, but I don’t—you have to check that.

Heininger: It would make sense that he would have, but I should check.

Mongan: Ninety-nine percent sure.

Heininger: So you’ve got a, perhaps, tense relationship with some baggage on it between Long and Kennedy. What was the staff-to-staff relationship?

Mongan: I don’t know how much you heard about Jay. He was a very irascible, irreverent guy to work with. He was always very nice to me, and he and I got along very well. He was extremely attentive and always treated me as a colleague. But to the outside world, he was just difficult. He was more zealously protective of the Finance Committee jurisdiction, so he was pretty much unilaterally down on Kennedy’s people. He always liked Carey Parker. He respected Carey. He had little respect for Lee Goldman, and Caper he just couldn’t tolerate at all. He thought he was an arrogant young doctor. He liked Stan Jones. Everybody liked Stan. He could deal with him. But basically there were few—I was the staff emissary. Stan and I would talk to each other, and other than that, there wasn’t much communication.

Heininger: What kind of communication was it? Just informational?

Mongan: Mostly, yes, just transmitting information.

Heininger: Do you remember what Long's response was to the Kennedy-Mills bill?

Mongan: Yes, now we get to that period of time. Of course, to discuss that time, the biggest change that kicked off the "second round," after H.R. 1 and the disabled, was when [Richard] Nixon jumped in with his proposal. Kennedy was still on health security; Long was on catastrophic; Nixon jumped in in the middle, as I would describe it, with his employer mandate—actually a bill that would have been a very good bill now. But we all missed that opportunity. [*laughs*] So he came in with that bill, and that's what changed the landscape and got Kennedy to feel that he should do something that was more toward the middle. Of course by then, Mills wanted to run for President, so he wanted to do something with Kennedy. They got together and put together this Kennedy-Mills bill.

As you interview many people, this is one interesting difference in perspectives between Jay and me on the outside and Bill Fullerton, Stan, and Stu Altman. In their mind, they were very close—Stu talks about the meetings in the church basements and stuff—they were very close to putting Kennedy-Mills together with the Nixon bill and passing something. Then the great moment passed because of Watergate and Mills falling in the Tidal Basin. From our perspective sitting over in the Senate, it didn't make any difference, because even if they did put it together, from the Finance Committee's point of view, it wasn't going to happen. The most they were ever going to get was Long-Ribicoff, if they got anything. So a little bit from our perspective that looks a little different from the eyes of those people than it does from the eyes of the people over on the Senate side.

Heininger: If it had been passed out of Ways and Means, which it wasn't, would Long have blocked it?

Mongan: Long would have had hearings on it. But I think Long felt quite confident that he had the votes in his committee to pass his and Ribicoff's bill as opposed to what would have come over from the House.

Heininger: Did he ever mark it up and vote that bill out?

Mongan: No.

Heininger: He didn't. He simply held it there.

Mongan: Yes. Oh, his bill, you mean?

Heininger: His bill.

Mongan: Yes. No, his bill he held there watching, yes.

Heininger: So his bill was basically a placeholder.

Mongan: It was a placeholder. That's right. I wouldn't describe it as just a blocker.

Heininger: No, I understand. There's a difference.

Mongan: But a placeholder is a good word. When the time was right to do it, that's what he wanted to trot out to do.

Heininger: Was there an assessment on the Finance Committee about whether it would get out of Ways and Means?

Mongan: My memory fails here a little bit on the period between the hearings at Ways and Means, and when it collapsed, and how that relates to Watergate and Mills's—I don't know. Some historian will have to do that timeline for me.

Heininger: Yes, we've got a timeline on it. It is all roughly at the same time. A lot of it is negotiations that took place. Nixon has a new health plan in February '74, a comprehensive health insurance act. Kennedy-Mills is April. Yes, those negotiations between Stan Jones and Stuart Altman to try to find some middle ground basically take place that spring and into June and July. By August, Nixon's gone. So it's really bound up.

Mongan: When did the Tidal Basin happen with Mills?

Heininger: I think it was September. It was after Watergate.

Mongan: Okay, so June and August, September.

Heininger: Everything very much came at once. So Long was confident that he had his placeholder and that he had the votes that he could vote it out. All right. So that all falls apart.

Mongan: Yes.

Heininger: Then we get to the [Gerald] Ford administration and Carter's election, which brings this to the second task. How did you come to work for the administration?

Mongan: Oh, there's a fun little story too. I came to work for the administration because I'd been in the Senate for seven years, and I really loved it, but by that time the action was going to move to the administration. It was time for me to move on. Jay was supportive of that, as were Long and others. So Califano and Hale Champion were putting their team together, and right away the politics were interesting.

Califano and Champion clearly wanted to be more on the Kennedy side than on the Long side. It's not clear that that's where Carter was. In fact, later on, it's clear he wasn't. But Califano wanted to be. So he hired Karen Davis, who was noted as being a liberal, for the Assistant Secretary for Planning job. But then they wanted a point person—with Karen being the economist and theoretician—they wanted a more political person to work with her, to put the bill

together. They originally tried to get Fullerton, as I recall, and Stan Jones. Both of them, for a variety of reasons, turned it down.

