### Withdrawal/Redaction Sheet Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE .	DATE	RESTRICTION
001. memo w/attach	Chris Jennings, Steve Edelstein to Hillary Clinton Re: Congressman LaFalce (2 pages)	8/1/93	P5
002. memo w/attach	Chris Jennings, Steve Edelstein to Hillary Clinton Re: House Wednesday Group (2 pages)	8/2/93	P5
003. memo w/attach	Richard A. Veloz to Ira Magaziner, Judy Feder, Tom Ault Re: Meeting on Thursday, August 5, 1993 with Puerto Rican Health Group Social Security numbers redacted (2 pages)	8/3/93	P6/b(6)
004. memo w/attach	Chris Jennings to Hillary Clinton Re: Meeting with Tuesday Republican Discussion Group (8 pages)	8/3/93	P5

### **COLLECTION:**

Clinton Presidential Records

**Domestic Policy Council** 

Chris Jennings (Health Security Act)

OA/Box Number: 23754

### FOLDER TITLE:

August 1993 HSA [2]

RESTRICTION CODES

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

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- RR. Document will be reviewed upon request.

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### PRIVILEGED AND CONFIDENTIAL MEMORANDUM

TO:

Ira Magaziner, Judy Feder,

Tom Ault

FROM: ~

Richard A. Veloz

RE:

Meeting on Thursday, August 5, 1993 with Puerto

Rican health group

DATE:

8/3/93

c.c.

Gene Moyer, Don Johnson, Chris Jennings, Steve

Edelstein

I've attached the list of participants from Puerto Rico who will attend the meeting on Thursday. The meeting is scheduled for 1 PM in the Old Executive Office Building (OEOB).

Tom Ault is leading the team from HCFA. Eugene Moyer is preparing the cost estimates for Puerto Rico and the other territories. Don Johnson and staff (Medicaid/Medicaid) are also involved in analysis of the material sent to us by Puerto Rico and the territories.

I've attached Gene Moyer's preliminary cost estimates. The estimates concerning Puerto Rico were discussed at a meeting with Tom Ault on Friday, July 30th. Tom will be and myself if there are any needed changes. A possible meeting time with the other territory representatives during the week of August 9th was also discussed.

### PRELIMINARY AGENDA FOR THURSDAY MEETING:

Congressman Romero-Barcelo's office has relayed to all of their participants that this meeting is a sit down meeting to inform and answer questions concerning their health care system as it relates to the figures that they sent us.

Congressman Romero-Barcelo will introduce the participants from Puerto Rico. Dr. Enrique Vazquez-Quintana (Director of Health, Puerto Rico) will give a 5 minute slide presentation on the Puerto Rican health care system and Dr. Norman Maldonado (Health Policy Consultant to the Governor of Puerto Rico) will present an overview of where their own health care reform movement is taking them. They will then lead is through the material that they sent and answer questions.

They understand that this meeting will be followed by another in which we will deliver a proposed framework for inclusion of Puerto Rico in the health care reform plan.

I can be reached at 202-401-5193. Tom Ault is at 202-690-7314 or 410-966-5635. Gene Moyer can be reached at 202-690-7861.

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### COMMONWEALTH OF PUERTO RICO DEPARTMENT OF HEALTH OFFICE OF THE SECRETARY

### FOR WHITE HOUSE CLEARANCE

### HON. CARLOS ROMERO-BARCELO



\* DR. ENRIQUE VAZQUEZ-QUINTANA



\* DR. NORMAN MALDONADO



DR. MAGALI MALDONADO DE OMS



MR. JOSE SERRANO-GADEA



MR. VICTOR M. GOMEZ-TOLEDO





MR. LUIS E. BACO-SANCHEZ

P6/b(6)

MR. LUIS MALDONADO

P6/b(6)

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BAKER

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# COUNSELLORS AT LAW

Washington Square, Suite 1100 ● 1050 Connecticut Avenue N.W. ● Washington, D.C. 20036 ● (202) 861-1500

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WEEK OF AUGUST 16, 1993 . VOL. XVI, NO. 13 . \$10.25

## ATLA's Power of Quiet Persuasion

Behind the Scenes, Lawyers' Group Tries to Ensure That Health Reform Won't Mean Medical-Malpractice Reform

### BY NAFTALI BENDAVID

hicago trial lawyer Eugene
Pavalon took advantage of
a glittering Democratic
fund-raiser to pull aside Vice
President Albert Gore Jr.

