

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Clearances for members of the President's Advisory Commission on Consumer Rights and Quality in the Health Care Industry (2 pages)	3/97	P5

**COLLECTION:**

Clinton Presidential Records  
 Domestic Policy Council  
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**FOLDER TITLE:**

Health Care-Quality Commission

rs44

### RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

## MEMORANDUM

May 13, 1997

TO: Distribution  
FR: Chris Jennings  
RE: Quality Commission's First Meeting

The Quality Commission's first meeting apparently received a great deal of press attention. According to HHS, media represented at the meeting included, ABC, NBC, CNN, *The New York Times*, *The Wall Street Journal*, The Associated Press, Congress Daily, Bureau of National Affairs, and others. The media seemed particularly interested in the Commission's work plan, especially its focus on the President's charge to develop a consumer bill of rights.

Co-Chairs Secretary Shalala and Secretary Herman briefed the press, emphasizing the consumer bill of rights issue as well as the President's letter welcoming the the Commission and urging them to speed up their drafting of the bill of rights. The letter, which I have attached, was given out to all members of the press. The press also spoke to various members of the Commission throughout the day.

The Commission also had an in depth discussion about the consumer bill of rights and members had a wide variety of opinions on what it should contain. Some felt that it should be a comprehensive document, containing an extensive grievances and appeals processes, while others felt it should be limited to issues of disclosure and access. This discussion will continue over the coming weeks by a subcommittee that was formed on this issue. The subcommittee will report back to the whole Commission at the next meeting which will be held on June 25 and 26.

Please feel free to call me at 6-5560 with any questions.

### Distribution

Bruce Reed  
Elena Kagan  
Mike McCurry  
Barry Toiv  
Larry Haas  
Lorrie McLHugh  
Mary Ellen Glynn  
April Mellody

THE WHITE HOUSE

WASHINGTON

May 12, 1997

Dear Commission Members:

I enjoyed meeting many of you several weeks ago when we formally announced the members of the Commission. As you begin your first official meetings, I want to thank you once again for agreeing to serve.

I am delighted that such a distinguished group of experts, representing consumers, business, labor, health care providers, insurers and other health plans, and government, has agreed to participate on this Commission. Your work will play a crucial role in helping policymakers on all sides of the political spectrum chart a thoughtful course through a time of profound change in our health care system.

One of the Commission's most important goals is to ensure that patients and their families have appropriate consumer protections in our evolving health care system. I urge you to develop a "Consumer Bill of Rights" to be completed no later than this fall -- well before the January '91 due date of the Commission's preliminary report. Providing your recommendations in a timely manner to respond to this challenge will help in developing a long-overdue national consensus on this critical issue.

I also want to thank you for working so hard on clarifying your agenda and establishing a work plan. You well understand the need to focus narrowly enough to be effective as you review the broad range of issues that could come under your charge.

Thank you again for taking on this important challenge. I look forward to following your deliberations and reviewing your recommendations closely.

Sincerely,

*Bill Clinton*

**Advisory Commission on Consumer Rights and Quality in the Health Care Industry.** Next Tuesday, the Quality Commission will hold its first meeting. As the Commission's co-chairs, Secretary Herman and Secretary Shalala will guide the Commission through a packed agenda of work items including: (1) Reading a letter from you commending the Commission on its preliminary work plan, which has a heavy emphasis on responding to your "consumer bill of rights" challenge; (2) Announcing the three remaining unnamed Commission members (one labor and two business slot appointments, assuming they clear through Counsel's office); (3) Swearing in all the Members; (4) Receiving testimony from consumer and business representatives to illustrate the Commission's commitment to the quality and consumer protection concerns of this constituency; and (5) reviewing, editing, and adopting the Commission's formal work plan. We expect the first meeting to receive a great deal of media interest and are encouraging the Commission staff to emphasize the priority you place on the quality and consumer protection issue.

THE WHITE HOUSE  
WASHINGTON

March 26, 1997

**ANNOUNCEMENT OF THE PRESIDENT'S ADVISORY COMMISSION ON  
CONSUMER PROTECTION AND QUALITY IN THE HEALTH CARE INDUSTRY**

**DATE:** March 27, 1997  
**LOCATION:** The East Room  
**BRIEFING TIME:** 2:00 pm - 2:15 pm  
**EVENT TIME:** 2:15 pm - 3:00 pm  
**FROM:** Bruce Reed  
Bob Nash

**I. PURPOSE**

You are announcing the appointments of the Advisory Commission on Consumer Protection and Quality in the Health Care Industry. As part of this announcement, you will charge the Commission to develop a "consumer bill of rights" to ensure that patients have adequate appeals and grievances processes.

**II. BACKGROUND**

In November 1996, you signed an Executive Order creating the Advisory Commission on Consumer Protection and Quality in the Health Care Industry. The 32-member Commission will review rapid changes occurring in the health care financing and delivery systems and make recommendations, where appropriate, on how best to promote and assure patient protections and health care quality.

The Advisory Commission will be co-chaired by the Secretaries of Health and Human Services and Labor and has broad-based representation from consumers, businesses, labor, health care providers, insurers, and quality and financing experts. The Commission members have expertise on a range of health issues including the unique challenges facing rural and urban communities, children, women, older Americans, minorities, people with disabilities, mental illness, and AIDS, as well as issues regarding privacy rights and ethics.

You are also charging the Commission with developing a "consumer bill of rights" which will ensure that patients have adequate appeals and grievance processes. In so doing, the Commission will study and make recommendations on: (1) consumer protections; (2) quality; and (3) the availability of treatment and services in a rapidly changing health care system.

The Commission will submit a preliminary report by January 31, 1998 and a final report by March 30, 1998. The Vice President will review the final report before it is submitted to you. It is also envisioned that the Advisory Commission will play a consultative role should relevant legislative initiatives move through the Congress prior to the due date of the final report.