My name was next on the list. On the one level, I was the obvious other person to ask. On the other level, they were really nervous about Jay, in particular, and Long. Did they want somebody from the Finance Committee and Jay to be down there? I think lots of people said, “No, he can be trusted. He’s a good, neutral guy. He’ll do a good job for you.” The one piece of paper I found in my files about ten years ago, moving to Boston—I don’t think I could still put my hand on it—was when Califano was asking people what the reaction on the Hill to my appointment would be. Dick Warden, who was then general counsel, sent a memo to him saying, “I checked on the Hill, and EMK [Edward Moore Kennedy] would be furious if you appointed Mongan.” [laughs] I didn’t see that till years later actually.

There were some politics involved, but ultimately Califano and Champion, I think they’d run out of other people to talk to or had heard enough things that I wouldn’t be that dangerous, went ahead and hired me. So that made Karen and me the team, along with Susanne Stoiber—who was back on the scene by that time working for Karen and me—the three people who were putting the Carter health plan together. That begins a whole other chapter.

Heininger: So did Karen Davis take Stuart Altman’s job?

Mongan: Karen Davis took Stuart Altman’s job.

Heininger: What was the job that was created for you?

Mongan: If you love bureaucracy, she was the Assistant Secretary for Planning/Health. I was the Assistant Secretary for Health/Planning.

Heininger: That had predated. That was there in the Nixon administration too.

Mongan: I also had a title of Special Assistant to the Secretary for National Health Insurance. Joe wanted that. He wanted it clear that this was being done out of his office and not just out of the Assistant Secretary’s office. So I had the combined title.

Heininger: He wanted it clear that it was made out of his office, not just Karen Davis.

Mongan: Not just Henry Aaron and Julie [Julius] Richmond, who were the two Assistant Secretaries, and Karen and me. That was fine, but he also wanted me to have the label of Special Assistant to the Secretary.

Heininger: Let’s talk about Califano. He had a personal stake. Was this for bureaucratic reasons within the administration, or was this for bureaucratic reasons within HEW [Health, Education, and Welfare]?

Mongan: I think all of the above.

Heininger: What were his views on health insurance?

Mongan: He's a very smart guy, probably the smartest guy—well, he's a very smart guy. To my mind, he made one huge mistake.

So what were his views? He had been very involved in domestic policy, of course—[Lyndon] Johnson and all that—so he knew a lot about this. He was, however, much more comfortable with the welfare and income security debate than he was with the health debate. The health stuff was a little scarier to him, for substantive reasons, I think. Plus he was a smart guy, and he could see a gathering train wreck between Kennedy and Carter. So I think for both those reasons—because he was personally more comfortable with the welfare stuff and because he saw the gathering train wreck, he decided early on—with Carter, I mean—they decided that welfare should go before health. I think that was probably as much Califano as Carter. That was one decision. Health really was on the back burner for the first two years. Karen and I were doing a lot of work, but it was a little bit of a slow walk.

The other thing that fit in with this strategy—and this was both Carter and Califano, I think, saying, “In addition to welfare going first, we can't move on health insurance till we do something about costs.” That was the whole Carter cost containment thing.

Heininger: Was this Carter or was it Califano?

Mongan: Both Carter and Califano felt that, I think. What that meant was that for the first two years of the administration, health insurance was a matter of, “Give it to Karen and Jim to work on behind the scenes. What we're really focused on is cost containment and welfare reform.” In retrospect, going with cost containment first was a mistake, because it's like making people eat the spinach before they get the dessert. It doesn't work very well. So when both of those didn't do too well—and by this point, Carter's popularity was deteriorating—that's when we really get into publicly trying to push the Carter health plan.

Heininger: Let's talk first about cost containment. When you were on the Finance Committee with H.R. 1, you get the first real cost-containment measures that go into effect. What effect did they have on health costs?

Mongan: Not much.

Heininger: Why?

Mongan: Because we're basically a pretty antitax and antiregulatory culture. I think that the regulations that you could get the votes to pass had enough loopholes and abilities to evade them that they were not too effective. The limits on hospital costs weren't, “This is all you're going to get paid.” It was, “Your costs can only go—” I'd have to go back and read the whole thing, but they were quite elaborate provisions and conditions and exceptions. So though they looked tough to pass at the time, they really didn't have that much teeth in them.

Heininger: Was it clear by the time Carter comes in that these weren't working?

Mongan: I think so. No, I think it's fair to say that something had to be done about costs. Whether you did it as part of an overall package or separately was a decision where, in hindsight, I think they made a mistake.

Heininger: What was Carter's first approach in terms of cost containment for health?

Mongan: Karen—have you interviewed Karen? Are you going to interview her?

Heininger: No, not yet.

Mongan: She was much more involved in the cost containment stuff than I was. I was sequestered over to the side to focus on the work on health insurance—because we were having a bunch of public hearings on health insurance and other work behind the radar screen. The cost containment concept was basically a freeze. It was much more complicated than that, but it essentially put lids on hospital costs, going back a little bit to Nixon's wage-and-price stuff.

Heininger: Do you recall what Kennedy's response was to that?

Mongan: Kennedy, as I recall, was very supportive of cost control. Again, you can check this with Karen, but my recollection was that they were allied on that issue. It'd be interesting to talk to his—you've already talked to his people—whether he was supporting it. I can't attest to that, but he certainly would have been for cost containment. Whether he thought this was a stupid procedural way to get it or not, I couldn't attest to.

Heininger: Did those cost measures work?

