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REMARKS BY THE PRESIDENT  
TO THE ANNUAL CONFERENCE FOR  
BUSINESS FOR SOCIAL RESPONSIBILITY

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THE PRESIDENT: Thank you very much, Helen and Arnold. The crowd would have clapped even more for you if they'd known what you were going to say before you said it. (Laughter.) They were terrific I thought.

I have a great deal of admiration for them and for their companies and for this organization. I want to point out before I get into my remarks that I have two people here I'd like to acknowledge first -- the Director of the Small Business Administration and one of the strongest supporters of our health care reform program, Mr. Erskine Bowles from North Carolina who is here. (Applause.) And I believe a former board member of yours and the current Director of the Women's Bureau at Labor, Karen Nussbaum is here. (Applause.)

I believe the purpose of politics is to help the American people live up to the fullest of their God-given potential and to help them to live together in strength and harmony, and to fulfill their responsibilities as well as their dreams. That obligation can be met in different ways and different times. But plainly, there are some times in the history of a nation in which that obligation can only be met by the willingness to undertake the

ors of profound change. And I believe this is such a time.

The problem is that in any democracy you can only build a consensus for profound change when things have gotten pretty well off track. And by the time things have gotten pretty well off track there are an awful lot of people who are unhappy and insecure and uncertain. And if you look around this audience at the companies here represented who have believed you could actually make money and be socially responsible, that you could actually be more productive by taking care of the people with whom you work and the people who are your customers, you see the intense dilemma we face, because people are most able to change when they are most secure. And yet, at large, it becomes possible for society to make these big changes often only when things have gotten so far off track that people are insecure. That, in a nutshell, is the larger dilemma that I face as your President today, but more importantly, that we face as a people.

If you look at the conditions that so many millions of our countrymen and women face -- many are insecure in their jobs. Many are insecure in their ability to get new jobs, in their education level, in their skill level. Many, many millions are insecure in their health care. Many are insecure as children in the way they are growing up. And, inevitably, at the end of the Cold War, the wars that are being waged on so many streets in America have made ever more millions of people more insecure in their daily lives and movements.

And yet, we have no alternative. We have to change. We have to make economic policy changes. We have to make all kinds of real, significant different directions. And yet we live at a time of such insecurity that people distrust their institutions, their elected leaders, and even their own impulses sometimes when it comes to make these changes.

I saw that in trying to pass a budget which did some remarkable things: It reduced the deficit dramatically. It's given us the lowest long-term interest rates in 30 years. It had the most significant reform in the tax structure for working people in 20 years by saying to people with children who spend 40 hours in the work force you won't be in poverty. No matter how low your job wage is, the tax system will lift you out of poverty not put you into poverty. It opened the doors of college education to all Americans by expanding eligibility for college loans and lowering interest rates and making the repayment terms easier and tied the incomes of young people when they get out of college -

uch of which the American people never even knew while it was going on because it was so easy to whip people up into a white heat about the word taxes, and because people couldn't believe anyone would really do anything seriously to deal with this issue of the deficit and these other matters.

I see it now as I try to pass the North American Free Trade Agreement through the Congress. And that agreement has become the repository and the symbol of all the accumulated resentments of our people for the 1980s, of all the people who lost their jobs and all the plants that moved overseas and all the times that all the workers in this country saw that their executives were getting pay raises four times in percentage terms what they were; three times what the profits were going up; that they could lose their health care in an instant; that they could have to start over in a moment; and that no one cared about them anymore. So they associate that with expanded global trade.

So we know rationally that the only way a rich country ever grows richer is to expand its trade. And we know that wealthy countries all over the world, in Europe, in Japan, not just in the United States, are having great difficulty creating new jobs. And the only way to do that is to make more markets beyond the borders of the nation. And yet, emotionally, there is this enormous undertow, rooted in the insecurities, the pain, the sense of loss, the disorientation, the feeling that nobody really looks out for me and my family.

And so we are in so many ways, on so many fronts, my fellow Americans, waging a war between hope and fear -- on the streets of our cities, in our factories and workplaces, in our homes; indeed, in the hearts of perhaps a majority of our fellow countrymen and women. And each of us in our own way, we have a little scale inside ourselves. When I don't get enough sleep, I'm more pessimistic than I am when I get more sleep, right? You're probably like that. And I'm more optimistic. And the scales are always going up and down, even in our own lives, aren't they, inside, about how we look at the world and how we see reality.

This is a time when we must be bold, when we must be confident, when we must have the kind of enthusiasm you exhibited when we came into this room with a sense of possibility. We need more young people like the young man from the hotel who met me outside, who said, "Keep breaking those paradigms, Mr. President." (Laughter and applause.) I loved it.

But I say to you, one of the reasons that I'm so happy to see this organization growing and large and vibrant and vigorous is that you have found a way to make people feel more secure by changing. By changing. (Applause.) You have found a way to live by the rhetoric of my last campaign, Putting People First. Putting people first. (Applause.)

I believe that one of the biggest problems that this country always has is trying to close the gap between what we say and what we do. I am ecstatic and honored to be here. But I want to take a few moments today to talk to you about that -- how to right that balance inside every American so that hope wins out over fear; how to pursue an agenda of security so that we can pursue our agenda of change; and how, in so many profound ways, health care is right at the core of that. Because I am convinced that you have proved that the future of the American private sector -- the real triumph of free enterprise -- will be in proving that we can actually do right by our employees, do right by our customers and do right by our bottom lines if we are enlightened and we do the right things.

I believe that we have set ourselves up over the last twenty years with a whole series of false choices. It may work in the short run, but in the end, ultimately disappoint everyone. If we have to erode the fabric of family life by not giving our workers health care and not providing family leave and not providing adequate child care, ultimately, you wind up with less productive workers. If we can't find a way to create new jobs even as we increase productivity, then for the first time in all of human history, we will have given up on technology as a job creator and given in to the age-old fears that it is a job destroyer. To be sure, it's always transfer jobs. We used to have half the people working on the farm; now only three percent do. But it can be either, or.

All these are questions we are dealing with. So is every other nation in the world now. We are going through a period of change. We can't see the ultimate end of it. No one knows what all these economic trends in the global economy will ultimately lead to, but we know what works. You know what works; you do it. And I came in here today as a friend and an ally to ask you to engage in this health care debate and tell the American people that this is something we have to do not because it is morally right -- but it is morally right -- but because it's also economically right.

The most expensive alternative of all, looking toward the future, is doing nothing. It's the most expensive financially and it's the most expensive in human terms, and ultimately, it will be the biggest drag on American productivity. It also is, as Helen said in her remarks, guaranteed to provoke the largest amount of resentment because of the uneven impact of the health care system on employees and employers and American citizens today, depending on whether you have coverage, what kind of coverage you have, and how much you're paying for somebody else's health because we have so much uncompensated care in this system.

Now, I have watched as I have seen the Congress come to grips with many things and try to overcome even their own disbelief. When I took office, most people had been told that the country couldn't afford the Family Leave bill. But we did it, and the wheel hasn't run off. (Applause.) And I have seen the impact of that.

A lot of you have heard me tell this story. But I had a family in the White House the other day with a dying child on one of these Make A Wish programs, that the child wanted to see the White House and the President. And the father told me that his daughter was probably not going to make it and that the time he spent with her was the most important time he'd ever spent, and if it hadn't been for the family leave law he would have had to choose between losing his job to be with his daughter and, therefore, doing wrong by his wife and his other two children, or keeping his job and letting someone else spend that precious time with his child.

Now, I don't know about you, but I think that fellow is going to be a much better worker for that company than he would have been had that not been the law of the land.

So we now, I think, have a chance to keep going with this engine of change. And we've got a lot of things we need to do -- on the security front and the change front. We've got a world of economic changes we need to make, but we're going to have to have -- if there's no more job security in this America because most people, when they lose their jobs don't get it back anymore, totally the reverse of unemployment patterns of the last 60 years, we have to give employment security to America. If there's no job security there has to be employment security. Therefore, we have to have a whole different system of lifetime education and training. And we have to undertake that. We'll begin to do that next year.