Any plan to limit medical malpractice suits would be a terrible idea that won't make health care better or cheaper,

### A FOCUS

Pavalon, a leader of the Association of Trial Lawyers of America,

warned Gore at the event a few months ago. Gore said that he understood.

The vice president had reason to listen. Pavalon, a partner in Chicago's Pavalon & Gifford, contributed nearly \$13,000 to Democratic candidates last year, plus \$2,500 to the Democratic Senatorial Campaign Committee. He and his colleagues in ATLA, through the group's political action committee, contributed \$2.4 million, mostly to Democrats.

The episode is just a hint of what President Bill Clinton is up against as he tries to shochorn reform of the nation's

SEE ATLA. PAGE 19



Plaintiffs' bar leader Eugene Pavalon urged Vice President Albert Gore Jr. to oppose medical-malpractice reform.

# The Immovable Object in Tort Reform's Path

ATLA Trains Its Quiet Power on Keeping Liability Measure Out of President Clinton's Health-Care Reform Package

### ATLA FROM PAGE 1

malpractice system into his health-care backage.

Malpractice reform is popular among the public—and the medical establishment, whose

A SECCIATION FOCUS

support is crucial if Clinton is to accomplish a major health-

care overheal. But ATLA, among the most formidable interest groups in Washington, is dead set against it.

"ATLA's army is vast and powerful. They are the only lobby that has never lost a battle before Congress." says Victor battle before Ending liability-reform lobbyist in Washington and a partner at D.C.'s Crowell & Moring. "I would expect they have already talked at length

with members of Congress about blocking any limits on medical liability. I'd never bet the mortgage against the trial lawyers."

Indeed, ATLA is a big obstacle. For years, its 60,000 well-connected members, buoyed by a \$19 million annual budget, have easily swarted away federal proposals to limit jury awards, cap attempt fees, and enact other changes in the tott system.

Now, like the physics scenario in which an irresistible force hits an immovable object, the drive to reform America's health system is about to smash into ATLA's blockade. And like the physics riddle, no one really knows what will happen.

Passing any liability-reform law without ATLA's approval will be a daunting task. Attorneys who represent injured victims are a powerful, wealthy, often charlsmade bunch. They can make huge fees from

suing big companies and well-to-do doctors, and they like the system just the way it is.

The lawyers argue that majoractice costs are a tiny fraction of the nation's health-care bill, and that doctors are simply seeking special protection from liability. Limiting malpractice claims might hurt lawyers, but the true losers, they say, would be the victims of majoractice.

The real fight over President Clinton's health-care package won't begin in carneat; until its details are revealed, perhaps by next month. But already beginning to emerge are the outlines of ATLA's strategy, and it looks like a classic one-two punch.

ATLA has been advancing its argument that malpractics reform won't reduce health-care costs in quiet, closed-door settings. Meanwhile, its allies in the consumer movement have been holding graphic, emotional press conferences—dramatizing the real-life physical consequences of medical malpractice.

When a half-dozen ATLA leaders met privately in April with Ira Magaziner, the senior adviser to President Clinton for policy development who's spearheading health-care reform, the group warned the administration of its staunch opposition.

"We expressed concerns about the misdirection of any proposal to change the liability system," recalls Roxanne Barton Conlin, a Des Moines solo practitioner who just stepped down as ATLA president. "It was a friendly, not-very-long meating. We provided data, he asked questions, we provided more data, and we all smiled and left."

ATLA also has sent a large briefing book to the White House outlining the group's arguments against malpractice reform. And ATLA representatives are regularly meeting with members of Congress and their aides, many of whom are part of First Lady Hillary Rodham Clinton's health-reform task force.

Contacts are being made in countless informal ways, too, like Pavalon's discreet conversation with Gore at the fund-taiser. Philip Corboy, a prominent plaintiffs lawyer and a partner at Chicago's Corboy & Demetrics, for example, has known Hillary Clinton for years, and he sent her literature on medical malpusation.