Mongan: They didn't get passed.

Heininger: The measures that Carter wants to take on cost containment don't get passed.

Mongan: It's a cap, but it doesn't get passed. It loses by one vote in the Commerce Committee. Dick Gephardt killed it, actually. He was a young, rising pol from Missouri, and at the for-profit hospital convention he said, "We will never pass limits like this in America" [*laughs*]*—*a little red meat for the crowds. He's since publicly regretted his vote.

Heininger: I assume so.

Mongan: Anyway, cost containment dies.

Heininger: At that point, with cost containment dying, is this about two years into the process?

Mongan: Two years in, yes.

Heininger: Then do Carter and Califano decide it's time to tackle health care?

Mongan: Time to unveil the health bill. I'd have to go back and check the timeline. The first commitment by Carter—and this started some of this skirmishing that went on from '77 throughout this time, even in this quiet period—there was going to be a date by which he was going to introduce a plan. Then it was no, we'd introduce principles by that date. So the first big date—and I think that somewhere actually in that first two years was the release of principles. Califano was always extremely nervous about Kennedy's reaction. There was a big press conference to unveil the principles.

There'd been much politicking. Kennedy and the AFL [American Federation of Labor], as I recall, stayed on the boat at the principles. They were disappointed that it was taking so long and they were only principles, and they didn't like the wording of some of the principles. But they didn't fall off the boat, as I recall, at the principles point. Then we went to unveil the bill. That's where things really got sticky. Should I tell that story in a nutshell?

Heininger: Yes.

Mongan: So Carter came in and wanted a health insurance bill. I remember the first big briefing we had for him over at the White House. We showed him the range of proposals, from Long's little, tiny proposal to Kennedy's big proposal. I naively had hoped that he'd give us overall policy guidance. First off, it was not Carter at his best. He had a reputation for micromanaging—he spent half the time asking how usual, customary, and prevailing reimbursement works, because he was on a hospital board in Georgia and never understood it. I wanted to leap over and grab him and say, "You're the President. That's not what you are paid for."

We didn't get a crisp answer out of that big briefing. Carter was an interesting guy. He really did see himself, like in the Camp David negotiations, as somebody who could bring people together, and that part of the way he'd bring them together was through tediously leading them through the detail. I remember going to the Carter Library for an exhibit of the Camp David peace accords. There are about 11 yellow legal sheets with his crimped handwriting. You can see that he was way into the detail of this accord. I remember this because [Ronald] Reagan was President at the time with his index cards. You thought there had to be a happy medium in there someplace between these two.

From the outset, he looked at this as an engineering and mediator's challenge, that there must be a way to bring these two sides together. He essentially told Califano and Karen and me to come back and to give him something. The thing we built the attempt to compromise around was phasing. We should have a first-phase bill that would grow over time to a fully phased-in bill. That's what Karen and I were instructed to do. Frankly, I think we did a pretty damn good job of it.

The first phase ended up looking a lot like Long-Ribicoff. It did some catastrophic; it did some kids; it did some federalizing of Medicaid. Then it got more generous. I still remember the chart Karen had. I still have it in my office actually—of phase one through phase five. By phase five, it looks very much like the Kennedy-Mills plan. So as that began to develop, the Kennedy and Labor people went pretty crazy about, they didn't want anything phased in. There were months of argument about phasing.

Then, and Califano was sweating throughout this whole period, they finally acceded, uncomfortably and unhappily, to the phasing. Then it got into a discussion about triggering, “Would the phases be automatic or would the phases be triggered in?” Of course Carter certainly didn’t want them to be automatic because that meant he was for Kennedy-Mills in year four. He wanted it to be a bit more open than that. Then the question was, “What would the triggers be? Would they be triggers internal to the health world, like health inflation, or would they be general economic triggers, like unemployment and wages?” In other words, what would be the thing that would determine when you’d go from step to step? There were extremely arcane and Jesuitical discussions for about a month or so. That’s when it finally broke down and Kennedy announced that he was not supporting Carter and they went off in different directions.

Heininger: Let’s go back to phasing. What Carter endorsed, in terms of the plan that he presented, had phases that actually started from, in essence, the kind of things that you’d presented in that first meeting: “Here’s where it is from one side of the spectrum to the other,” and that, “If we phase it in, we can start with one side of the spectrum and we can end up there.”

Mongan: Toward the other, yes.

Heininger: Carter was willing to go with that?

Mongan: This is the part that people misread about Carter. They called him wishy-washy. But I saw him as trying to bridge divides. Here’s the way he did it, because I remember vividly one day when we talked to a labor group in the morning and a business group in the afternoon. I went with him to the labor group, and he said, “I am for universal, comprehensive, national health insurance”—applause. Then he said, “But of course we should very carefully phase it in to protect the economy, the vital engine that drives jobs and growth and success and everything.” So the declarative statement was, “I’m for universal, comprehensive, national health insurance, but we must carefully phase it in to protect the economy.” Then he went to speak to business in the afternoon, and it was, “Nothing is more important to America than a healthy economy that drives jobs and success for all America, but I am supportive of a carefully phased-in, universal, comprehensive, national health bill.” He thought he was saying the same thing—and he was—but they left very different impressions.

Heininger: Did you have a sense that he really was for universal, comprehensive, national health care?

Mongan: I think he was for both of those things.