This Administration has a long history of strong support for consumer protection in health plans, including executive actions and legislative initiatives barring gag rules, limiting physician incentive schemes, increasing choice and consumer information, and requiring health plans to allow women to stay in the hospital for 48 hours after the delivery of a child or a mastectomy. You called for this Commission to develop a broader understanding of the numerous issues facing a rapidly evolving health care delivery system and to help build consensus on ways to assure and improve quality health care. This Commission will complement, not compete with, legislation in Congress that has broad-based support. However, where consensus has yet to emerge, this Commission will help bridge the gaps.

**NOTE:** At the time of this writing, there are five members of the Commission who have been selected but have not yet made it through the final stage of the clearance process. We are not making these names public until they have passed through final clearance, and they have not been invited to attend this event.

### **III. PARTICIPANTS**

#### Briefing Participants:

Secretary Shalala  
Acting Labor Secretary Metzler  
Erskine Bowles  
John Podesta  
Bruce Reed  
Chris Jennings  
Bob Nash  
Maria Echaveste  
Rahm Emanuel  
Carolyn Curiel

#### Event Participants:

Secretary Shalala  
Acting Labor Secretary Metzler

#### Audience:

Members of the Commission (To be seated beside you.)  
Spouses of the Commission Members  
Approximately 20 representatives of organizations endorsing the Commission.

#### **IV. PRESS PLAN**

Open Press.

#### **V. SEQUENCE OF EVENTS**

- You will be announced into the room with Secretary Shalala and Acting Secretary Metzler.
- Acting Secretary Metzler will proceed to the podium to deliver remarks and introduce Secretary Shalala.
- Secretary Shalala will deliver remarks and introduce you.
- You will deliver remarks and then depart.

#### **VI. REMARKS**

Remarks Provided by Carolyn Curiel in Speechwriting.

#### **VII. ATTACHMENTS**

- Press Release on Background of each Commission Member being announced.
- One page fact sheet on the Commission.

Draft, 4:30 p.m., 3/25/97

**PRESIDENT WILLIAM J. CLINTON  
PREPARED REMARKS  
ADVISORY COMMISSION ON  
CONSUMER RIGHTS AND QUALITY IN HEALTH CARE  
EAST ROOM  
MARCH 26, 1997**

1997 MAR 25 PM 7:08

[Following Acting Secretary Metzler; Secretary Shalala; Acknowledge: Commission members, distinguished guests.]

From the time I took office, my Administration has maintained a strong commitment to improving our health care system. We have strived to make it more accessible, more affordable and higher quality.

We have attacked fraud and abuse in the health care system. We enacted Kennedy-Kassebaum, so that workers can carry their health insurance from job to job. We strengthened the Medicare program and preserved the vital guarantee of Medicaid coverage for 37 million women, children, senior citizens and people with disabilities.

We have worked with the states to expand Medicaid coverage to more than 2 million Americans who previously had no insurance at all. We have worked with the Congress to make sure that new mothers have at least 48 hours in the hospital after they give birth.

This is a time of transition for American health care. For millions of American workers and their families, this means greater access to care at a lower cost. It means a new awareness of the value of preventive care. And means a better relationship between doctor and patient.

But our work is not done. We must also recognize that in this time of transition, many Americans worry that lower costs means lower quality and less attention paid to their rights as consumers.

It is a valid concern, and one that we dare not overlook as we seek to keep the things that are right with health care and fix the things that are wrong, and as we pursue nothing less than the highest quality health care for all our people. That is why last (DECEMBER??????), I ordered the creation of an Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

Today, I am happy to announce that we have named the members of our commission, many of whom are with us here today. They are a highly distinguished, broad-based and diverse group, representing consumers, business, labor, health care providers, insurers, and experts in quality and financing. They include people who have devoted careers to the study of health issues affecting rural and urban communities, children, women, the elderly, minorities, people with disabilities, mental illness and AIDS, as well as issues of privacy and ethics. The members

include some of the best minds in our nation and the best thinking on health care.

I have asked the Secretary of Health and Human Services and the Secretary of Labor to chair this group.

The Commission's task is simple, and very tough. I am charging its members to develop a "consumer bill of rights" for health care. It should set out in clear, precise terms what a consumer can expect to receive when they enter our health care system.

I want the commission's recommendations on consumer protections, quality and the availability of treatment and services.

- Consumers should know whether their health plan has imposed any barriers to their physician's ability to communicate medical advice.
- They should know whether their physician has any financial incentive in withholding needed care.
- Consumers should know whether they can appeal a decision made by their health plan.
- They should know whether their medical records are being kept confidential.
- Consumers should know whether they can change plans or doctors.
- They should know what services and treatments are covered and what restrictions are.

I ask that the commission provide me with their first report by the end of the year, and a final report in 18 months. And I have asked the Vice President to review the report before it is presented to me.

The need for this Commission is real and it is urgent. We must have a standard, a road map, as we make our way through this time of rapid change in health care. I cannot think of a group of individuals better suited to help the American people at this time.

I want to thank the men and women who today have committed themselves to this important effort.

Their work will help to improve the quality of people's lives for a long time to come. We are in their debt.

Thank you. And God bless.

*1-12  
HCare Quality Commission*

MEMORANDUM

TO: Hillary Rodham Clinton  
FR: Chris J.  
RE: Quality Commission

December 13, 1996

Following up on our telephone conversation last night about the Advisory Commission on Quality and Consumer Protection, I discussed the issues you raised with Bruce Reed. Here's a summary of our conversation and our suggestion about a possible alternative approach.

We both agreed with you that the Commission's very existence has the potential to undermine managed care/quality assurance initiatives that we may want to pursue. Bruce also raised the point that, from a communications perspective, it has always been difficult to say we support certain quality initiatives in the same breath we talk about a Commission to look into the problem. He cited our Florida event when we tried to combine our message on an anti-gag initiative with the President's announcement on the establishment of the Commission. Having said the above, we both concluded that we were probably too far down the road on the announcement of this Commission to totally turn it off. The release of the Executive Order on the Commission and the President's commitment to Labor to establish it are particularly problematic in this regard. We did come up with an alternative strategy, which we offer for your consideration.