A big part of welfare reform will be doing that, making sure people really have the capacity to move from welfare to work. We have to provide more security for families. That's what the Family Leave bill was all about. That's what the earned income tax credit in the budget bill was all about, lifting the working poor out of poverty so there will never be an incentive to be on welfare, and there will always be an incentive to be both a good parent and a good worker.

We have to find more security for people on their streets and in their homes and in their schools. That's why I so desperately want to do something to reduce the number of automatic weapons that are in the hands of teenagers on the streets of the city. (Applause.)

But we also have to do something about health security. You know, Hillary and I got 700,000 letters before I made my health care speech to Congress and she began to testify. And we're getting in them in now at about 10,000 letters a week more. Story after story after story: The small business that had their premium go up 40 percent a year with no claims. The business person who has to cut his or her employees back to a policy with a \$2,500 or \$3,000 deductible even though the employee average salary is \$22,000, \$23,000 a year. The person who is physically disabled but who has a fine mind who can't get a job because the only available employers are small businesses and they don't have any kind of community rating, so this person will drive the premiums out of sight. A person with the HIV virus who may have another 10 years of productive life -- strong, productive life and contributions to be made, who is either not employed now and, therefore, won't be employed or can't ever change jobs because of the job lock provisions of the present system.

The hospitals that are out there, struggling to do a good job on modest profits, or not-for-profit hospitals who can't meet their uncompensated care burden, or those that do by raising everybody else's hospital costs in ways that undermine confidence of those that pay those bills in the integrity of the system.

The doctors who talk to me about how, yes, their fees have gone up a lot in the 1980s, but 10 years ago they took 75 percent of what they earned home, and now it's down to 52 percent, and all the rest of it is vanished in the sea of paperwork because they have to hassle 300 insurance companies with thousands of different policies to make sure



...y've crossed every T and dotted every I to get the payment they're entitled to anyway. The stories over and over again, mounting up in every part of our country.

As you know, we spend more on health care than anybody in the world, and yet, we do less with it. Now, how would you feel if you were running your business, competing with people all across the country and perhaps all across the world for jobs and incomes, if you had to spend 14 percent of your revenues covering only 86 percent of your market and all you competitors spend eight or nine percent of their revenues and covered 100 percent of their market? You don't have to be as bright as a tree full of owls to figure out that eventually there would be some adverse consequence to that. (Laughter.) But we go on blindly as if that's the way it has to be. And when I propose a change, some people say, "Oh my God, we can't afford that. Look at this wonderful thing we've got going."

Now, we have in many ways the best health care system in the world. But we have in other ways the worst financed and organized health care system in the world for a country as rich as we. Otherwise, how can you explain the fact that we are plainly the capital of pharmaceuticals in the world in terms of developing new drugs and manufacturing them right here in America and we have the third worst immunization rate in this hemisphere -- behind Haiti and Bolivia -- I mean, ahead of them, but only ahead of them. You tell me why that happened. If we're so great, how have we permitted ourselves to go on year in and year out not closing that gap?

Do we have the best health care in the world, the doctors and nurses, the hospitals, the medical research, the technology? You bet we do. For people who access it, it is good. And do those people resent the burdens that are imposed on them by this crazy-quilt system? You bet they do. Some of the strongest advocates for change we've had are from doctors who are sick and tired of having to hire one more person every year because of the clerical administrative burdens of this system.

People say, "Aw, this system the President's proposed is so complex." I get tickled -- complex compared to what? It's complex compared to zero. It's simple compared to what we have now. (Laughter and applause.) What is the proper standard by which you evaluate this?

If we do nothing to change the current course on which we have embarked, we'll be spending 19 percent of our income on health care by the year 2000. We will have

smaller percentage of our population covered with health insurance than we have today, because we have about 100,000 Americans a month permanently losing health insurance -- 2 million every month losing it, but 100,000 permanently losing it.

And by the year 2000, instead of the gap being 4.5 percent to 5.5 percent between our major competitors of our income, it'll be about 7 percent. Today, we spend 14.5 percent of our income on health care; Canada's at 10 percent; Germany and Japan are just under 9 percent. There is no measurable difference in the health outcomes.

Now, to be perfectly fair, there are two elements of our cost system that will always -- at least for the foreseeable future -- keep us above other countries. One is, we do rely more and we invest more in groundbreaking technologies and pharmaceuticals, and we should continue to do that. And we all want them for ourselves and our family if there's a chance it will prolong our lives.

The second issue is sadder -- we are quite simply, as compared with other wealthy countries, more willing to endure a far higher rate of violence. We have far higher rates of AIDS. We have far higher rates of teenaged mothers and out-of-wedlock births -- low birth-weight babies. And they're far more likely to cost more. So we have system-related costs that are greater than our competitors. And that's about half the gap between us and them. But the other half is our own fault. And if we don't get about the business of closing it, we're going to have a difficult time competing. And we're going to have an increasingly difficult time explaining why it is we are prepared to put up with a system that no one else on earth tolerates. And to pay the human and economic cost of maintaining it.

Today I'd like to focus on two of the issues that have been raised by some people in the business community against our proposal. Some say that we propose to create a new bureaucracy by creating these health alliances and we shouldn't do that. I say what we propose to do is to have a smaller rate of cost increases through increased competition and greater efficiency, and reduce waste by giving small businesses the same bargaining power that big business and government has today.

If you look at the federal employees' health insurance program, for example, because of the power we have to bargain, and because everybody knows the federal government is up to its ears in debt and doesn't have a lot of money, you look at what's happened to the rates on most of the federal health insurance policies. Very modest

reases this year.

Look at the California public employee system. Huge people in that block, a big block of buyers, and everybody knows California is in bad shape financially. So they have a rate increase this year that's right at the rate of inflation.

Small business, however, has seen its rates go up at two and three times the rate of inflation. Why? No bargaining power. In small groups, one person gets real sick, explodes the rate structure for everybody. So what these alliances do, quite simply, is to say that if you're in a firm with fewer than 5,000 employees, we will give you the option, the opportunity, to be in a big buying group. And in the course of that, we will give your employees the option of having more choices than you can probably provide for them now in health care, but none of them will cost you any more than you would otherwise pay as an employer.

This will give smaller businesses and self-employed people access to market economics. Market economics is beginning to work in health care. That and all the Cain I think we've been raising the last year or so. It's beginning to work. The aggregate reases are beginning to slow some. But they're finding -- again, as Helen said in the opening remarks -- it's very uneven. You might have health care inflation at seven percent this year, or six percent, but you'll still have a lot of small businesses with 30 percent premium increases. Why? No market power.

So when you hear all this stuff that theses alliances are big bureaucratic nightmares and government creations, that's not true. The alliances are groups of consumers in each state in groups approved by the state, not by the federal government, that will have buying power presently available to governments and to big business but not to small business and often not even to medium-sized business. I think it will work.

I also believe in order to make it work we have to have insurance companies that compete not on the basis of which company is most adept at excluding people who have problems, but on the basis of cost and quality. Now, to be fair to the insurance companies, you can only do that if there is a community rating system, if you don't have all the risk factors calculated into every individual purchaser of insurance. If you do that, you have nailed small business from the get-go -- the people that are creating most of the new jobs in this country.

If you have a community rating system, who gets hurt from the present system? Who pays more? Young, single, healthy people will pay more -- about anywhere from \$6 to \$8 more for their premiums under our estimate. They will, but it's fair. You know why? Because under our system all the young people without insurance will get insurance and because if they're young and healthy, they'll be middle-aged like me someday and they'll get the benefit of this system. The society will be stronger. And it will be far better for the big job generators of the country, the small businesses who don't have access to health insurance now.

It also will be fairer because it will enable -- with a community rating, you will enable people to effectively move from job to job to job. Then you can say without breaking a company that you can't deny someone the right to coverage when they change jobs. Under the present system, that would be really tough to say that you can't deny the coverage to someone who may be the best-qualified person you want to hire, but they have a disability which will raise the premiums of you and all your employees, your other employees by 20 percent under the present system.

That happened. We met a couple in Columbus, Ohio that had one child with a birth defect. They were insured through the wife's community nonprofit, 20-employee group. And in order to keep that family on the rolls, keep that woman working for that business, they were going to have to raise their premiums, just the employees, every employee, by another \$200 a year -- just the employees. The business by thousands of dollars a year.