Heininger: Was it his concern about the escalating costs that was holding him back, or was it Kennedy, or was it other issues taking place in the administration that diverted his attention?

Mongan: I think, substantively, it was mostly the impact on the economy. Remember, this was the time of inflation going nuts, and stagflation, inflation, unemployment at the same time. So the economists were just going through hoops about how much inflationary impact and how much unemployment there would be, because there were employer mandates in the Kennedy-

Mills bill and that sort of stuff. So most of his thought about triggers, I think, was about would the economy be able to absorb this? He was for it, but he didn't want to wreck the economy. If you carefully checked at each step of the way if the economy could absorb it, then that would be the perfect, ideal, thinking-man's way to get where you have to get. Of course, from Kennedy's point of view, this was six or seven different opportunities to kill things. He wasn't dumb either.

Heininger: For Kennedy, the triggers just meant they'd have to fight the fight every time.

Mongan: Absolutely. In retrospect, both were right, as I said. *[laughs]*

Heininger: Do you think that Carter's plan would have looked different if they had not decided to go for welfare first? Did you see a shift, or were you getting a sense of a shift in approach throughout the time he was there?

Mongan: No. In that quiet period when we were working on this, no. Pretty much from the outset, it was clear that he would not pick a full Kennedy-type thing, but I think he also felt that the Long thing was not an adequate enough response to this national issue.

Heininger: What sense did you pick up about what the Kennedy-Carter relationship was, particularly over health care?

Mongan: I sure wasn't in the room, but you certainly picked up a sense that it was frosty from hearing everything—very frosty. It hurt Califano's relationship with Carter. I think a large part of the reason why Carter let Califano go was that in Carter's mind, Carter wasn't sure whose side Joe was on, if you will.

Heininger: Did you have a sense as to whose side Califano was on?

Mongan: I thought Califano was clearly on Carter's side, but Califano was trying to do it in a way that would try to minimize the attack from Kennedy, which was working for Carter too.

Heininger: Was Carter unreasonably suspicious of Califano's loyalty, or unwarrantedly suspicious of Califano's loyalty, or did they have other disputes?

Mongan: There must have been other things. I think Califano would like to have been in a position where he could find something that would appeal to both of them substantively. Plus I'm sure that he wanted both Carter and Kennedy to be his friends going forward. I don't think he wanted to cut the ropes with either side. I think some of the people around Carter probably read that as somebody who's just not fully focused on the boss and his concerns instead of being focused on the concerns of all the players.

Heininger: Did you have a sense as to who in the White House was dealing with health care issues? Was there anybody coordinating it within the White House?

Mongan: Yes, the domestic policy staff—[Stuart] Eizenstat and Bert [Bertram] Carp in particular. That was another source of friction. One point we've left out of this a little bit, Hale

Champion was really coordinating at the department for Joe. Joe was in on both substance and the process. But Hale was the guy day to day. Joe would delegate it to Hale. I, in turn, was meeting with Hale on a daily basis and with Joe on a weekly basis.

Heininger: What was Champion's position?

Mongan: Under Secretary.

Heininger: He was Under Secretary, so it had been delegated to him, which Secretaries obviously have to do, and then you were the one who was doing the legwork in terms of drawing up all the substantive stuff.

Mongan: Yes.

Heininger: Then within the White House, it went to the Domestic Policy Council?

Mongan: Yes, and the OMB [Office of Management and Budget] guys, Joe and Hale—Hale more so than Joe—chafed enormously at “the White House guys always trying to stick their nose in.” Eizenstat was above the fray. Everybody liked Stuart. But Bert Carp, Hale thought, was the bad guy at the White House. Then the guy at OMB at the time, I think it might have been Gil Omenn. Hale had no use for any of the OMB and White House guys who were—

Heininger: Eizenstat headed the Domestic Policy Council, right?

Mongan: Yes.

Heininger: What was Carp's position?

Mongan: Carp was his deputy. Carp had been on the [Walter] Mondale staff.

Heininger: He'd been a Mondale person.

Mongan: Yes. I went over with Eizenstat and Carp after Califano. They fired him and hired me. *[laughs]*

Heininger: Tell me about that piece. Did you leave when Califano left?

Mongan: I left a couple of months after Califano left. I was there when he left and Pat Harris came in. I left a couple of months after, when Joe Onek left. Bert and Stuart hired me.

Heininger: What'd you do there?

Mongan: Essentially I coordinated the health and welfare stuff.

Heininger: Had they had somebody before that coordinating it?

Mongan: Joe Onek.

Heininger: Joe Onek was actually doing it, okay.

Mongan: Onek, I probably should add—Carp got more of the abuse than Onek, but to Hale’s mind, Onek and Carp and Omenn were all the—

Heininger: So it ran from Eizenstat, who people liked, to Carp, who people didn’t like, to Onek. What was the relationship with Onek? Where was he on this?

Mongan: That would come and go. Onek was working well with me and Karen. Joe’s a very smart guy. He’s still a player around town.

Heininger: He’s with [Nancy] Pelosi now, isn’t he?

Mongan: I think, in some capacity now, yes—counsel or something like that.

Heininger: Yes, I think he’s counsel.

Mongan: I think he escaped—I would say that there were more epithets about Bert than there were about Joe. Joe was a little more in the Stan Jones, me, you-can-talk-to-them category, as opposed to the—Bert was more of the, “What’s going on with this?” sort of thing.