First, rather than quickly release the names of the Commission (as we were planning to do at the end of this month or in early January), we think it would be wise to hold off on the announcement until after the State of the Union Address and the release of the budget. Delaying the release will allow us to focus on our anti-gag and other quality initiatives, which we plan to include in the budget. It will help us avoid a mixed message.

Second, rather than keeping the Commission in existence for 18 months, amend the Executive Order to shorten its life-span to no longer than a year. This will allow us to push additional initiatives, hopefully with cover from the Commission, for the second session of this Congress. It also specifically addresses the concern you have about a long-lived Commission precluding our ability to advocate for additional initiatives until too late into the President's second term.

We have not raised these alternatives to anyone else within the Administration. Before we advance them, however, we wanted to make certain you were comfortable with these ideas. Please call me (or have Melanne do so) when you have the chance to discuss this. Thanks.

**THE WHITE HOUSE**

**Office of the Press Secretary**

**For immediate release**

**March 26, 1997**

**PRESIDENT NAMES MEMBERS OF ADVISORY COMMISSION ON  
CONSUMER PROTECTION AND QUALITY IN THE HEALTH CARE INDUSTRY**

The President today announced members of the Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

The Advisory Commission on Consumer Protection and Quality in the Health Care Industry was created by Executive Order. The purpose of the Commission is to advise the President on how unprecedented changes in the health care delivery system are affecting quality, consumer protection and the availability of needed services. Through a series of public meetings, it will collect and evaluate information and develop recommendations on improving quality in the health care system. The Commission will be co-chaired by the Secretary of Health and Human Services and the Secretary of Labor.

The Commission has broad-based representation from consumers, businesses, labor, health care providers, insurers, and quality and financing experts. The Commission members have expertise on a range of health issues including the unique challenges facing rural and urban communities, children, women, older Americans, minorities, people with disabilities, mental illness, and AIDS, as well as issues regarding privacy rights and ethics. Six individuals selected to serve on the Commission have not completed the appointment process, and will be announced as soon as they are cleared.

**DONALD BERWICK**, of Newton, Massachusetts, is President and Chief Executive Officer of the Institute for Healthcare Improvement. Dr. Berwick is also an Associate Clinical Professor of Pediatrics at Harvard Medical School and an Adjunct Associate Professor of Management at the Harvard School of Public Health. An expert on children's health care, Dr. Berwick has practiced medicine as a pediatrician continuously since 1976. Dr. Berwick has extensive experience on quality issues, and served as a member of the Panel of Judges for the Malcolm Baldrige National Quality Award of the U.S. Department of Commerce. He has also served on the Committee on the Future of the Patient Record at the Institute of Medicine, was Vice Chair of the U.S. Preventive Services Task Force at the Department of Health and Human Services, and currently is the Chair of the Health Services Research Review Sub-Committee of the U.S. Agency for Health Care Policy and Research. He graduated, *summa cum laude*, from Harvard College, and earned an M.P.P. from the John F. Kennedy School of Government at Harvard University, and graduated, *cum laude*, from Harvard Medical School.

**CHRISTINE K. CASSEL**, of New York City, New York, currently serves as Chairman of the Henry L. Schwarz Department of Geriatrics and Adult Development at Mt. Sinai Medical Center. She joined Mount Sinai in 1995 after ten years as Chief of General Internal Medicine at the University of Chicago. A renowned expert on aging issues, she is well aware of the special needs of the elderly population and the particular challenge presented by new health care delivery systems. Dr. Cassel has been actively studying demographic and epidemiologic forecasting, social concepts of successful aging, and the care of patients at the end of life. Dr. Cassel also has an extensive background in ethics. In 1992, she was elected to membership at the Institute of Medicine of the National Academy of Sciences. She is the immediate past President of the American College of Physicians, a member of the Board of Directors of the American Board of Internal Medicine, and a Trustee of the Greenwall Foundation. Dr. Cassel received a B.A. at the University of Chicago and an M.D. from the University of Massachusetts.

**JAMES CHAO**, of Naperville, Illinois, is the President of Metro Provider Service Corporation. The Corporation provides a variety of services to the health care industry, including the provision of health care services and the development of communications systems between providers. Mr. Chao has over 15 years of experience working with health care organizations, and has served as a health care consultant, focusing on issues of health care reimbursement and hospital financing. Mr. Chao was Financial Officer for Columbia Cabrini Medical Center in Chicago, where he was responsible for finances of a three hospital system. Mr. Chao received a B.S. from the University of Illinois at Chicago.

**S. DIANE GRAHAM**, of Paradise Valley, Arizona, is the Chairman and CEO of STRATCO, Inc., a mechanical and chemical engineering firm whose alkylation and grease technologies have been licensed in over thirty countries. As the chief executive of a small company, Ms. Graham is well aware of the difficulties small businesses encounter in trying to offer accessible and affordable health care services to its employees. In 1987, she was invited to join the prestigious "Committee of 200," a national organization of leading women entrepreneurs and business owners. Ms. Graham has served on the boards of over twenty non-profit organizations. She received a Bachelor's degree from Culver-Stockton College in Canton, Missouri.

**VAL J. HALAMANDARIS**, of the District of Columbia, currently serves as the President of the National Association of Home Care (NAHC). Under his leadership, NAHC has expanded its membership more than ten-fold. Mr. Halamandaris served for five years as Counsel to Representative Claude Pepper's House Select Committee on Aging and for fifteen years as Counsel to Senator Frank E. Moss and the U.S. Senate Special Committee on Aging. In 1987, Mr. Halamandaris founded the Center for Health Care Law, a public interest law firm advocating the rights of the elderly, the disabled, and chronically ill children. He is editor and publisher of two national magazines, *CARING* and *Caring People*, and has also published several books on aging and home care. Through his numerous and diverse professional experiences, Mr. Halamandaris is aware of the special needs of elderly citizens and the particular challenges presented by new health care delivery systems. Mr. Halamandaris received his B.A. degree from George Washington University and his J.D. from Catholic University of America School of Law.