"She has sent me correspondence saying she thanks me and will use it in her decision-making process." Corboy reports:

If these tactics do not persuade the president, ATLA has reason to be even



Philip Corboy sent the first lady material on medical malpractice.

more confident that its protectors in Congress will win out.

"We are prepared to fight, but we are a well-disciplined group," Conlin says, suggesting that her troops are at the ready, but won't charge until the battle cry is sounded, "We will make whatever effort it takes to be heard and to prevail."

While ATLA lawyers are doing their thing, consumer organizations, much to ATLA's delight, are doing theirs. Public Citizen, a group founded by activist Ralph Nader, held a June 29 press conference featuring five people who had either lost children or suffered horrible injuries because of medical majoractics.

Avis Benness of Dover, N.H., for exémplé, spoke of losing her 3-year-old Heather at the hands of a neurosurgeon who'd lied about his credentials. Benness described in painful detail how after an operation, Heather vomited, went into scizures, and died.

"I had brought in a beautiful, healthy

SEE ATLA, PAGE 20



Rozanne
Barton
Conlin, past
president
of ATLA,
met with
White House
side Ira
Magaziner
to express
concerns
about
liability
reform.

### LEGAL TIMES . WEEK OF AUGUST 16, 1993

### ATLA FROM PAGE 19

little girl who had overcome so many obstacles, who was ready to lead a normal life, who we loved with all our hearts." Bennett said. "A little more than 24 hours later, she was dead."

Activists plan to duplicate such emotional press conferences nationwide, to drive home the point that damage caps hurt only the worst injured victims. As Pamela Gilbert, head of Public Citizen's Congress Watch puts it: "It's cruel to solve the health crisis on the backs of paraplegics and brain-damaged children."

Whatever Public Citizen and other groups accomplish in the public arena. ATLA's backstage maneuvers will be crucial. And ATLA is very good at backstage maneuvers.

### Silent Running

In an era of glittering TV ads and highpitched press conferences. ATLA's favored tactics remain the closed-door meeting, the quiet phone call, the friendly chat in the Senate cloakroom.

"The real test of someone's power is that they don't need to visibly flex their muscles," says William Fay, executive



director of the Product Liability Coordinating Committee, who's been scratched and bruised in countless fights with ATLA. "ATLA is brilliant. They know

how powerful they are. They never appear publicly. They're always behind the scenes."

ATLA's leaders seem to relish this an-

onymity. Unlike many lobbyists, who seize any chance to broadcast their case. ATLA representatives are often reluctant to appear at forums or debates. ATLA's opponents are sometimes left wondering just how the group pulled off a legislative

; 8-24-93 ; 3:31PM :

They just stonewall and stall." says Martin Connor, president of the American Tort Reform Association, which lobbies to change liability laws. "You put off hearings, you make sure reports are filed late. You just delay, delay, delay, and nothing ever happens.

ATLA occupies a stylish red brick building in Georgetown, removed from the frenzy of downtown Washington. Upon entering, visitors confront the "ATLA Hall of Fame," a list of prominent trial lawyers engraved in marble.

The organization is elaborately structured, with a board of governors made up of two representatives from each state, a 13-member executive committee, and other committees to handle everything from fund raising to ATLA's relations with the American Bar Association.

ATLA has a 150-member staff in Washington, and recent staff layoffs-prompted by a membership slideapparently have not lessened the group's

Barry Nace, who has just taken over as ATLA president, is a partner in D.C.'s Paulson, Nace. Norwind & Sellinger and widely known for winning large awards on behalf of victims of Bendectin, a drug used to fight morning sickness. Thomas Henderson, the group's executive director, held several high-ranking positions



'They just stonewall and stall. [They] just delay, delay, delay, and nothing ever happens.'

> MARTIN CONNOR American Tort Reform Association

during a 16-year tenure at the Justice Deparament, including chief of the Public Integrity Section.

Among ATLA's top in-house lobbyists is Alan Parker, a former chief counsel to the House Judiciary Committee under then Chairman Peter Roding (D-N.J.). Parker is now ATLA's deputy executive director for public affairs.

The bearded Parker, low-key and intense, conveys absolute certainty of the moral superiority of his position. Among his detractors, Parker, who declined to speak for this article, has a reputation for arrogance, for taking the attitude that the federal government simply has no busi-

SEE ATLA, PAGE 27

#### ATLA PROM PAGE 20

ness interfering with the state civil-tort system, and that there's no point in even discussing the issue.