Heininger: How did your role change when you moved on to the Domestic Policy Council?

Mongan: Basically what happened is after we unveiled the health bill and Carter and Kennedy split, by the time I went over to Domestic Policy basically the air had gone out of the balloon. But I didn’t want to give up, and we didn’t want to give up. At that point, we made a last-ditch effort that didn’t get any attention but actually came very close to doing something in the last Carter year.

Essentially, working with Stuart and Pat Harris—I don’t want to make it sound like I’m the engineer of this, because I was just riding the train—but we essentially went back to Finance and Long and said, “Look, why don’t we just pass phase one?” Of course phase one looked like the Long-Ribicoff bill. So he was good to go. [Robert] Dole was good to go. Dole and Sheila Burke, they were both interested in health care, and Sheila had worked for Jay and me for a period of time.

Heininger: Sheila had also worked for Jay? Yes, she would have.

Mongan: Yes, she worked a couple of years. Jay got her the job with Dole actually, even though she was a Kennedy Democrat when she came to work with us. *[laughs]*

Heininger: At the beginning.

Mongan: Strange world, yes. Then we actually, as I recall, had a hearing at the Finance Committee. The guy who killed it was [Daniel Patrick] Moynihan. He said that he just thought that there was enough issue still going on with welfare and that we should wait and be a little more deliberate. So, strangely, a liberal Democrat killed it.

Heininger: Going back, were there any political reasons why Carter wanted to make another run at this?

Mongan: Oh yes, there were both substantive and political reasons. He wanted to be reelected, and I think he wanted to have something to show. By that time, he was engaged in a primary fight with Kennedy. I think he wanted to show that he could pass something, and I'm sure there were political motivations. But I give him credit for substantive motivation also. He wanted to do something.

Heininger: Do you have a sense from discussions that you had—and this might have resonated more with domestic policy staff—about how Kennedy factored into the discussions over the politics on this? Were things done with Kennedy in mind?

Mongan: I guess my answer to that—and memory does get vaguer—by the time he was running, I think it was just baked into everything. By that time, Kennedy was the opponent. So before you got to the general election, you had to get past these primaries. You had to make your case about why you were right and Kennedy was wrong. Nothing dramatically changed, because that had been incrementally building up over the time. So I don't remember something where the gloves really came off when the gloves were on before or something like that. I just remember it being a steady erosion of the relationship, which—obviously gloves come off when he announces he's running against Carter, but—

Heininger: In the discussions leading up to that point, actually from the time he comes in, do you have a sense as to how much Kennedy was a factor in discussions that took place about what Carter should be doing on health care? Were there other people on the Hill who were also factored into this?

Mongan: Oh yes. I think the balance was always between what Kennedy—and “Kennedy” stood for Kennedy plus Labor, plus liberal Democrats, plus the chairmen of those committees—would think versus what Long/the Finance Committee/the business community/the insurers would think. You were always trying to find something that would balance between those two sets of interests if you were trying to pass something. On the other hand, you could have said, “Hell, we're just going for the Kennedy bill, and we're not going to worry about the balance,” or “We're just going for the much smaller thing, and we're not going to worry about balance.” But Carter was trying to find, I guess you'd call it a sweet spot. Turned out to be a sour spot, I guess, in the middle.

Heininger: Do you think the outcome might have been different if he had placed health before welfare?

Mongan: I think it might have—before welfare and cost containment. I think he had more going for him early in the first term. I guess the big question there is if the train wreck with Kennedy was inevitable, would that have meant that just would have happened two years earlier and happened in '78 instead of—

Heininger: Seventy-seven or '78.

Mongan: Seventy-nine—or yes, would that have happened a year and a half earlier? What would be the consequences of that?

Heininger: In retrospect, you can look back at it as a train wreck in the making. Was it viewed at the time that that was what the relationship was?

Mongan: I think, as I indicated, I think Joe could sniff it all along. I think that's one of the reasons it made him nervous and want to go with welfare first. I think he could sniff that this was a train wreck in the making. I guess I knew there was a potential for a train wreck. Karen and I were working really hard to design our way through one, but I think we all recognized that the potential was there.

Heininger: For substantive reasons or for political reasons?

Mongan: In our mind and level, because that's the part of the world we were looking at, it was mostly for substantive reasons. People had strong feelings on both sides, and they were hard to bridge.

Heininger: What about at Califano's level? Where did the politics of this relationship factor in?

Mongan: I think Califano was very astute. Since you're using the term "politics," there's straight personality, there's political calculations, and there's substance. I didn't see any of the straight personality. I'm not denying it was there. I just didn't see it—politics in the sense of, "Where's Labor? Where's business? Where are the insurers?" That sort of stuff was in the middle of everything, because it's so inextricably linked to the substance. Kennedy becomes an easy surrogate for labor, liberals.

Heininger: Where was the Committee for National Health Insurance at this time? It was still in existence, but did the White House have any relationship with it?

Mongan: I don't recall it being a major force by this point.

Heininger: If you go back to your years with Long in the Finance Committee, how would you have assessed it then?