**SANDRA HERNÁNDEZ, of San Francisco, California**, currently serves as Director of Health for the City and County of San Francisco in the San Francisco Department of Health. As the first Latina to head San Francisco's health department, Dr. Hernández leads the city's homeless services initiatives, which are the model for cities across the nation. In addition, she implemented one of the first Medicaid managed care programs in a major metropolitan area. Dr. Hernández has served on the National Hispanic Women's Health Initiative Steering Committee, the Breast and Cervical Cancer Prevention Committee, and the FDA Anti-Infective Drugs and Antiviral Drugs Advisory Committee. Dr. Hernández received her Bachelor's degree from Yale University and her M.D. from the Tufts University School of Medicine.

**NAN HUNTER, of New York, New York**, is an Associate Professor of Law at Brooklyn Law School, where she teaches Health Law. From 1993-1996, she served as Deputy General Counsel at the U.S. Department of Health and Human Services, where she worked on numerous health care issues including consumer protection rights, civil rights, and medical records confidentiality, and also assisted in the development of management policy. She is also the former Director of the AIDS Project and Lesbian and Gay Rights Project for the ACLU, where she directed national ACLU policy and litigation projects concerning health care issues. Ms. Hunter has published extensively on health care issues, including AIDS, privacy, and civil rights. Ms. Hunter received a B.A. from Northwestern University and a J.D. from Georgetown University Law Center.

**SYLVIA DREW IVIE, of Los Angeles, California**, currently serves as the Executive Director of T.H.E. Clinic for Women in Los Angeles, a primary health care clinic offering prenatal care, pediatrics, and clinical care for women with AIDS. Previously, she served as the Executive Director for the National Health Law Program in Los Angeles, where she worked extensively on maternal and child health issues as well as access issues for low-income populations. Ms. Ivie is a past member of the California Health Facilities Commission and served on the Board of Directors of the Medicare Advocacy Project. She won the prestigious Mandela Award. Ms. Ivie earned an A.B. from Vassar College and a J.D. from Howard Law School.

**RISA J. LAVIZZO-MOUREY, of Philadelphia, Pennsylvania**, is the Director for the Institute of Aging, Chief of the Division of Geriatric Medicine, Associate Executive Vice President for Health Policy, and the Sylvan Eisman Associate Professor of Medicine and Health Care Systems at the University of Pennsylvania. As an expert on aging issues, she is well aware of the particular challenges faced by elderly citizens. Dr. Lavizzo-Mourey has served on numerous Federal advisory committees, including the White House Task Force on Health Care Reform, the Task Force on Aging Research, the Office of Technology Assessment Panel on Preventive Services for Medicare Beneficiaries, the Institute of Medicine's Panel on Disease and Disability Prevention Among Older Adults, and the National Committee for Vital and Health Statistics. She is a member of the American College of Physicians. Dr. Lavizzo-Mourey earned an M.D. from Harvard Medical School and an M.B.A. from the Wharton School at the University of Pennsylvania.

**SHEILA LEATHERMAN, of Minneapolis, Minnesota**, is Executive Vice President of the United Health Care Corporation, which provides a broad range of health care services to purchasers, consumers, managers and providers of health care since 1974. She is the Founder of the Center for Health Care Policy and Evaluation, which evaluates the performance of health care delivery systems in the areas of quality, cost, and accessibility. Ms. Leatherman currently serves on the Advisory Committee of the International Society for Quality of Care, the National Committee on Vital and Health Statistics, the Health Advisory Board of the Institute of Medicine, and is a Senior Fellow at the Institute of Health Services Research of the School of Public Health at the University of Minnesota. Ms. Leatherman earned a B.A. degree from Tulane University and a Master's degree from the University of Arkansas.

**BEVERLY MALONE, of Greensboro, North Carolina**, is the President of the American Nurses Association. Additionally, Dr. Malone is Dean and Professor of the School of Nursing at North Carolina Agricultural and Technical State University. A licensed clinical psychologist, Dr. Malone also maintains a small individual, group and family therapy practice. She has served on the Governor's Task Force on the Nursing Shortage, North Carolina Commission on Health Services, the Board of Trustees of the Moses Cone Health System, and the Board of Directors of the Adolescent Pregnancy Prevention Program. Dr. Malone received a B.S.N. in Nursing from the University of Cincinnati, an M.S.N. from Rutgers the State University, and a Ph.D. from the University of Cincinnati.

**GERALD MCENTEE, of the District of Columbia**, is the President of the Association of Federal, State, County and Municipal Employees (AFSCME). Mr. McEntee is a Vice President of the AFL-CIO and a member of its Executive Council. He serves on the board of the Alliance to Reinvent Government, the Health Care Reform Project, the Child Care Action Campaign, and is a member of the National Commission on Children. Mr. McEntee is co-founder and Chairman of the Board of the Economic Policy Institute. He received a B.A. from LaSalle University in Philadelphia.

**PHILLIP NUDELMAN, of Seattle, Washington**, is the President and CEO of Group Health Cooperative of Puget Sound, a non-profit managed health care delivery system, which is the nation's largest consumer-governed healthcare organization. Dr. Nudelman served on the White House Task Force on Healthcare Reform and is a member of the board and current Chair-elect of the American Association of Health Plans. He serves on the board of directors for SpaceLabs Medical, Inc., Cell Therapeutics, Inc., and Advanced Technology Laboratories. Dr. Nudelman holds a Doctorate in Health Systems Management.

**HERBERT PARDES, of New York, New York**, is the Vice President for Health Sciences and Dean of the Faculty of Medicine at the Columbia University College of Physicians and Surgeons, where he oversees the College of Physicians and Surgeons, the School of Public Health, the School of Nursing, and the School of Dental and Oral Surgery. As an expert on medical schools and teaching colleges, he has developed major changes in the education of physicians, and assumed a national role as an advocate for education, health reimbursement, and support of biomedical research. He is the immediate past chair of the Association of American

Medical Colleges. During the Carter Administration, Dr. Pardes was Director of the National Institute of Mental Health. From 1989 to 1990, he served as President of the American Psychiatric Association. He is President of the Scientific Board of the National Alliance for Research on Schizophrenia and Depression, and is a member of the National Depressive and Manic Depressive Association. Mr. Pardes received a B.S. from Rutgers University and an M.D. from the State University of New York.