Last year. Parker told a gathering at the National Press Club that a certain liabilityreform bill would never reach the floor of the Senate. That flat-out prediction of a congressional action is cited by adversaries as an example of Parker's arrogance. As it turns out, he was right: the bill never did reach the Senate floor.

### Free-Lance Firepower

ATLA's high-powered staff is supplemented by some of the most fearsome free-jance lobbyists in town. Poremost among them is Thomas Boggs Jr. of D.C.'s Paron, Boggs & Blow, a Washington institution and the son of two former members of Congress, Boggs was recently named the capital's No. I lobbyist by Washingtonian magazine. (Schwartz, perhaps ATLA's highestprofile opponent, ranked 17th.)

Another longtime ATLA lobbyist is Howard Paster, an alumnus of the D.C. lobby firm Timmons and Co. and publicrelations giant Hill & Knowlton, who is currently serving as President Clinton's congressional liaison. ATLA leaders say that conflict-of-interest rules prevent their talking to Paster now. Nevertheless, it clearly helps to have a friend in such an

influential position.

ATLA has another advantage that is not to be underestimated: The group focuses, laserlike, on blocking liability reform, while the interests of its adversaries, whether doctors or manufacturers, are scanered across the political landscape:

Martin Connor, of the Tort Reform Association, recalls the importance of that single-mindedness from his days as Washington counsel to the General Elec-

tric Co.

'If I go visit a member of Congress about product liability, he knows it's far



Congress Watch's Pamela Gilbert rejects complaints that her group is cosy with ATLA, saying the two "don't have a very good relationship."

from the most important issue for General Electric." Connor says. "He knows he can say no to me, because I'll be back next week to talk about taxes or trade. But when an ATLA representative goes to sea a member of Congress, there is nothing he is interested in except liability issues."

An example of the ATLA style-and a likely preview of the medical malpractice battle-is provided by last year's fight against a major bill to reduce the hubility

of manufacturers.

Boggs, ATLA's outside lobbyist, was in charge of persuading senators to oppose the liability-reform bill, recults Fay of the Product Liability Coordinating Committee, who was lobbying for it. Boggs waited in the cloakroom during the Sept. 10 Senate vote, watching as Majority Leader George Mitchell (D-Maine) maneuvered to keep a filibuster against the bill alive.

Boggs revealed gleefully to rival lobbyists that he had secured a surprise vote. which turned out to be Sen. Daniel Inquive

(D-Hawaii).

While ATLA worked behind the scenes. Public Citizen, then as now, was arguing against the bill much more dramatically. Shortly before the Senate vote. Public Citizen held a press conference featuring 28 people who had been injured by defective products.

"A lot of these people had lost limbs." Fay says. "I defend the people who make the products, but this was heart-

wrenching, even for me.

The result of the ATLA-Public Citizen campaign; the product liability-reform bill was kept off the floor by two votes.

### A Beneficial Alliance

The fact that ATLA often finds itself on the same side as Nader is a clear advantage for the group, one other lobbies can only dream of. Like trial lawyers. Nader believes in the right to suc. But while it's

SEE ATLA. PAGE 23

### LEGAL TIMES . WEEK OF AUGUST 16, 1993



William Fay: ATLA wields its power behind the scenes.

#### ATLA FROM PAGE 21

tempting to dismiss the lawyers' position as driven by self-interest, their partnership with Nader helps lend the group a veneer of public-spirited respectability.

Some have criticized ATLA's relationship with Nader, charging that Public Citizen gets money from trial lawyers and, in exchange, supports the lawyers' positions.

But Gilbert insists that only a small percentage of Public Citizen's funds come from trial lawyers. The two groups' goals often differ. Gilbert says, citing, for instance, a recent Texas law with a provision giving the manufacturers of tobacco products immunity from liability. Consumer groups opposed the legislation; trial lawyers accepted the provision as a compromise.

"We don't have a very good relationship with ATLA." says Gilbert. "We don't think they're tough enough on some issues. We've witnessed them sell out consumers in some battles, and we have forcefully opposed them."