Mongan: Active. In those early years, Max Fine and Mel Glasser from the Auto Workers, Dick Warden, were very tight with Kennedy. I had a sense—Susanne could maybe tell you more about that, though I don't know how long she stayed with him—that that began to weaken at the time of the Kennedy-Mills thing. I think they were basically not supportive of that. By that point,

I think that Kennedy's staff had assumed much more of the throw weight than the Committee for National Health Insurance.

Heininger: So it was much less of an issue or much less of a factor that Carter—

Mongan: Yes, Labor was still—[Leonard] Woodcock was in with Califano a lot. So at the very upper echelons, they were big players.

Heininger: What was Carter's relationship with the stakeholders at this point—with the AMA [American Medical Association], the AHA [American Hospital Association], HIAA [Health Insurance Association of America], the docs, the hospitals, the insurance industry?

Mongan: Those bridges were pretty well burnt during the cost containment thing, because the AHA and the AMA, it was holy war for them.

Heininger: Do you have a sense that he came in with better relationships, or were they skeptical of him from the beginning?

Mongan: Carter came as an outsider, wasn't that well known. So I would say that it started neutral. But boy, it didn't take long before cost containment was in the middle of everything. By that point, the AHA and the AMA were off to the races.

Heininger: Did you feel it at your level?

Mongan: I didn't, because I knew all the lobbyists from the preceding seven years. Again, I was sequestered. I wasn't working on the cost containment. They'd come bitch to me, and I had to listen and say, "I don't know about—go talk to the folks—"

Heininger: Did you have to have discussions with them as you were developing ideas and principles?

Mongan: Yes. Again, they were not dumb. They were publicly having the fight. They would come to our hearings and meetings and talk about the way they'd like to see things. They didn't cut communications with the administration at all.

Heininger: They kept their marbles in the arena.

Mongan: Yes.

Heininger: So were there actual negotiations between Carter and Kennedy, or between staff and staff?

Mongan: At every level. Staff and staff, we talked trying to—"What kind of trigger?" and that sort of stuff. Califano and Kennedy talked, and Kennedy and Carter talked on a number of occasions that I recall. In Carter's book, he has a couple of pages about the breakdown.

Heininger: Who were you dealing with at the staff level?

Mongan: Who was there at the time? I think Stan was still there. No?

Heininger: He left about then too.

Mongan: Did he?

Heininger: Yes, so had Lee.

Mongan: Seventy-seven through '79. Caper had left.

Heininger: All three of them left.

Mongan: Stuart [Shapiro]—the guy who went on to be health commissioner in Philadelphia.

Heininger: Did you deal with Larry Horowitz at all?

Mongan: Larry was there, but Larry was an interesting character himself. Larry had Stuart and somebody else working for him. Larry had a way of seeing himself as a principal and not a staffer, if you will. He was more interested in trying to squeeze himself into meetings with Califano and Carter and not deigning to go to meetings with—

Heininger: Was he difficult to deal with?

Mongan: I would say that he might have been at a level of difficulty the equivalent of Jay, only for a different way—more arrogance than difficult. [*laughs*] I'm giving you lots of detail here. Got to be helpful. But yes, he was.

Heininger: So there were constant negotiations back and forth over what Kennedy might accept and not accept. Those relationships were relatively cordial at the staff level?

Mongan: Yes.

Heininger: Or difficult? Difficult with Larry but—

Mongan: It depends on—difficult with Larry, but we were having ongoing discussions. Yes, what should be in which phase, and these were all—their position was, they didn't want any phases, so it would have to be one of these, "If we're going to do phases—" and then, "If you're going to have triggers, what should the triggers look like?"

Heininger: What effect did you see, if any, by the passage of the 1978 Proposition 13 in California?

Mongan: When I give my talk now on health insurance—if you're interested, I'll send you a copy—

Heininger: Yes, I would like it.

Mongan: Actually I went to give one last week. It's my history of the 30 years.

Heininger: Yes, please.

Mongan: I think it's huge. To me this whole health insurance issue has really been a tax issue and a financing issue. Basically the reason we haven't passed a bill in 30 years is because the antitax movement has been the strongest movement in American politics, and you can't do this without taxes. I think what ended this after Kennedy-Mills died and Ford came in—by then everybody was really starting to get uptight about the economy and inflation and taxes and Proposition 13. That made it much more uphill for Carter. Then, of course, Reagan and [George H.W.] Bush just wouldn't go anywhere near it. Then when [William] Clinton picked it up again, he couldn't beat that, the taxes and employer mandates.

Heininger: I think I know what your answer would be, but if you had to say, why would this second moment of opportunity—you have a Democratic Congress; you have a Democratic President—why did this second moment of opportunity fail?

Mongan: It failed because you had a totally split Democratic Party, with Carter and Kennedy having irreconcilable differences. I must say, even if they had buried those differences, I'm not sure still, given the financing issues, that it could have passed. You wouldn't have passed something without triggers that were protective of the economy and maybe even some tax language having to get funding as you go along or something of that sort.

Heininger: Was it because the economy had changed so drastically from the early '70s—or the mentality?

Mongan: I think, at that particular time, the economy—remember, oil shock and when Carter was running for reelection inflation was 17 percent. My mortgage in Kansas City was at 18. It was a horrendous time.

Heininger: My first home was at 14 percent.

Mongan: Yes, horrendous time. The economy was bad, But I do think the political shift was this strong antitax shift, which I think was the more long-term trend and coincided with the economy thing to make it particularly difficult in '79, '80.