**RON POLLACK, of Alexandria, Virginia**, a long-time advocate for low income Americans, currently serves as the Executive Director of Families USA, a national consumer organization dedicated to high-quality, affordable health care. Mr. Pollack has recently issued a report on managed care that raises significant quality concerns and argues for increased consumer protection. Mr. Pollack is a founding Board Member of The Long Term Care Campaign, Americans for Health, and was also a founding member of the National Academy of Social Insurance. Mr. Pollack received a B.A. degree from Queens College and a J.D. from New York University School of Law.

**MARTA PRADO, of Hollywood, Florida**, is the Senior Vice President of InPhyNet Medical Management and Chief Operating Officer of InPhyNet's Managed Care and Corrections Divisions. Ms. Prado was previously administrator and CEO at Miami General Hospital. A registered nurse, she is former President of the Emergency Nurses Association and was the Legislative Chairperson of the Florida Nurses Association. She is a member of the Board of Directors of the Child Care Connection, and formerly served as a member of the Public Policy Committee on Aging and the Medicaid Reform Task Force. Ms. Prado graduated from the Jackson Memorial Hospital School of Nursing and the University of Miami Nurse Practitioner Program.

**ROBERT RAY, of Des Moines, Iowa**, is a former Governor of Iowa, and serves as Co-Chair of the National Leadership Coalition on Health Care. Mr. Ray is an expert on rural health issues and serves as Chair of the National Advisory Committee on Rural Health. As Governor, from 1969-1983, Mr. Ray established the Governors Commission on Health Care Costs. He retired in August 1996 as President and CEO of IASD Health Services Corporation. Mr. Ray has also served as Chairman of the National Governors' Association. He received both his undergraduate and J.D. degree from Drake University.

**THOMAS REARDON, of Boring, Oregon**, is the Medical Director of the Portland Adventist Medical Group. Dr. Reardon is a Trustee and Vice Chair of the American Medical Association. He is a member of the Board of Directors on the National Committee for Quality Assurance, a former Commissioner of the Physician Payment Review Commission and of the Joint Commission on Accreditation of Healthcare Organizations. Dr. Reardon earned a B.S. degree from Colorado State University and an M.D. from the University of Colorado.

**KATHLEEN SEBELIUS, of Topeka, Kansas**, currently serves as the Insurance Commissioner for the State of Kansas and as Vice Chair of the Health Committee of the National Association of Insurance Commissioners. Previously, she served as a Member of the Kansas House of

Representatives. Her efforts as Insurance Commissioner have resulted in new laws in Kansas, including a bill mandating a 48 hour minimum stay for mothers and newborns in the hospital, prohibition of an insurance deductible for payments of childhood immunizations, and extended portability for widows and divorcees in health care plans. Ms. Sebelius earned a Bachelor's degree from Trinity College and a Masters in Public Administration from Kansas University.

**STEVEN S. SHARFSTEIN, of Baltimore, Maryland**, one of the nation's leaders in mental health, is President, Medical Director and CEO of Sheppard Pratt, a non-profit behavioral health system. Dr. Sharfstein is Clinical Professor at the University of Maryland and a Professorial Lecturer in Psychiatry at Georgetown University School of Medicine and at Johns Hopkins University. He is a member of many professional associations, including the American Psychiatric Association, the American College of Psychiatrists, the American Medical Association, and the Southern Psychiatric Association. Dr. Sharfstein received a B.A. from Dartmouth College, an M.D. from the Albert Einstein College of Medicine, and an M.P.A. from the John F. Kennedy School of Government at Harvard University.

**PETER THOMAS, of the District of Columbia**, is a principal in the law firm of Powers, Pylers, Sutter & Verville, P.C. Mr. Thomas has a federal law and legislative practice in the areas of health care reform, managed care, reimbursement policy, Medicare and Medicaid, and rehabilitation research appropriations. Mr. Thomas has personal experience with physical disability, using two artificial legs since the age of ten and serves as Co-Chair of the Health Task Force of the Consortium for Citizens with Disabilities (CCD), a Washington-based coalition of over 100 national disability-related organizations. Mr. Thomas has served on the National Advisory Board on Medical Rehabilitation Research at the National Institutes of Health and has co-authored an employment guidebook on the Americans with Disabilities Act of 1990. Mr. Thomas received a B.A. degree from Boston College and a J.D. from Georgetown University Law Center.

**MARY WAKEFIELD, of McLean, Virginia**, currently serves as the Director and Professor of the Center for Health Policy at George Mason University. From 1993 to 1996, Ms. Wakefield was Chief of Staff to Senator Kent Conrad, advised the Senator on the health related issues of the Senate Finance Committee, and analyzed the impact of legislation on health care. A registered nurse, she previously served as Co-Chair of the Senate Rural Health Caucus staff organization while serving as Administrative Assistant to Senator Quentin Burdick. A native of North Dakota, Ms. Wakefield earned a B.S.N. from the University of Mary, in Bismarck, an M.S.N. and a Ph.D. from the University of Texas.

**GAIL WARDEN, of Detroit, Michigan**, currently serves as President and CEO of the Henry Ford Health Systems, one of the nation's leading vertically integrated health care systems and premier academic medical centers. At Henry Ford, he has spearheaded affiliations to optimize the health care services and insurance programs delivered to Detroit area residents. Mr. Warden is the past Chairman of the National Committee for Quality Assurance. He serves on the Governing Council of the Institute of Medicine of the National Academy of Sciences, is a member of the Board of the Robert Wood Johnson Foundation, is Vice Chairman of The

Hospital Research and Educational Trust, and chairs the Department of Veterans Affairs Associated Health Professions Review Committee. Mr. Warden is a graduate of Dartmouth College and earned a Master's in health care management from the University of Michigan.