ATLA's clout may be even greater now



ATLA's Alan Parker is known as an effective, if haughty, advocate.

because the group was so clearly on the winning side in the last election. Individual ATLA members gave \$481.179 to Bill Clinton and just \$75.015 to George

Bush, according to an analysis done earlier this year by the Center for Responsive Politics, a non-profit group that advocates campaign-finance reform.

The group's political action committee, ATLA PAC, meanwhile, donated a total of nearly \$2.4 million to 383 congressional candidates in the 1992 election, the great majority of whom were Democrats, Only three PACs spread more cash around.

While many groups donate to members of one or two key congressional committees. ATLA seems to give to just about everyone, regardless of committee, "It's classic money-based lobbying," says Connor of the American Ton Reform Association. "You contribute to everybody, and they're all your triends."

Many trial lawyers also give outside the PAC to congressional candidates. Curboy, for example, gave a total of \$24,431 to 18 congressional candidates, plus another \$28,500 to groups like the Democratic Senatorial Campaign Committee.

"They have an absolutely perfect situation: a gigantic PAC, an incredibly strong lobbyist in Tommy Boggs, and a lot of former trial lawyers in the U.S. Senate." Pay sums up. "It all fits together." Publicly at least, ATLA lawyers

Publicly at least. ATLA lawyers downplay their influence. They greet questions about their clout with a "nobody here but us chickens" protestation of innocence.

"The only way to make our case is the way every organization does." says Pavalon, a former ATLA president. "Participating in the process, going to the congressional leadership, and making our views known—that's the only avenue that's really open to us."

America's true might and money reside with Fortune 500 companies, ATLA representatives say, and those corporations uniformly line up against the ATLA lawyers who sue them.

And while ATLA ranked fourth in campaign contributions last year, it was the American Medical Association—ATLA's implacable for in the battle over malpractice—that ranked first. The AMA spent \$3.2 million: ATLA, \$2.4 million.

### Blueprint for Gridlock

The struggle between ATLA and the AMA over the role of medical malpractice in the Clinton reforms has already seen a half-dozen twists and nums. For instance, members of Clinton's "working group"

SEE ATLA, PAGE 23

Barry Nace, a well-known D.C. trial lawyer, is ATLA's new chief.

bility, plaintiffs lawyers despise the Califormia reforms. And they're joined by consumer groups, who argue that limiting the right to sue will only hurt malpractice victims.

Several groups, including Public Citizen, sent the president a letter June 29 threatening to oppose the entire Clinton health package if it includes the California reforms.

Says Public Citizen's Gilbert: "The administration loved enterprise liability. Then they got one letter and they dropped it entirely. So we thought we'd send a letter and see what happens."

Now Clinton finds himself trapped between two of the most powerful groups in America, physicians and attorneys. Clinton's challenge, observers say, is to craft a malpractice reform that changes the system just enough to satisfy the doctorswithout infuriating the lawyers.

Gilbert and others are trying to offer the

### ATLA FROM PAGE 22

on medical malpractice thought they had hit upon a brilliant solution to the medicalmalpractice dilemma a few months ago, when they advanced a concept known as enterprise liability.

Under enterprise liability, in any malpractice suit, doctors would be replaced as defendants by hospitals or other large health organizations. The administration expected cheers from doctors when they floated the idea, but instead was greeted with a cold fury.

From the doctors' perspective, enterprise liability meant that doctors' employers-which under the Clinton plan means large health-care networks-would greatly increase their control over physicians in an effort to avoid malpractice suits. Faced with the doctors' wrath, the Clinton administration immediately dropped the idea.

The incident was eye-opening for the trial lawyers and other interest groups. because it apparently showed how easy it was to get the administration's health-care reformers to back off.

Now, with enterprise liability seemingly off the table, the administration is leaning toward a set of reforms based on a 1975 California law: capping medicalmalpractice damage awards based on the severity of the injury; limiting attorney fees; allowing guilty doctors to pay in installments; and notifying juries if a victim is already receiving money from another source, such as workers' compensation.

And just as doctors hate enterprise lia-



White House a way out by coobling together a non-threatening reform puckage that doesn't upset anyone too much.