That wouldn't happen if we have community rating, and you would have free flow of workers from job to job to job -- something that's quite important since we live in a time when the average worker will change jobs six or seven times in a lifetime.

Finally -- and, again, this is a matter of some controversy in this -- we believe that if you put everybody in these competitive size groups, then the businesses and the employees will be able to bargain for better prices, and they will go up far less than they've been going up. We also believe there should be some backup cap on how much business could be required to pay in any given years until we get this system up and going, and we know it is -- that there ought to be some ultimate budgetary discipline in the system.

Now, a lot of people say, "Well, that's government regulation of health care." What they're really saying is this is government regulation of costs that might work, because it would include the public sector and the private sector. We now strictly regulate the price of particular services under Medicare and Medicaid. Do you know how much the last budget increased Medicare and Medicaid? We reduced defense, we've got domestic discretionary spending flat at a time when we ought to be investing more in education and training and converting from a defense to a domestic economy. But Medicare went up -- will go up 11 percent next year, Medicaid 16 percent. Why? Paying more for the same health care, that's why. More and more and more and more procedures.

You have to have aggregate discipline in this system if you're going to slow the rate of increase. I personally don't think the budgetary ceiling in our bill will ever be reached because if you give everybody the kind of competitive power that big business and government have today, I think the cost increases will be much less than we project them to be. And so do most of the business people I know who have worked on this plan and looked at the cost structure from the bottom up. But I don't think it's fair to say that this is some heavy-handed grab to control the private sector and health care and hurt research in the pharmaceutical industry or anyplace else.

Keep in mind, we have been so conservative or liberal, depending on how you look at it, in our budget estimates -- well, you tell me when I tell you the fact -- this plan that we put in estimates that we will go to 17 percent of income spent on health care by the year 2000 as opposed to 19 percent. And it actually will be more than 17 percent, about 17.5 percent. I don't think that's so hot for the economy, either. And I think if we had real competition for quality and service, and if we continue to cover more primary and preventive services, we could do much better than that.

So it's not as if we propose to drive folks into poverty. All these people who are complaining about the ceilings that would be on the rate of increase, the health insurers and others, they're going to get 17.5 percent of our income instead of 14.5 percent by the year 2000. And they think it might not be enough for them to get along on.

I just want to make that clear. You need to understand when you hear all this about how the government's regulating this, what we did was put a big old ceiling there in case the costs continue to shoot up even after we give everybody bargaining power. The

ence of this is a competitive system for price and quality. And I think it will work.

The second issue is whether or not we have to have universal coverage and whether that's bad for business -- to require each business to shoulder some responsibility and each employee not covered now to at least pay some of the income of the employee to get the health care.

Now, here are the options. And here's how we came out with basically taking what we've got. We've got a system in America today that's basically an employer-based system. And when the employers are big enough, or they're joined with enough others to have market-base power, the system works pretty well. They're beginning to moderate the rate of cost increases, and there are some very good health care plans out there which provide comprehensive benefits at affordable cost. Sometimes the employees don't pay anything, sometimes they pay something, but basically the systems work pretty well, and most employees are pretty satisfied with it.

The options are the following: If you want universal coverage, you could go to the Canadian system. The problem is that no one I know thinks you could pass that Congress, which means you basically replace all the health insurance sector of the country with a tax. That's simpler on administrative costs, but since Canada is the second most expensive system, if you put the politicians instead of the people in charge of negotiating for their health care, it may not work out so well.

So we rejected that alternative. Then there are those who say, well, you ought to put the mandate on the employee; let the employee buy it. Make it like car insurance. The problem with that is, if you look at what they offer the employees, it's not very good. And it may encourage a total deterioration of the present system we have for those who presently have benefits where the costs are shared by employers and employees.

Then there are those who say, well, what we ought to do is give small businesses the right to get this market power, and the competition will lower the rate of cost and require -- and say that no one can be denied coverage and when you have more competition the price will go down and everybody who doesn't have insurance who's got a job will be able to buy it. So we'll just see if it happens.

The problem with that is that our experience with that is not very good.

And what we know is that most employers and employees who have health insurance today are paying too much for it because they're paying for the uncompensated care that others get. And if you want to moderate the rate of increase on individual businesses' and employees' health care, you've got to make sure that everybody who accesses the system pays what they can afford to pay for the privilege of doing that. If you continue to have significant cost shifting here, then there will be continued irresponsibility in the system which will have real uneven impacts on businesses.

In other words, most everybody in the country today who's got a good health insurance plan is paying too much for it, because they're also paying for the uncompensated care of people who always get care, but they get it when it's too late and too expensive. They show up at the emergency room with appendicitis or whatever, instead of ever going in for basic checkups and basic preventive mechanisms.

So I personally don't think we'll ever get costs under control, nor do I ever think we'll be the society we ought to be, nor do I ever think we'll have the kind of personal security we need until everybody has health insurance. And if you don't have universal coverage, this idea that people are going to be able to move from job to job to job and always have it is just false. And I cannot tell you what it is doing to the families of this country who are worrying about it. It is having a devastating impact on the capacity of millions of people to function well in their jobs.

Mr. Hyatt made a very eloquent statement before I came up. When he came to our economic summit in Little Rock last December, he was then famous at having led the way on child care for his employees, and he made the following statement. He said, if you do right by your employees, you "contribute to a workplace that attracts good people and retains them, thereby reducing turnover. Good business."

Then there is one other issue I want to deal with on this universal coverage. And that is, a lot of people say it's not fair to ask employers to make some contribution to their part-time employees, that the taxpayers ought to pay for that. We think if there's a part-time employee that works at least 10 hours a week, a pro rata contribution should be made, a third of the total payment that would otherwise be owed -- not a total contribution. And the rest will be made up from the monies we propose to raise.

Now, that can be done. Starbucks Coffee's doing pretty well. And they

the care of their part-time workers as well as their full-time workers. And there are others who do that. What we want to do is to make that more economical for everyone who will do it.

Finally, let me say it also makes it affordable. The way we propose to pay for this plan, two-thirds of the money would come from premiums paid by employers and employees. But we know we're going to have to give discounts to small businesses with very low-wage employers, because we don't want to put people out of business. And we know the government has to cover the unemployed, uninsured. How will we get the money for that? Essentially from three sources. One, raising the cigarette tax by 75 cents a pack -- (applause) -- and asking the large employers who opt out of the system as they can to make the contribution they would make if they were in the system to medical research and to the network of public health care clinics that we will have to maintain anyway.

That's another thing I want to tell you, that this plan increases the quality of health care. We're going to increase medical research, increase the reach of health clinics. That's the second source of money.

The third source of money is in the savings we will achieve in the Medicare and Medicaid programs by putting Medicaid patients, for example, into the same kind of consumer cooperative buying power that those of you who are small and medium-sized businesses will get by going into the alliances, and by drastically simplifying the paperwork of the system. So that's how it will be paid for.

I want to say again, there are these two elements. The health alliances will contribute to competition and to market-based forces getting into the health care system in a good way. It won't be a big new government bureaucracy. The requirement of universal coverage will help to stop cost shifting and make health care security a reality and permit workers to know that even if they lose a given job, they'll be able to go on as employees. It will, in other words, give that level of personal security necessary for the American people to think about what our trade policy ought to be, what our investment policy ought to be, what our economic strategy ought to be for the 21st century, and to make the changes necessary to get that done.

And I ask you here to think about the influence that you can have on your members of Congress without regard to party. This ought to be an American issue. It



ought to be a matter of not only the heart, but of hard-headed economics. If we don't, it we can't ask everybody to assume some responsibility -- and we're not talking about breaking the bank -- for a small firm with an average wage of \$10,000, for example, the cost would be less than \$1 a day per employee for the health care plan because of the discount system.

We understand the fragility of the economy in many points. But if we don't face this now, we are not going to get a hold of the health care cost spiral. We are not going to get a hold of the fact that 100,000 Americans are losing their health insurance a month. We are not going to get a hold of the fact that a lot of these costs just involve our paying more for the same health care every year. We get nothing for it. We're spending a dime on the dollar more than any other country on sheer paperwork. Ten cents on the dollar that nobody else in the world pays.

So I would say to you it is time for us to say everybody ought to be responsible and pay something for this health care system, because we all have access to it. And when we really need it, we all get it. And it's just wrong for some people to pay for others who can pay something for themselves. (Applause.)