**ALAN WEIL, of Denver, Colorado**, currently is co-director of the Assessing the New Federalism Project at the Urban Institute. This project, the largest in the Institute's 29 year history, will monitor and assess the effects of welfare reform and health care reform around the country. Mr. Weil has previously served as the Executive Director of the Colorado Department of Health Care Policy and Financing, where he was responsible for Medicaid and other medically indigent programs, health data collection and analysis function, health policy development, and health care reform. As Executive Director, he was the principal health policy advisor to Governor Roy Romer. Mr. Weil's accomplishments include implementation of a mandatory electronic claims submission system for Medicaid, and implementation of an innovative risk-adjustment system for setting Medicaid HMO rates. Mr. Weil received a B.A. from the University of California at Berkeley, a Master's in Public Policy from the John F. Kennedy School of Government at Harvard University, and a J.D., *cum laude*, from Harvard Law School.

**SHELDON WEINHAUS, of St. Louis, Missouri**, is an attorney who has worked extensively representing workers in health care litigation, with a practice focus on health benefit and disability claims of patients covered under employer provided group benefit plans. He has devised claims processing and litigation strategies and theories to obtain judicial reversals of coverage denials for life saving and cutting-edge medical procedures, such as double lung transplants and high dose chemotherapy. Mr. Weinhaus serves on the Board of Directors of the Patient Advocate Foundation, was on the Missouri Task Force for Breast Cancer Coverage, and is a member of the National Health Lawyers Association and the National Employment Lawyers Association. Mr. Weinhaus earned a Bachelor's degree from the University of Arizona, and a J.D. degree from the Washington University School of Law.

**STEPHEN F. WIGGINS, of Darien, Connecticut**, is the Founder, Chairman and CEO of Oxford Health Plans, Inc. Oxford owns and operates health maintenance organizations and insurance companies in New York, New Jersey, Pennsylvania, New Hampshire and Connecticut. Prior to his tenure at Oxford, he formed Accessible Space, Inc., in 1979, a non-profit health care company which develops and operates residential facilities for the mobility impaired and brain injured; Mr. Wiggins has continued to serve as a Board member since its founding. Mr. Wiggins received a B.A. from Macalester College and an M.B.A. from Harvard University.

The President also announced today that Janet Corrigan, of Maryland, will serve as the Executive Director of the Advisory Commission on Consumer Quality and Protection in the Health Care Industry.

Janet Corrigan, of Columbia, Maryland, will be the Executive Director of the Advisory Commission on Consumer Quality and Protection in the Health Care Industry. She currently is a

principal researcher at the Center for Studying Health System Change. The Center monitors and assesses the evolution of the health care industry and its impact on local health care markets, and consumer satisfaction, access and the utilization of health services. She has also served as Vice President for Planning and Development at the National Committee for Quality Assurance, where she was responsible for the development of a standard set of performance measures, a \$2.1 million Report Card Pilot Project, and oversight of state projects involving quality measurement and health plan accountability. Dr. Corrigan received a B.A. from Syracuse University, an M.B.A. from the University of Rochester, an M.P.H. from the University of Rochester Medical Center, a Masters of Industrial & Operations Engineering from the University of Michigan, and a Ph.D. in Health Services Organization & Policy from the University of Michigan.

**QUOTES SUPPORTING THE PRESIDENT'S ADVISORY COMMISSION ON  
CONSUMER RIGHTS AND QUALITY IN THE HEALTH CARE INDUSTRY**

**Insurers/Managed Care Plans**

*"We believe President Clinton's creation of this Commission sets the stage for a diverse cross-section of interests to study these issues comprehensively. Such a review is an essential step toward ensuring Americans that their medical care will be provided in a manner which promotes accessibility and affordability in addition to the highest standards of quality."*

-- Health Insurance Association of America, 3/26/97.

*"AAHP applauds the President's initiative in recognizing the need to closely examine changes in the nation's health care delivery system."*

-- American Association of Health Plans, 3/26/97.

*"The nation's 59 independent Blue Cross and Blue Shield Plans share the President's concerns for preserving health care quality across a rapidly changing marketplace. We welcome the panel's thoughtful deliberations about the future health care delivery system."*

-- Blue Cross Blue Shield, 3/25/97.

**Business/Labor**

*"We are pleased that your Commission brings together a diverse group of experts in the broad field of health care, including several private sector leaders who are on the leading edge of the rapid change in the health care marketplace."*

-- Association of Private Pension and Welfare Plans, 3/25/97.

*"Washington Business Group on Health welcomes news of national commission on health care quality members .... WBGH encourages a public/private collaboration at the national level to bring clarity and direction to these important efforts."*

-- Washington Business Group on Health, 3/26/97.

*Your appointment of a National Advisory Commission on Consumer Protection is a well-timed response to the need for examining quality."*

-- AFL-CIO, 3/25/97.

## Consumers

*"Your willingness to set this objective as the highest priority for our country's health care system is a testament to your vision and commitment to the consumers of health care."*

-- Consumer Coalition for Quality Health Care, 3/25/97.

*"AARP members are increasingly concerned that profit is overriding quality and consumer protection concerns, as our health care system continues to evolve. We strongly support the establishment of the Advisory Commission in the hope that a comprehensive approach to quality assurance and consumer protection will be in the best interest of every American."*

-- American Association of Retired Persons, 3/25/97.

*"Mr. President, we the disability community deeply appreciate your courageous efforts to establish quality health care for all."*

-- Justice For All, 3/25/97.

*"We believe that the Advisory Commission is an ideal forum to facilitate a critical dialogue among these key players leading to concrete recommendations that will protect consumers and families alike."*

-- The National Mental Health Association, 3/25/97.

*"Our country has experienced a revolution in the delivery of health care. Through the Commission's focus, we need to ensure that it is a bloodless revolution."*

-- Families USA, 3/25/97.

*"Rapid changes in the health care financing and delivery system brings the challenge of ensuring that consumers, including people living with HIV/AIDS, are adequately protected."*

-- AIDS Action, 3/26/97.

## Health Care Providers and Professionals

*"President Clinton's new commission whose charge is to protect patients and promote high quality care is a step we wholeheartedly endorse."*

-- American Medical Association, 3/26/97.