Such a package probably will include a requirement that before suing for malpractice, a plaintiff must file a certificate from a doctor vouching that the claim has merit. Other likely elements are an out-of-court arbitration system for all claims under \$50,000, and insurance reform to protect especially vulnerable specialists, like obstetricians.

Such a compromise would suit President Clinton's style; he seems to love finding middle ground between warring camps. like loggers and environmentalists, or gays and generals. But assuaging physicians and trial attorneys may be his toughest challenge yet.

"It's hard for doctors and lawyers to even talk to each other," says Randall Bovbjerg, who heads the Urban Institute's Health Policy Center. "Doctors are used to a standard of near certainty. If they shoot someone full of drugs, they want to be damn sure what's going to happen. Lawyers have a different attitude: There's a dispute. Somebody's going to win. It might as well be me."

MARKING Per E.O. 12958 as amended, Sec. 3.2 (c)
Initials: 77 Date: 8.16.05

### PRIVILEGED AND CONFIDENTIAL MEMORANDUM

TO:

Judy Feder Ira Magaziner

FROM:

Richard A. Veloz

RE:

Puerto Rico and the Territories

DATE:

7/30/93

c.c.

Chris Jennings, Steve Edelstein, Tom Ault, Don

Johnson, Eugene Moyer, Atul Gawande

### BACKGROUND:

Puerto Rico and the territories of Guam, the Virgin Islands and American Samoa, have submitted the data that we requested from them at our last meeting (July 14th).

A team composed of Atul (leaving on Friday), Don Johnson, Eugene Moyer, Tom Ault and myself has formed to go over this material and provide follow up analysis. Tom Ault will lead this team effort.

### TIMELINE:

Since our initial meeting I have met several times with the Congressional representatives of the territories and Puerto Rico. Now that they have submitted the requested data they are anxious to meet with us. Puerto Rico especially, would like to begin this process by next week. A consensus on our working team is to have two meetings. The first, to walk through the cost estimates and rationale for the figures that we're working with. The second meeting, to propose a framework for inclusion in the health plan.

We need to be clear on our position before we meet. However, If we can agree on a position, a first meeting can be arranged for Thursday the 5th of August. At this meeting the Puerto Rican health members would like to walk us through their figures and present an overview of their new health reform program.

I can be reached at 202-401-4507, or 202-401-5193. Tom Ault can be reached at 202-690-7314.

TO: Ira Magaziner, Judy Feder

FR: Atul Gawande, Richard Veloz, Don Johnson

RE: 7/12 meeting with Barcelo re: territories and Puerto Rico

DT: 12:23pm July 8, 1993

On 7/12 you have a meeting with Resident Commissioner Carlos Romero-Barcelo. The meeting's purpose is to establish a process for formulating an acceptable plan for the territories and Puerto Rico.

To establish a successful process, you will need to lay out the framework for the territories in the health plan and the negotiations/discussions to follow.

### The current proposal:

- 1. Territories and Puerto Rico are fully included in reform.
- 2. Coverage and benefits. Alliances and health plans will function under the same rules as for States. However, the territories will have greater flexibility in the following areas:
  - The comprehensive benefit package can be changed to suit the service availability and infrastructure of the territory.
  - The territories may implement reform on their own timeline without penalty.

### 3. Financing.

We have concerns that current financing structures in the territories are dramatically different from those in States. In Puerto Rico, for example, health care is not employer-based, but rather a universal, general revenue financed public health system. We do not want to destroy the revenue base for health care in the territories. Therefore, we will provide flexibility on financing:

- A territory may adopt the financing structure of the health plan or design a financing structure more suited to its own circumstances.
- To allow for this flexibility and provide for predictable federal expenditure, the federal government will provide a health care block grant at a level significantly above the current Medicaid cap to provide for low-income subsidies.

### Moving forward -- the process:

• A small group of three or four people is formed to work with Mr. Romero-Barcelo and others in developing the details for

this proposal in order to assure its acceptability to the territories and Puerto Rico.

 A meeting will be arranged for a negotiation on the level of the health care block grant for the territories and Puerto Rico.

### A point of caution

• Expectations have been raised to very high levels as a result of the announcement of full inclusion of the territories and Puerto Rico in reform. They have interpreted this to mean the removal of any federal caps, a maintenance of effort on health spending and federal responsibility for all further low-income subsidies.