And we ought to allow the small businesses of this country and the self-employed people of this country and the medium-sized businesses in this country to have the same benefit of market power that only government and big business have today. It isn't fair. That's what these alliances do. They are not government entities, they are private sector entities that we're going to put the Medicaid patients in so they can have the benefit of that, too.

Now, that is the kind of thing that we need to do. That is the sort of security that we need to achieve to build into the fabric of American life the peace of mind and the sense of fairness and justice that enables people to go home at night and look their children in the face and think they're doing a pretty good job by it, and that enables them to have the kind of personal security that will permit people like you to lead this country to make the economic changes that will enable this country to do what it needs to do as we move toward the 21st century; to keep the American Dream alive, to keep this country a the foremost country in the world, to enable all of our children to live up their God-given capacity.

This is just one of those times when we have to decide whether we're

ing to close the gap between our rhetoric and our reality. Desperately, I hope that 30 years from now people will look back on this time, just the way we look back on 60 years ago when there was no Social Security; now we take it for granted. We think it was an easy fight, it actually wasn't; it took them a couple of years and a little blood on the floor of the Congress to get it done. And this may take a while to get done. It doesn't need to take two years, I'll tell you that. (Applause.)

But there ought to be -- you think about it -- Truman, Eisenhower, Kennedy, Johnson and Nixon all followed Roosevelt, and all of them tried to get universal coverage. Richard Nixon proposed an employer mandate. Senator Bob Packwood from Oregon, still in the United States Senate, introduced it for him. And we've been fooling around with this now for decades. Meanwhile, we just keep paying more for less. We ought to be paying less for more. That's what you do. That's why most of you are doing very well, because you have provided more for less.

Why should you be stuck with a health care system that does the reverse? I ask you to please, please engage yourself in this debate. Examine this plan. When the book comes out, go over it. If you've got a good idea, give it to us. But don't walk away from the plain obligation to have every American family with the security of health care, the plain need to let the small business people in this country, and the self-employed people in this country, and the middle-size business in this country have the same bargaining power in this system that big business and government do.

And most of all, remind the members of the Congress that there are times when doing the right thing morally and ethically is also good business; that we can make money if we make our workers more secure and whole. When they go home at night and look at their families over the dinner table and they know they've done right by them, then America will be on its way to having the courage and the security to seize the next century, and keep the American Dream alive.

Thank you and God bless you all. (Applause.)

END11:44 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 30, 1993

RADIO ADDRESS BY THE PRESIDENT

The Roosevelt Room

10:06 A.M. EDT

THE PRESIDENT: Good morning. In the next few days, you'll have a chance to pick up what may be the most important book of information you'll read for yourself, your children, your parents, and others you care about. It's a book that's also very important for the future of our nation. The book is called "Health Security: The President's Report To The American People." And while it deals with a very complex issue -- the overhaul and reform of our health care system -- it does so in straightforward, very human terms.

The book describes our plan to solve the nation's health care crisis by guaranteeing every working American comprehensive health care that's always there, that can never be taken away. While many people worked hard on this book -- especially the First Lady and her Task Force on Health Care Reform -- in many ways, the book was written by you, the American people. For a long time, since I was the governor of my state, I've been talking with Americans who, against their will, become all too familiar with the failings of our health care system. Americans caught without insurance or with inadequate insurance, when they or a loved one became ill, and when they needed the coverage the most. People who had their bank accounts emptied, their trust in the system betrayed, and too often their hearts broken.

Many of you listening today know someone who has fallen through the cracks of our health care system. These cracks have become chasms that swallow hard-working Americans. More than 37 million Americans don't have health insurance at all, and 25 million more have very inadequate coverage with very high deductibles.

Every month, 100,000 Americans lose their health coverage permanently. Who are these people caught in this broken system? They are a working mother with a sick child who had to buy her own insurance and who, every month, must ask herself: Do I pay the rent or the medical bills? A seventh grade teacher with breast cancer whose insurance provider disagreed with doctors over her care. The teacher had to run herself into debt to pay for her own chemotherapy. A doctor, frustrated by miles of red tape and forms that steal time he should have with his patients.

These stories are not unique. Here at the White House, Hillary and I have had over 700,000 letters about health care and 10,000 more pour in every week. Every one of them is a cry for action. So now we have a plan for action. Our health security legislation is a detailed bill to provide comprehensive, universal coverage for our people. Of course, it's only fair to ask who pays and how much.

There's been some confusion on this, so today let me give it to you straight. Under our plan, 60 percent of all the American people will pay the same or less to get the same or better benefits. I'll repeat that: Six out of 10 of all Americans, and

MORE

even more as the reforms begin to take effect and cost increases go down, will pay the same or less for the same or better benefits.

About 25 percent of our people -- people who are now underinsured or people without insurance at all who can afford to pay, will pay a little more for coverage. But many of them will actually pay less in medical bills.

Right now, there are lots of people with cheap premiums, because their deductibles, their up-front costs are so high -- \$2,500, \$3,000, even \$5,000. Under our plan, their premiums may be a little higher, but their out-of-pocket costs will be lower.

Finally, about 15 percent, and only 15 percent of the American people or their employers, will pay more for the same benefits. These are the young, healthy, usually single Americans whose insurance companies gamble under the current plan that they won't get sick. Is it fair to ask them to pay a little more so we can have broad-based community rating? I believe it is. Why? Because there are lots of young people who can't get insurance at all, because all these younger people will be older themselves someday with children, and they'll need this fair rate.

And when these young people do get sick or have an accident, or even marry someone with a preexisting health condition, well, then, all bets are off. The insurance company may double their rates or drop them altogether. With our plan, their premiums may be a little higher -- just a few dollars a month, but they'll be guaranteed coverage no matter what happens. And a guarantee that rates won't rise unchecked.

That's another thing I want to emphasize. Under our plan, there is a limit to what anyone can have taken away from them in health care. That's not true today. So 100 percent of the American people get something no one has today -- absolute security. This plan is based on the principles of security, simplicity, savings, maintaining the quality of our health care system, maintaining and even increasing choice for consumers of health care, and insisting on more responsibility.

We focus on keeping people healthy, not just treating them after they get sick. We reduce paperwork and crack down on fraud. We protect the right to choose doctors and preserve and strengthen Medicare.

Right now I'll say again: There is no guarantee for anyone that health care will be there tomorrow. One of our citizens wrote us and said even employed, insured people are one major illness away from financial disaster.

Before the end of the year, I want our lawmakers to pass a bill to guarantee health security for every American. That's the end of the congressional session next year. And I want to be clear on this. We'll debate many points of this plan. But this point must remain nonnegotiable: The health care plan must guarantee every American a comprehensive package of benefits that can never be taken away. And I will only sign a bill into law that meets that fundamental commitment to the American people. We have delayed making good on it for too long.

Our lawmakers have a big job ahead, but they won't be alone. We've seen extraordinary support from both parties to reform health care. And I promise to work with Congress every step of the way. As a responsible citizen, you have a job, too. Learn all you can about this plan. Start with a book called "Health Security," and join the debate. Thanks for listening.

END

10:11 A.M. EDT

President William Jefferson Clinton  
Saturday Radio Address  
Oval Office  
October 30, 1993  
[7:30 pm Friday draft]

Good morning. In the coming days, you'll have the chance to pick up what may be the most important book of information that you'll read for yourself, your children, your parents and anyone else you care about.

It's a book that is just as important for the future of our great country.

This book is called: "Health Security: The President's Report to the American People." And while it deals with a very complex issue... the overhaul and reform of our health care system... it does it in straight-forward, human terms.

It describes our plan to solve our nation's health care crisis by guaranteeing every working American comprehensive health care that's always there... health care that can never be taken away.

While many people worked hard on this book, especially the First Lady and her task force on health care reform... in many ways, this book was written by you, the American people.

For a long time, since I was (Governor of Arkansas), I have been talking with Americans who quite against their will became all too familiar with the failings of the health care system.

They were caught without insurance or with inadequate insurance when they or a loved one became ill -- when they needed coverage most. They had their bank accounts emptied... their trust in the system betrayed... and, too often, they had their hearts broken.