*"The President shows great leadership in establishing this important commission. As the dynamic changes in our health care delivery system continue, this broad-based panel will prove essential in identifying the intended and unintended consequences of the system's transformations as well as for providing recommended ways to protect consumers and the quality of the care they receive."*

-- Association of American Medical Colleges, 3/26/97.

*"There is a clear need for an exhaustive study in this area. I commend the President for naming the Commission to do the work which is so vital to our Country."*

-- National Association for Home Care, 3/25/97.

*"We support the concept at the heart of your decision to create the commission, and bringing together national experts to study consumer protection and quality standards in an era of change is both timely and warranted."*

-- American Hospital Association, 3/25/97.

*"We must ensure that our health care system remains the finest in the world and in order to attain this goal we must forge a common national agenda driven by a commitment to quality. This bipartisan commission will help to raise the debate above self interest and partisan politics by putting patients first."*

-- American Nurses Association, 3/26/97.

*"The American Academy of Pediatrics has a vested interest in this bipartisan commission and work for one very compelling reason: it will take children's health care needs into account."*

-- American Academy of Pediatrics, 3/26/97.

# Withdrawal/Redaction Marker

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Clearances for members of the President's Advisory Commission on Consumer Rights and Quality in the Health Care Industry (2 pages)	3/97	P5

**This marker identifies the original location of the withdrawn item listed above.  
For a complete list of items withdrawn from this folder, see the  
Withdrawal/Redaction Sheet at the front of the folder.**

**COLLECTION:**

Clinton Presidential Records  
Domestic Policy Council  
Bruce Reed (Subject File)  
OA/Box Number: 21204

**FOLDER TITLE:**

Health Care-Quality Commission

TS44

**RESTRICTION CODES**

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 26, 1997

REMARKS BY THE PRESIDENT  
DURING HEALTH CARE QUALITY COMMISSION ANNOUNCEMENT

The East Room

2:32 P.M. EST

THE PRESIDENT: Thank you very much. Thank you, Secretary Shalala, Acting Secretary Metzler. Thank you both for the work you've done on this. I thank the commission members for their willingness to serve -- those who are here and a few who could not be here with us today. And I thank all of you here in this audience for your interest in this profoundly important matter.

The Advisory Commission that I announced today will help to chart our way through a time of profound change in health care. Their task will be focused and urgent: to find ways to ensure quality and to ensure that the rights of consumers in health care are protected.

Since I took office, we have been committed to improving our health care system -- to making it more affordable, more accessible, while preserving its high quality. You have heard Secretary Shalala mention some of the things we have done together. We've worked with states to expand Medicaid to more than 2 million Americans who previously had no insurance. We reached across party lines to enact the Kassebaum-Kennedy law that provides that working families will not lose their insurance when they change jobs. We increased the health care tax deduction for 3 million self-employed Americans. And now in our budget plan, we have funds sufficiently targeted to extend coverage to as many as half of our 10 million American children who still don't have medical coverage.

We've worked to constrain costs. Just yesterday I announced a new effort to combat the multi-billion dollar problem of fraud and abuse in Medicare and Medicaid. Our balanced budget proposal also strengthens Medicare through savings and overdue structural reforms.

Of course, we're not alone in this. The private sector has found ways to rein in costs, sometimes dramatically. And in many cases, changes in the health care delivery system have, frankly, also improved its quality. For example, the growing recognition of the value of preventive care, such as mammography screening, is saving and extending lives and the quality of life. This is all very encouraging. Step by step we have been working to expand access to health care and today we take the next step.

In this time of transition, many Americans worry that lower costs mean lower quality and less attention to their rights. On balance, however, managed health care plans -- HMOs, PPOs and others -- give patients good care and greater choice at lower cost. Still, we must make sure that these changes do not keep health professionals from offering the best and the most medically appropriate services to their patients. Managed care managed well can be the best deal for our families. Whether they have traditional health care or managed care, none of our people should ever have inferior care.

MORE

I am proud that the Medicare and Medicaid programs have taken the lead in responding to the quality concerns of both patients and health care providers, as Secretary Shalala has just described. But we're learning the defining, measuring and enforcing quality is far from a simple task. There are many complicated issues; they require thoughtful study. And, not surprisingly, there are many areas where broad-based consensus on how best to proceed does not yet exist.

That is why I decided late last year to establish the Advisory Commission on Consumer Protection and Quality in the health care industry. Today, I am happy to introduce the members of that commission to the American people. They are a highly distinguished, broad-based and diverse group. They represent consumers, business, labor, health care providers, insurers, managed care plans, state and local governments, health care quality experts. Their specialties are wide-ranging, including care for children, the elderly, women, people with disabilities, mental illness or AIDS. This commission includes some of the best health care policy minds in our nation, and a lot of people with hands-on experience. Its task will be as challenging as it is critical.

Today, to assure that they get busy right away, I am charging the commission to develop a consumer bill of rights so that health care patients get the information and care they need when they need it. Let's assure that patients and their families first, that the health care professionals who are treating them are free to provide the best medical advice available. Second, that their providers are not subject to inappropriate financial incentives to limit care. Third, that our sickest and most vulnerable patients, frequently the elderly and people with disabilities, are receiving the best medical care for their unique needs. Fourth, that consumers have access to simple and fair procedures for resolving health care coverage disputes with plans.

Fifth, and perhaps most important, that consumers have basic information about their rights and responsibilities, about the plans -- the benefits the plans offer, about how to access the health care they need, and about the quality of their providers and their health care plans.

I'm delighted that the Secretary of Health and Human Services and the Secretary of Labor will take on the task of being the commission's co-chairs. I look forward to reviewing their first report at the end of the year and their final report next March.

The need for this commission is real. It is urgent. It will give us a road map to help us make our way through the time of rapid change we now see in our health care system. There are few people in the nation better suited to the task than the members of this commission. And again, let me say, I want to thank them for their commitment to serve. And to all the rest of you, let me say one of the things -- one of the many things I have learned in the last four years as President -- is that a distinguished commission broadly based with a clear mandate can make a profound positive difference for our country.