Heininger: More so than, you think, the political problems between Carter and Kennedy? Was it the environment, or was it the two of them?

Mongan: One reason it didn't pass was because you had a split Democratic Party. If they had buried the hatchet and gotten together, could they have passed something? Even there I'm saying I don't think it's a slam-dunk case. Sixty-forty maybe they could have passed something that they would have stayed in agreement on.

Heininger: If you look from beginning to end of Carter's time period, where things had changed so drastically during his tenure, if they buried their differences at the beginning, do you think they would have had a chance of getting it through, or was the deck still stacked?

Mongan: A chance, but I don't think it was a slam-dunk. No, I think they would have had a chance. I don't think the die was cast.

Heininger: Part three. We have time. Let's go back to you and the fact that you've watched this for so many years. You also are in Boston, and this is Kennedy's home ground. How would you assess Kennedy's approach to health care over the years? Has it changed?

Mongan: I think it has. First off, I've got tremendous respect. He has been the absolute energetic, unflagging advocate of health issues over, what now, a damn near 40-year-long period. So as far as I'm concerned, he's a hero in this area. I say that as somebody who was on the other side of the Democratic Party for much of that period of time. I reconnected with him when I got appointed to Mass General. He actually called me out in Kansas City. I don't know that I'd ever had a one-on-one conversation with him. It was a very nice thing for him to do then, but he said, "Welcome to Boston. I'm so happy you're coming. Look forward to working with you." I joked a little bit about how it'd be good to be on the same side, and he laughed. What I learned in my first year at the General is he and his family have gotten a lot of care at the General, and he really is a strong supporter of the hospital in terms of Boston things. He'll come to groundbreakings and things like that.

Of course he's been a dogged supporter of the teaching-hospital legislation through the years. His energy—and I said jokingly one time that I've been at this for not quite as long as he has, but I almost can't suit up for the next battle, and yet there he is. "By God, they're trying to get the teaching hospitals. Call everybody in Texas. Call your friends in Illinois." I just respect the extent to which he hangs with it. He could have gone on to other issues or blessed retirement, but he just really stays focused on it. So I've got enormous respect for him, and I've seen now his career from both sides, if you will.

Two other points that I'd make—one historical and then one present. When you say, "Would he look at things differently?" both of us have—I don't know quite what he'd say publicly. I know what he said to me is that he, in retrospect, thinks we missed some opportunities where we should have compromised. We should have taken the Nixon bill and run with it. Clinton probably should have put in the Nixon bill and run with it. So I think to that extent he's—I don't want to use the word "matured" because that sounds like he was not mature to begin with—but he's progressed in his view of this thing.

In an interesting way, there was a little bright spot in this, I think for both of us—this Massachusetts health debate in the past year. I was very closely involved working on it. I was president of the chamber of commerce last year, so I was involved with the business community and the legislature in passing that.

Kennedy, again, was an ever-present force. It wasn't much in the public. People don't think, "Oh, this is Kennedy's thing in Massachusetts." But [Mitt] Romney, who's on the other side, and you would think that Kennedy might not be interested in sharing credit—but from the get-go, he was working with Romney to get these federal waivers approved, which were behind the scenes but critical to the Massachusetts thing passing. Then I remember vividly when the House and the Senate were deadlocked again—about how much employer mandate should be in the bill and that sort of stuff—Kennedy was calling them both every other day, essentially telling them, "Don't miss this opportunity. You're so close. Don't let it die." That was the last time he expressed that sentiment to me. I ran into him in the middle of one of these things. He said, "We've got to get this done." So it was a nice little coda.

Heininger: He's not given a whole lot of credit for it.

Mongan: No, he isn't, and he didn't seek a whole lot of credit. I think he realizes that the way to get it done is to let some other people get credit. It was interesting to watch the difference between Kerry's and Kennedy's approaches. Kerry didn't want to play with Romney. In fact Kerry, at one point, was thinking of trying to work to kill the thing. I assume Kennedy played a role in backing him off too.

Heininger: What does that say about Kennedy?

Mongan: I think what it says about Kennedy is he's focused on trying to get something done, and he isn't as much into the pit and passion of whether it boosts Mitt Romney by a couple of points in the polls or not. I think he probably knew he wasn't running for Governor again, probably wasn't going to succeed in running for President, and if he did, why not be friends with him?

Heininger: How would you characterize how the different administrations, particularly Nixon and then Ford and Carter and then Clinton, have approached health care reform? What changes have you seen through the whole process?

Mongan: I guess the main thing I've seen is the incredible growth and explosion of health as a sector of the economy and therefore as big-time players in Washington—and huge lobbies and that sort of thing. When I started in '70, there were six staff members on the whole Finance Committee. They had just been upgraded to six phone lines from two. Health was a backwater. We could hardly keep the attention of the committee in closed session when you'd be talking about some Medicare intricacies. They'd yawn. It went from being sleepy—just like, I guess, Washington was a sleepy village in the '30s, health was a kind of a sleepy village—to becoming this awesome center of economic power, and money, and lobbying.