Many of you listening today know someone who has fallen through the cracks of the health care system. These cracks have become chasms that swallow hard-working Americans. More than 37 Million Americans don't have health insurance and 25 Million more have inadequate coverage. Every month, 100-thousand Americans lose their coverage permanently.

Who are these people caught in this badly broken system?  
They are:

\* ... The working mother with a sick child who had to buy her own insurance... and who every month must ask herself, "Do I pay the rent or medical bills?"

\* ... The seventh-grade teacher with breast cancer, whose insurance provider disagreed with doctors over her care. The

teacher had to run herself into debt to pay for her own chemotherapy.

\* ... The doctor, frustrated by miles of red tape and forms that steal time he should have with his patients.

These stories, unfortunately, are not unique. Here at the White House, Hillary and I have received more than 700-thousand letters about health care, and 10-thousand more pour in every week. Each one is a cry for action.

So, here is our plan for action. Our Health Security legislation is a detailed bill to provide comprehensive, universal coverage for our people.

*Of course, it's only fair to ask: Who pays and how much? There's been some confusion on this, so today, I'm going to give it to you straight: Under my plan, 60 percent of all Americans will pay the same or less to get the same or better benefits.*

*I'll repeat that: 60 percent of all Americans... about 109 Million people, and even more as the reforms begin to take effect... will pay the same or less. And they'll get equal, or even better benefits.*

*About 25 percent... mostly people now under-insured... will pay a little more for coverage... but many of them will actually pay less in medical bills. Right now, their premiums are cheap because their deductible... or up-front costs... are high. Under our plan, the premiums may be a little higher for these people, but out-of-pocket costs will be lower.*

*And finally, about 15 percent... only 15 percent... will pay more for the same benefits. These are young and healthy Americans whose insurance companies gamble under the current plan that they won't get sick. But if these young people do get sick, or have an accident, or even marry someone with a pre-existing condition... all bets are off. The insurance company may double their rates, or drop them altogether. With our plan, the premiums may be a bit higher, but they'll carry guaranteed coverage, no matter what happens... and a guarantee that rates won't rise unchecked.*

Our plan is based on six principles: security, simplicity, savings, quality, choice and responsibility.

Our health security plan focuses on keeping people healthy, not just treating them after they get sick. It reduces paperwork and cracks down on fraud. It protects our right to choose our own doctors. And it preserves and strengthens Medicare.

Right now, there's no guarantee for anyone that health care will be there tomorrow. As a fellow citizen who wrote us at the

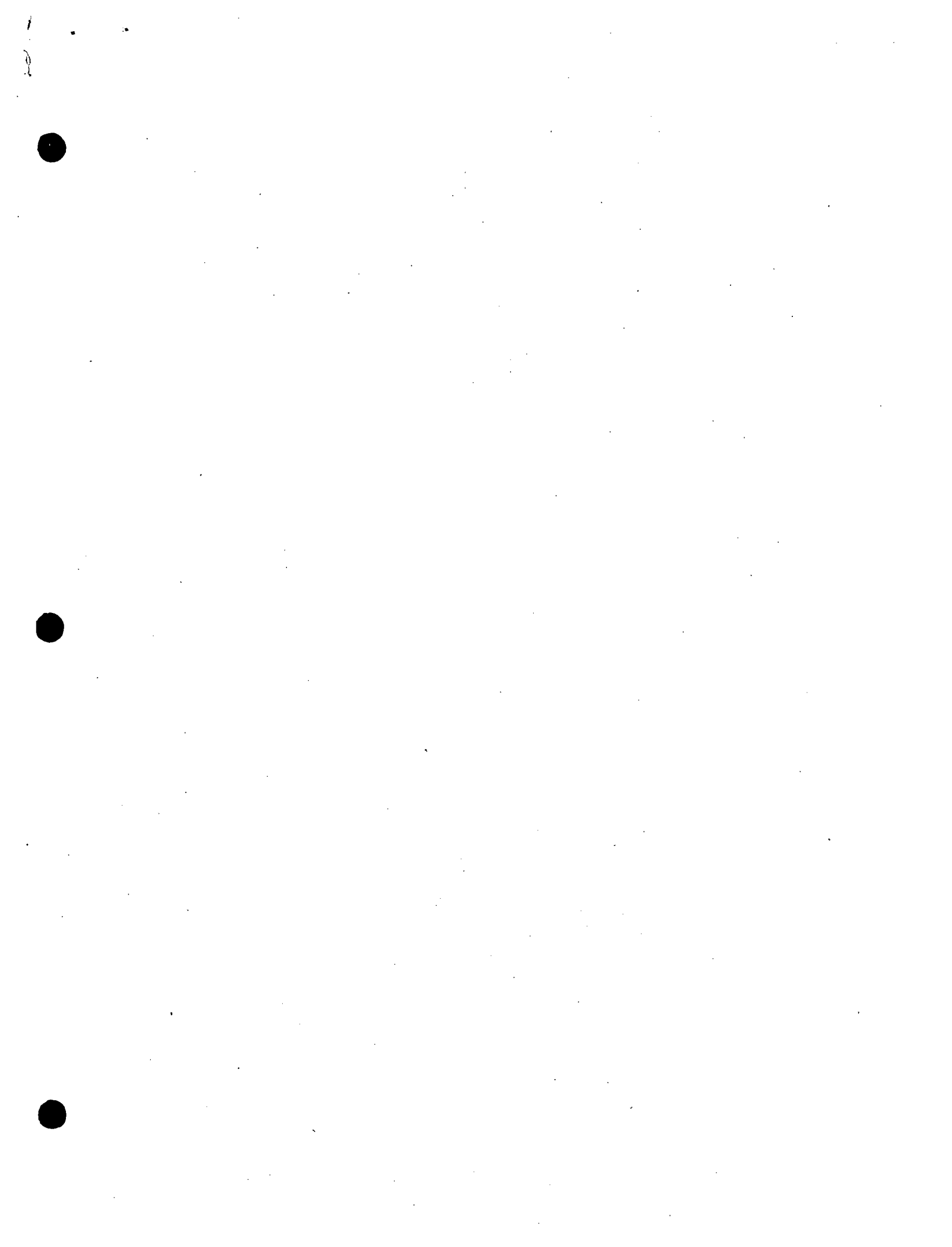
White House said: "...Even employed, insured people are one major illness away from financial disaster."

Before the end of the year, I want our lawmakers to pass a bill to guarantee health security to every American. And I want to be clear on this: We will debate many points of this plan, but this point is non-negotiable: The plan must guarantee every American a comprehensive package of benefits that can never be taken away. And I will only sign a bill into law that meets that fundamental commitment to the American people.

Our lawmakers have a big job ahead of them, but they won't be alone. We have seen extraordinary support from both parties to reform the health care system... and I promise to work with the Congress every step of the way to make health security a reality.

And as a responsible citizen, you have a job, too. Learn all you can about our health security plan. Start with the book called "Health Security"... and join the debate.

Thanks for listening.





Oct. 30, 1993

Christine:

You should take a look at the radio address the President did today. He put a slightly different tone on the pricing.

In particular, he said that we should be emphasizing that the 15-percent may not themselves pay more; it may fall to their employers. Also, he said we should probably note that some of these people pay as little as 6 dollars a month now, which is outrageously low.

He classified some of the 25 percent as uninsured but able to pay.

Another point: he didn't want to use the 109 million figure on the 60 percent of Americans, because mathematically, it doesn't wash.

Thanks for all your help yesterday.

C.C.

Carolyn Curiel

Costs of Doing Nothing

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HEALTH CARE COSTS AND THE AMERICAN ECONOMY

TESTIMONY BY LAURA D'ANDREA TYSON

CHAIR, COUNCIL OF ECONOMIC ADVISERS

Senate Labor and Human Resources Committee

May 20, 1993

Thank you, Mr. Chairman, for the opportunity to come before your Committee to discuss the serious consequences for both individual American families and for the American economy as a whole if we do not act soon to change the way health care is financed and delivered in this country.

As you all know, this Administration is committed to reforming the American health care system. I am not here today, however, to talk to you about the specifics of the plan we are preparing. I would be happy to return another day to discuss our plan after it is submitted. Rather, today I want to make the case for change. Over 36 million Americans currently lack health insurance coverage and many more fear losing their coverage if they become ill or lose or change their jobs. Ever-escalating health care costs are ~~impeding~~<sup>eroding</sup> growth in American workers' wages, undoing our efforts to reduce the deficit, and limiting the ability of our economy to take advantage of new opportunities. Without comprehensive health care reform, we cannot expect that <sup>our</sup> the economic future will look any brighter.

Let me first describe to you how our current health care system affects the economy and what the future will look like without health care reform. I would then be happy to take any questions that committee members may have.

What We've Inherited

In 1980, America's total health costs were \$422 billion (in 1992 dollars), or 9% of our GDP. In 1992, a mere twelve years later, national health expenditures totaled \$820 billion, nearly twice as high as the 1980 figure, and 14 percent of 1992 GDP.

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Health care spending has reached \$3100 per person. By comparison, we spend only \$ 1700 per person on education (1991-1992) and \$1200 per person on national defense (1992). Over the next eight years, as we enter the next century, the Health Care Financing Administration actuary predicts that per capita health spending will grow at an average annual real rate of 5 percent, and total national health expenditures will reach 18 percent of GDP -- or \$1.7 trillion (current dollars) -- by 2000.

Escalating health care costs are not a new phenomenon. The real per capita cost of health care (after adjusting for economy-wide inflation) has been increasing at an average annual rate of over 4.5% a year since 1965, more than twice as fast as real per capita GDP. By contrast, the automobile industry has grown only 1.4% a year since 1965 and the manufacturing sector as a whole has grown only 2.8% a year since 1965. After so many years of neglect, it's time to bring health care cost growth down to a rate consistent with the growth of the whole economy.

Rising health care costs put a significant burden on the American economy. A dollar spent on health care is a dollar that cannot be spent on other goods and services that consumers would like to buy. And because of the waste, fraud, and abuse that exists in today's health care system -- unnecessary tests and procedures, needless administrative costs, duplicative services -- American consumers are not receiving full value for their health care dollars. For example, according to one study, in 1987 Americans spent about \$1 billion just on unnecessary Caesarean sections. Another recent study estimates that fraud and abuse add some 10 percent to U.S. health care costs. These are just two examples of the unnecessary health costs that translate into misused resources and reductions in American living standards.

America is not alone: Germany, the United Kingdom, Canada, and other industrialized countries have also experienced large increases in health spending in recent years. It is important to note, however, that per capita health care spending in the United

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States has historically been considerably higher than in other industrialized countries. Today, the United States spends about 1.5 times as much per capita on health care as Canada, about 1.7 times as much as Germany, and about 2.6 times as much as the United Kingdom.

### Impact on Families

American families pay for rising health care costs through lower wages, fewer non-health related fringe benefits, and reduced consumption of other goods and services.

Health insurance premiums consume an ever larger share of workers' total compensation. The share of total compensation devoted to health insurance premiums more than tripled between 1965 and 1990 -- from 1.5% (\$23.5 billion, 1990 dollars) in 1965 to 5.3% (\$173.4 billion) in 1990.

As more of workers' total compensation is devoted to health insurance, less is available to be paid out as real wages or other forms of fringe benefits. If health insurance cost growth had been held to the rate of growth of total compensation (8.3% per year) between 1975 and 1991 (and the savings from reduced growth were fully reflected in increased cash wages) the average full-time worker might have been earning almost \$1,000 more in cash wages in 1991. Between 1975 and 1991, real wages per worker rose by 2.5%, while real health benefit costs per worker rose by 201%. If health insurance cost growth had been held to the rate of growth of total compensation, real wages would have risen by an additional 3.5 percentage points (6%).

Some of the cost of rising employer health insurance premiums is passed along to workers through reductions in other non-wage fringe benefits. During the 1980s, non-health care benefits increasingly were squeezed out of compensation packages, in part to make room for increasing health care costs. For example, retirement benefits have declined as a share of total compensation by 58% since 1980 alone.

American families also pay for higher health care costs

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through increased out-of-pocket spending on insurance premiums, coinsurance payments, deductibles and non-covered health care services. The share of American health care financed out-of-pocket, about 25%, is much higher than the corresponding fraction in other industrialized countries. During the 1960s and 1970s, out-of-pocket spending (including spending on premiums) grew more slowly than personal income. In the 1980s, however, the level of out-of-pocket health care spending grew faster than personal income. Between 1980 and 1992, the share of out-of-pocket costs in personal income increased by over 20 percent (from 3.2% to 4.1%).

Finally, American families pay for health care through the taxes that fund the Medicare trust fund and through other Federal and State taxes used to fund Medicare, Medicaid, and other government health programs. Slowing health cost growth would, therefore, also lower Americans' tax burdens.

## Impact through 2000

Without a change to the existing health care system, American workers will continue to see low rates of wage growth as an increasing share of their total compensation is consumed by health care premiums. Their spending choices will continue to be narrowed by rising health care bills through the remainder of this century. Projections of private health care cost growth suggest that under the current system these costs will continue to rise about twice as fast as total compensation through 2000.

If present growth trends continue, nearly 8 percent of the average American worker's compensation in 2000 will pay for health care, up from 6% today. That rate is in addition to the existing 2.9% payroll tax that finances the Medicare trust fund. If health care cost growth could be held to the rate of growth of total compensation, however, real wages in 2000 would be 2.2 percent higher than currently projected. This \$655 per worker increase is larger than the total increase that occurred between 1972 and 1992. Furthermore, if we can slow health care cost

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growth, out-of-pocket spending will also stop climbing, and American households will have a total of about \$1,474 more dollars in personal income to spend on non-health goods and services, than currently projected.

#### Impact on the Labor Market and Productivity

The current method of financing and providing health insurance hamstrings the U.S. economy by reducing America's flexibility to respond to new economic opportunities both at home and abroad. Individuals and businesses alike make economic decisions that are distorted by today's health care system. For example, a recent economic study suggests that if workers did not fear losing their health insurance or being forced to change doctors when they changed jobs, about 33% more workers would have changed jobs last year than actually did. If they had not feared losing their health coverage, these workers could have switched to jobs better suited to their needs and skills. When jobs and workers are better matched, workers' skills are more fully utilized so that each employee can produce more output for each hour of work. Improvements in the productivity of the American workforce are the key to increasing Americans' living standards.

The structure of today's health care system also reduces productivity by encouraging people who would prefer to work to remain on welfare. Many current welfare recipients fear that taking a job would mean losing Medicaid without gaining private health insurance coverage. Estimates suggest that if AFDC recipients were assured of maintaining health insurance benefits equivalent to Medicaid if they went to work, the number of people on welfare might be reduced by as much as 25%. In this sense, health care reform may be an important first step toward reforming the welfare system.

In addition to adversely influencing the decisions of individual workers, health care costs also distort business decisions in ways that may reduce overall productivity. For example, firms often seek to avoid paying high health insurance

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costs for low-paid workers by employing contractors or increasing overtime hours, instead of hiring new full-time workers. The 1980s saw an enormous growth in the number of firms that contract with other companies to provide janitorial and other business services. At the same time firms increased hours worked for their already-insured workers, rather than pay for insurance for new hires. Overtime hours in manufacturing increased from an average of 2.8 per week in 1980 to 3.8 per week in 1992.

Small businesses, who face higher administrative costs than large businesses for health coverage, are particularly hard-hit by rising health costs. The high cost to small business of providing health coverage makes it difficult for them to attract employees who expect decent health care as a benefit of employment.

Both large and small businesses could produce goods at lower total cost if their hiring decisions were not distorted by rising health care spending. Instead of contracting with a middleman to provide business services or paying high overtime wages to existing workers simply to avoid health care costs, large companies could hire new full-time workers. Small companies could compete more effectively in the labor market if they were able to provide health coverage at a reasonable price. When companies can choose workers based on their productivity, not on their fringe benefit costs, they can produce products at lower total cost, and the productivity of our economy improves.

Finally, the asset value of many American firms has been reduced by the rising cost of retiree health benefits. In 1988, the present value of retiree health liabilities for current and future workers was between \$227 billion and \$332 billion. For some firms, the reductions in asset value that occur because of rising retiree health liabilities may reduce their ability to raise capital and make new, productive investments.