The second thing that happened, I think, is that public expectations in the health area also grew. So 50 years ago, people by and large did what the doctor wanted them to do, and they didn't have that many choices of things to do anyway—and now, many new drug and x-ray and procedures are available. Politicians have often told me that one of the reasons they find this issue so tough is you go out to give your high-minded speech on your health bill and the second question from the audience is, "My grandmother has diabetes, and she needs special shoes, and

would your bill cover her shoes?” That’s half the way the Clintons got such a complicated bill. “Yes, we’ll cover her shoes. Section 1802AB, ‘Cover diabetic shoes.’” So it’s just become a vastly bigger and more difficult issue to deal with, I think, than it was.

Heininger: Is that driven by technology or by costs or what?

Mongan: I think it’s some by costs, some by technology, some by information. People know a lot. Your expectations compared to your grandmother’s expectations, I suspect, are very different. She probably would have put a cold pack on her head like mine would, but you’d get an MRI [Magnetic Resonance Imaging].

Heininger: To what extent have you seen Kennedy a factor in how these administrations have dealt with health care?

Mongan: Oh, I think he’s been ever-present. I go back to the start of my time. Nixon was in. Obviously Nixon and Kennedy were circling each other on this issue. After Nixon, you had Ford, and Ford, it just died. So there was very little Ford stuff going on. Then again, Reagan, Bush, it was a dead issue, so I couldn’t say he impacted one way or another, because there wasn’t a receptor to—he was impacting lots of other issues, but I think health care was just dormant. Then, during the Clinton thing, he was a huge influence on Clinton, who had very much the same triangulation issue that Carter did. He handled it somewhat more successfully.

Heininger: How was he an impact? How did he affect Clinton?

Mongan: I think that he was still, at that time, a tug to the left on Clinton, whereas other forces were tugging Clinton to the right. I think he was keeping Clinton—call it “from the liberal perspective”—keeping him honest, tugging him over to, “You said it’d be universal and comprehensive” sort of thing. The good news was that kept it being a universal, comprehensive bill. The bad news was it also pulled it over the brink of being more than that which could pass.

Heininger: Could anything have passed?

Mongan: Boy, everybody says, “Oh, if Hillary hadn’t screwed it up, and if they hadn’t written such a big bill.” I will remember to send you my remarks. See, I’m just monomaniacal on this tax-and-mandate thing. I think it would have been very hard. I do think maybe what he could have done if he’d—really, I say this half facetiously—but if he’d had taken the Nixon bill, which had an employer mandate in it—because that was acceptable to conservatives 20 years earlier—if he’d had taken that bill and had embarrassed a few Republicans into sponsoring it, if Clinton was going to follow the wisdom of the Nixon bill, then maybe he could have squeaked through a mandate. But that would be complicated politics. It’s way above my pay level. The bottom line is, I think that it would have been very close.

Heininger: Let’s talk about HMOs. We have another five minutes.

Mongan: That was mostly done in Kennedy’s committee and the Commerce Committee. We had this piece, paying them under Medicare. I think, at the time, it was Part C of Medicare,

something like that. Jay and I—and I won't separate myself from Jay in this one—we were somewhat skeptics—I did my internship out at Kaiser. I came to Washington as a big fan of Kaiser. I was trying to tell everybody how great prepaid group practice was. But I ended up, along with Jay, pushing back against the Nixon HMO proposal, because it was too simplistic. This is still an issue today—they had the simplistic view that “Pay the HMOs 95 percent of what it costs to cover the average Medicare patient, and the government will save money, and these new and wonderful things will spring up.” You don't have to be a genius to recognize that since half of the people use almost no medical care and 10 percent account for 75 percent of costs, that if an HMO got the healthier patients, they were going to make huge amounts of money under that, and it was not going to save the government money.

We pointed out to the committee that this was easy rhetoric but that in fact, even if these guys weren't bad guys, the people you'd enroll were not the homebound people who couldn't come down to enroll. It was the person who was healthy enough to get up, get dressed, go down, find the office, and enroll. So to us, it seemed obvious. Then GAO [Government Accountability Office] started doing studies 30 years ago that showed that this would cost the government money and wouldn't be the panacea that was promised.

Having said that, I was very supportive of Kennedy and [Paul] Rogers's legislation to encourage starting HMOs, particularly the publicly funded ones that were the good-guy HMOs—Harvard Health Plan and those things. So I've been supportive of that throughout. Now we find ourselves back full circle, and the big issue currently is, “Are we paying these private Medicare plans too much?” We are. Now it's hard to tell the good-guy HMOs from the bad-guy HMOs because they've blurred the definition of the term so much. It's a more complicated picture.

Heininger: Was it a mistake to broaden the definition to include individual practice associations?

Mongan: No, I don't think so. Staff model, the Kaiser model, is the best, no question about that, but you're not going to replicate Kaisers all around the country. I actually thought it made sense to open it up to what I would have called “classic IPAs” [Individual Practice Associations], like San Joaquin and Sacramento County's original versions. I think where it gets dicier is when basically every insurance company just redefines themselves as HMOs and says that, “We are an HMO.” What was originally an IPA now became an insurance company contract with every doctor in the area.

Heininger: Have you seen Kennedy's stance on HMOs change?

Mongan: No, and I've been where he's been. I think he's seen the same thing. I think he's been very much for Kaiser and those. I think he's known that you had to have a somewhat more flexible model. I think he rues the fact that they've been, in large part, taken over and many of them turned into for-profit enterprises.

Heininger: What you've given us is the detail that we have not been able to get from anybody else. So thank you very much.

Mongan: Good. I hope some of that has been of some help.

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