Health care reform can make our economy more adaptable and better able to take advantage of new challenges and opportunities. If employers can choose more efficient



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combinations of labor and capital, and workers can choose jobs that better match their skills, productivity will improve and our economy will grow faster.

### Uninsured Americans

A failure to act on health reform not only means that our economic prospects will be dampened, it also has a great human cost. The world's richest country is not providing basic health coverage to tens of millions of its citizens, including over 8 million uninsured children. The share of people under 65 with private health insurance benefits has been declining steadily since 1988 from 75.1% to 72.3%. While the 1990-1991 rate of decline in the number of privately insured families slowed slightly, a 1992 survey still found more firms dropping insurance than adding coverage.

As the economy recovers from the recession and unemployment declines, some of the uninsured may gain insurance through employment. As firms currently offering health insurance begin to hire again, the fraction of people privately insured is likely to increase, while the number of unemployed persons receiving Medicaid is likely to fall. But consider this: most uninsured families today (53%) already include a full-time worker. A reduction in unemployment alone will not ensure that these workers are covered. Our estimates show that if the status quo is maintained, the number of uninsured Americans will continue to climb.

### Health Costs and the Federal Government

A central goal of our overall economic program is to change the composition of government spending, while simultaneously reducing the level of government spending as a percentage of overall GDP. Our efforts are stymied by health care spending. The two largest Federal health programs, Medicare and Medicaid, are projected to grow 10% and 13% annually over the remainder of this decade, far in excess of growth in GDP. Health care

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spending currently accounts for about 19% of Federal expenditures or about \$277 billion. That share is expected to increase to 24% -- or \$406 billion -- in 1997, despite proposed health care spending reductions in the President's budget. Without a change, health care spending could consume as much as 27% of the Federal budget by 2000. By comparison, spending on education, training, and employment services comprises only 3% of Federal expenditures.

Looming increases in Federal health care spending make deficit reduction and targeting Federal spending toward productive investments very difficult. If the growth in Federal health care spending were limited to the rate of growth in compensation, the deficit in 2000 would be less than half the size currently projected. Without reducing Federal health care spending, the deficit will rise from \$212 billion in 1996 to \$311 billion in 2000 and as a share of GDP from 2.8% to 3.6%.

Increases in private health care spending also make it more difficult to balance the Federal budget. Private health care spending growth depresses Federal receipts because employer spending on health insurance premiums is not taxable income to employees. Growing health spending leads to a growing tax expenditure for these employer-provided benefits -- \$44 billion in lost federal income tax revenue in fiscal 1993 alone. If we can slow the growth in private health care spending, the Federal government will also benefit through a reduced rate of growth in this tax expenditure.

As the government uses private savings to finance increases in the deficit, less and less remains for private sector investments in business plant, equipment, training, and research. By reducing the pool of available savings, the deficit makes it harder for American businesses to borrow the money they need to make these productive investments. Without a sustained level of investment, our economy cannot generate rising living standards.

The growing share of health care in the Federal budget limits the flexibility of government to respond to the current

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economic situation and to invest in the future. Of the \$222.5 billion increase in Federal outlays in President Clinton's budget proposal for 1993-1997, over \$128 billion, or 58 percent, is devoted to Medicare and other health programs. With \$149 billion going to Social Security, means-tested entitlements, and interest payments on the debt, only \$74 billion remains to meet other important needs of the American people.

These increases in spending are not confined to the Federal level. State and local government expenditures on health care are also accelerating. By the turn of the century, State and local health care spending is projected to triple over its 1990 level. In 2000, state and local governments will spend 18% of their budgets on health care, a share just slightly lower than their current share of spending on elementary and secondary education.

#### Conclusion

The status quo is unacceptable. Without health care reform, American workers will continue to see their take home pay stagnate, American families will give up a growing share of their disposable income for health care, American children will remain uninsured, and Federal, State, and local governments will be unable to respond to new opportunities and to make investments for the future. The Clinton Administration is committed to changing this dismal picture through comprehensive health care reform. The time for change is now.

I will be happy to take any questions you may have at this time.

**The President of the United States  
With Physicians Organizations Supporting the Health Security Act  
December 16, 1993**

Acknowledgements [The First Lady; Dr. William Coleman, President of the American Academy of Family Physicians; my good friend from Arkansas, Dr. Betty Lowe, President of the American Academy of Pediatrics; leaders of other physicians' organizations supporting the Health Security Act].

I want to thank the physicians' organizations here today for supporting the Health Security Act. Together, you represent more than 300,000 physicians all across the country who are on the frontlines of medical care.

You know what it's like to deliver a child at the break of dawn; to set a teen-ager's broken leg after a football game; or to do heart surgery on a 60-year-old forklift operator who hadn't missed a day of work in his life. Together with our nurses and other health care professionals, you've made American medicine the finest in the world.

More than anyone, you understand the problems in a health care system where millions live in fear of losing their coverage, while costs keep rising. Most of all, you understand that, in order to preserve what is right with health care in this country, we need to fix what is wrong.

Our plan strengthens and restores what is best about American medicine, and places the doctor-patient relationship back at the heart of the American health care system.

Our plan protects the American people's cherished right to choose their own doctors. Under our plan, individuals -- not their employers -- choose the health plan that meets their needs. That means they can stay with their family doctors.

Our plan honors the professionalism and dedication of America's physicians, nurses, and other health care professionals. We recognize it is you, not some insurance company bureaucrat, who knows what is best for your patients.

You did not join this profession to fill out forms. You did not join this profession to fight with insurance companies. You joined this profession because you want to answer the higher calling of the Hippocratic Oath -- to do the very best for your patients. Our plan makes sure you can help and heal.

That is why I deeply appreciate your support for a concept that is at the core of our plan: achieving universal coverage by asking every employer and every individual to take responsibility for health care.

If we are ever going to control the cost of health care, we need universal coverage. As long as tens of millions of Americans are uninsured; as long as some companies do not insure their employees, while their competitors do; as long as many are forced to wait until minor medical problems become serious and costly illnesses; as long as many end up getting health care in the most expensive place of all, the emergency room -- the rest of us are going to keep paying higher hospital bills and higher insurance premiums. Cost shifting is a major problem, and our plan tackles it by covering everyone and demanding responsibility from everyone.

That is why universal coverage is not only an ethical imperative; it is a practical necessity. That ethical imperative -- and that practical necessity -- are greater now than ever before. Just two days ago, we learned that more than two million Americans lost their health coverage last year, bringing the total of the uninsured to 38.9 million people, mostly working people and their families. In this holiday season, it is a human tragedy that so many of our fellow citizens must worry whether a serious illness will devastate their families.

You know better than anyone what works in health care, and that is why you support universal, employer-based coverage. Nine out of ten people who have private insurance get coverage through their jobs. And, except for the very smallest firms -- those with five or fewer employees -- the vast majority provide their workers with health benefits. Our goal is to lighten the load on those now providing insurance by bringing every employer into the system and providing discounts for the smallest firms.

I am heartened that the physicians' organizations here today, representing more than 300,000 physicians, are upholding their commitment to universal coverage through employer-based coverage. And I am saddened that the American Medical Association has backed away from its longstanding commitment to an employer mandate. In the weeks and months ahead, I hope the AMA will remember the sound ethical and practical reasons that had led them to support universal coverage through employer mandates.

As we celebrate the holidays and look forward to the new year, it is customary to set goals for ourselves. I assure you that I will spare no effort to provide health security for every American family. And I ask every Member of Congress to join me in making this New Year's resolution -- by the end of 1994, we will be able to tell the American people: "You and your children are guaranteed health security that can never be taken away."

**THE CLINTON HEALTH REFORM PLAN**  
*Security for Every American*

Security for you and your family. That's what the President's health reform plan is all about.

Even if you're one of those people who's satisfied with your health care today, I'll bet you know someone who's not.

Someone who lost their insurance when they switched jobs. Someone who can't afford health insurance. Someone who got terribly sick, and suddenly discovered hidden limits buried in the fine print of his policy. Someone who's paying a whole lot more this year for a whole lot less health care. And someone who can't even find a doctor for her kids.

If so, you're not alone. One of every four of you in this room risks losing the health insurance you have now in the next two years. You might lose it for a month, or two or three, or even six months or a year. And that's a terribly dangerous thing. Because if you or your child should -- God forbid -- get seriously ill when you're not protected -- all of your financial security could be wiped out. Perhaps forever.

[insert personal story about constituent or someone in your family who lost their insurance]

That's what this health care debate is about. Can your family find peace of mind? Can you -- or your child or your mother -- get the highest quality care when you need it most? And get it without going bankrupt? No matter whether you've got a great job or are between jobs. No matter what disease hits or when it hits or who it hits.

## **THE CLINTON HEALTH REFORM PLAN**

*Security for Every American*

Page 2

To help you get the security and high-quality care you need, here's what the President and I are going to change.

Today, if you're sick or your child is sick or you can lose your job or move to a different state, you can lose your insurance. If you've got what insurance companies call a "preexisting condition," you're out of luck. You probably can't get insurance and, if you can, it costs three or four times what other people pay.

Under the President's plan, you'll get health security. Lose your job -- and you'll still be covered. Get sick -- you'll still be covered. Move to a new place -- and you'll be covered. That's what insurance is supposed to be all about.

Today, right now, there are people who are locked into jobs -- people who won't take better jobs because they're scared of losing their health care. That's because some companies offer great benefits -- while others give only bare bones coverage.

Under the President's plan, that won't happen. Everyone will be guaranteed a comprehensive package of benefits, no matter where you live or what you do or where you work.

Today, you're at the mercy of your boss. He can tell you what health plan you've got to use -- and even force you to give up your doctor if your doctor's not part of that plan.

Under the President's plan, you're in the driver's seat. You'll get to choose among health plans -- and if you want to stay with the doctor you see now, fine, no problem.

## THE CLINTON HEALTH REFORM PLAN

*Security for Every American*

Page 3

But that's not all we're going to do. We're going to make sure that what you're charged for health care is brought under control.

Every day, every hour, exploding health care costs are picking all our pockets and handbags. Right now, as you sit here, you're paying for someone who's been forced to go into an emergency room because he or she doesn't have insurance. And the next time you hear about a hospital charging \$20 for a Tylenol, you'll know that you're paying for the patients in the emergency room who will never see a bill -- and couldn't pay it if they did. The Clinton plan asks everyone to help pay their own way.

Right now you're being charged twice as much for health care as someone in Germany or Japan -- but when it comes to the survival rate for heart attacks, the United States doesn't even make the top twenty. Right now, what you're being charged for the drugs you need is rising three or four times faster than in other places -- and yet children in some parts of the Third World stand a better chance of getting immunized than they do here.

So we're going to change the way things work. We're going to crack down on those insurance companies and drug companies that are making high profits -- but not investing in better care. We're going to stop the overcharging and restrain rising costs. Only then can we get this deficit under control, and help our nation compete and win again.



## THE CLINTON HEALTH REFORM PLAN

*Security for Every American*

Page 4

Then we'll be able to give you the security you deserve. The peace of mind that your family will get affordable high quality health care -- no matter when illness strikes. No ifs. No ands. No buts.

And when the new health care plan is up and running, you're going to get a health security card. You carry that card with you. It guarantees you access to a comprehensive package of benefits, no matter where you live or where you work.

And that package won't just take care of you if you wind up in the hospital or have terrible trouble or need a fancy test. It will turn around this crazy system and give you the kind of care that keeps you and your children from getting sick in the first place. In the nation that invented the polio vaccine, that's the very least we can do.

You'll be able to choose from a variety of health plans. Stick with the doctor you see now if you like. Or join a network of doctors and hospitals and pay a little less. Or pay a flat fee to a plan that covers all your services for the year. So if you become unhappy with your health care, you'll be able to vote with your feet -- and get your care somewhere else.

You'll be asked what you think of your health plan -- and the results will be displayed in a simple, easy-to-read consumer "report card." So health plans will be held accountable for the quality of their care.

And you'll be able to wave good-bye to the endless, complex forms and all the hassles. Because we're going to scrap a system that produces so much paper that even if you've got the patience to wade through it, you probably don't understand it.

## THE CLINTON HEALTH REFORM PLAN

*Security for Every American*

Page 5

That will be gone. We'll take the forms from the 1500 different insurance companies and make them into one.

Today, families that face the worst illnesses have to spend their time poring over insurance forms to figure out which insurance company is going to cover what -- rather than spending time with their loved ones.

That will be gone.

Today, nurses and doctors are forced to fill out form after form, each one more complex than the last. Some nurses have to fill out 19 forms for each patient -- and then those are checked and checked again.

All of that will be gone. We're going to let medical professionals practice medicine again.

Today, companies play games with each other, trying to shift employees onto the other's plan. And if you do get injured on the job, the crazy and costly workers comp system comes into play -- and fraud is never far behind.

That will be gone. We're going to tie everything together and make our health care system whole.

Today, the government has gotten so deep into the business of micromanaging health care that it can't find its way out. The books that tell you whether Medicare or Medicaid will cover something are so big and thick that nobody can understand them. They've got checkers checking checkers. You get the feeling that there are more people writing regulations than doctors delivering care.

## THE CLINTON HEALTH REFORM PLAN

*Security for Every American*

Page 6

And that, too, will be gone. Because we're going to crack down on the waste and simplify the system and make this big mess make sense.

Now let me say to the small business owners in this room that, if you're covering your employees right now, we're going to bring your costs under control. We're going to protect you. We're going to stop the insurance schemes that discriminate against you and drive your premiums through the roof. We're going to let you team up with other small businesses and negotiate for the same rates that insurance companies give the big guys.

And if you're not able now to cover your employees, we're going to help make insurance affordable for you, your family and your workers. We're going to ask everybody -- workers and employers alike -- to chip in for health care. We're going to give you the assistance you need but we're going to stop asking the folks who are now paying for insurance to pay for those who don't. Because it's not fair when the dry cleaner who covers his workers has to pay a whole lot more because the owner of the car wash down the street can't pay the price.

The bottom line is simple: everybody benefits if everybody takes responsibility.

[story of small business from your district/state that struggles to cover its employees]

Today, if you live in rural America or in a small town, you probably can't even find a doctor. Maybe it was the ridiculous malpractice fees that forced the town obstetrician to close down shop. Or the fact that this nation is producing thousands of plastic surgeons -- but not enough pediatricians.

## THE CLINTON HEALTH REFORM PLAN

*Security for Every American*

Page 7

Under the President's plan, all that will change. We're going to bring real health care to rural America -- both in person and through technology. And we're going to produce the family doctors and pediatricians that your family needs.

Now there are a lot of people out there who are going to tell you that we don't need to change. They're going to try to scare you by making up all sorts of stories about terrible things. Then they'll tell you that they agree we need some reform -- but only on their terms.

What they won't tell you is that they're the ones who have been lining their pockets while the rest of us have had our pockets emptied. The ones who have caused the gridlock that let this messy system get even more messed up. The ones who have spent their huge profits not on helping people get better -- but on lobbying and figuring out new ways to put health care out of the reach of the people who need it most.

Well, the fact is they can outspend you. But they can't outnumber you. You can win this fight for your family's security.

And when we join together and pass the President's plan, you'll have the peace of mind you deserve. A guarantee that you'll never lose your health insurance. Never. That no insurance company's fine print will steal your benefits. That you'll get comprehensive, high-quality care through a doctor or plan that you choose -- without ending up in the poorhouse.

**THE CLINTON HEALTH REFORM PLAN**

*Security for Every American*

Page 8

The President and Mrs. Clinton share a deep personal commitment to this issue. Because of their own experiences. And because of the people they've met all over the country. People like you who have had enough of rising medical bills. People who just want things to make sense so they can get high-quality care. People who want peace of mind.

Bill and Hillary Clinton believe that health security is a right. Your right. And when it comes to health care, and when it comes to human needs and human suffering, there are no Republicans or Democrats. There are just Americans.

And every day more American families lose their health insurance -- and even if you're one of the lucky ones who likes what you've got, the odds that you'll have it next year aren't great, and they're getting worse. Every day, what you're charged for health care keeps rising and rising -- and eating up your income and the future of your kids. And every day the special interests back in Washington keep blocking us from helping you.

You deserve the freedom from fear. Our nation deserves the freedom to grow. We all need the change. And we need it now.