In the health care related areas, I ask you to think of only two. Think of the work done by the Gulf War Commission and what we now know that we did not know then they started to meet and work. Think of the remarkable work done by the commission that dealt with those who were exposed to human radiation experiments just a few decades ago here and the work that they have done.

There is a peculiar way in which the citizens of the United States when brought together around a clear mandate interfacing with their government and with the private sector can do

more than either the government or the private sector could do alone.

And so again, let me say, I'm very hopeful about this commission. I look forward to their progress on the consumer's bill of rights. I look forward to all the work that they do. And I ask you to join me in thanking them for their willingness to serve. Thank you very much. (Applause.)

END

2:40 P.M. EST

# HMOs Brace Themselves for 'Avalanche' of New Laws

## California Bills on Dispute-Resolution Process Could Be Model for U.S.

By RHONDA L. RUNBLE

Staff Reporter of THE WALL STREET JOURNAL

Health-care companies are bracing for some major new legislation to be passed in California in coming months that could have national repercussions.

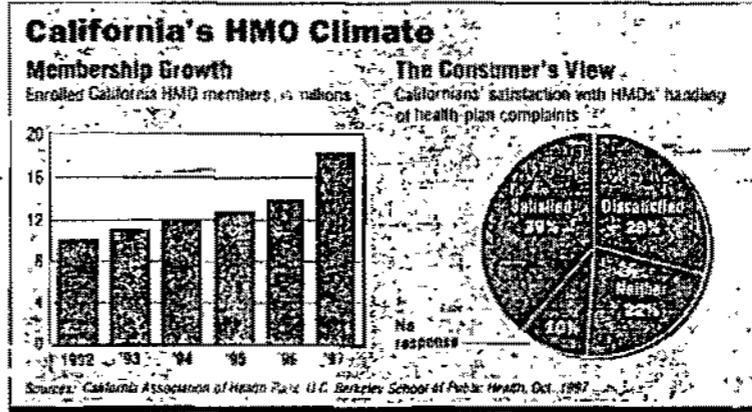
After years of debating changes to the system, "an avalanche" of bills is now about to hit the state Legislature, says Arthur Southam, president and chief executive officer of Foundation Health System Inc.'s Health Net plan, one of the state's largest health-maintenance organizations. More than 100 measures are expected, many inspired by Gov. Pete Wilson's managed-care task force, which completed its work in December.

Several of the most contentious issues concerning health-maintenance organizations are likely to be addressed. The expected legislation would establish a dispute-resolution process for HMO members who are denied medical treatments and would revamp the state's regulatory machinery for managed care into a single specialized agency. Lawmakers in Sacramento also are expected to pass a measure that would ensure that patients receive much fuller information about what is and isn't covered by the various health plans. Such information can be hard to obtain currently, and enabling consumers to get hold of it probably will promote comparison shopping of HMOs.

### Public Mistrust of HMOs

Survey after survey has found deep public mistrust of HMOs and a growing desire for government to intervene. Republicans traditionally have opposed greater regulation, but in this election year, some state Republican leaders are convinced that managed care is an issue they can't afford to ignore. "Anger toward HMOs is pretty white-white hot," says Michael Schroeder, a health-care attorney and chairman of the state Republican Party. "It would be far better to support good laws than to get some kinds of soak-the-rich schemes."

HMOs were invented in California and now cover more than 18 million Californians, or roughly 60% of the state's residents. With so much attention focused on the backlash against managed care, any reforms adopted here could become a model for other states, and even the federal government.



The establishment of a system to resolve disputes will be at or near the top of the agenda, industry experts say. Some California HMOs are warning of the notion of independent review as "maybe a way to take the heat off," says Health Net's Dr. Southam.

So far, the debate isn't focused on a specific bill, although an "unbiased" review process was endorsed by the task force. "It's one thing to say we support this, but how will it work?" says Myra Snyder, president of the California Association of Health Plans. Will disputes go to outside review only after the plan's internal process is exhausted? Should all disputes qualify, or only those involving medical necessity? Health plans are looking for some dollar thresholds so that they "aren't expected to spend \$500 on dispute resolution for a test that costs \$50," Ms. Snyder says.

### Key Issue in Washington

Introducing the notion of an independent review of cases by a third party will be a key issue this year in Washington, too, "because consumers want a safety valve," says Susan Pisano, spokeswoman for the American Association of Health Plans.

Third-party review has existed for Medicare claims since 1983 through a private organization called the Center for Health Dispute Resolution in Hartsford, N.Y. Several California proposals would adopt this approach for non-Medicare claims. An alternative framework would

build on a new state law, which took effect last month, that gives regulators power to organize panels of medical experts to resolve disputes over experimental treatments for people with life-threatening illnesses. The panels are supposed to start reviewing cases this summer.

Revamping the grievance system might help California health plans fend off a bigger threat: legal liability. Texas and Missouri passed laws last year to extend malpractice liability to HMOs. Across the country, consumer groups and doctors support it, while health plans "will fight it to the death," says Larry Levitt, director of the Kaiser Family Foundation's national changing health-care marketplace project.

Consumers in California and most other states are constrained from suing their plans because of an arcane federal law that regulates employer-sponsored health plans. It's a hot-button issue in California where many HMOs say they "arrange" care by ceding medical decisions to doctor groups. "We strongly believe that HMOs do not practice medicine," says Nancy Monk, vice president of regulatory affairs for PacificCare of California, a unit of PacificCare Health Systems Inc., Santa Ana, Calif.

### Poised for Quick Approval

Meanwhile, some bills with bipartisan support are poised for quick approval. One of these, sponsored by Sen. Herschel Rosenthal, would provide consumers with lists of drugs covered by their HMO, and

require the plans to quickly respond to physicians' requests for "nonformulary drugs" that are medically needed.

Any notice of disapproval would have to be sent to the HMO member, along with a statement explaining the plan's grievance procedures. Formularies, which restrict drug availability, have drawn fire as HMOs have struggled to clamp down on soaring pharmaceutical costs. Some senior citizens who have dropped traditional Medicare to join an HMO because of a plan's advertised drug benefits, are livid when they learn after signing up that a particular drug they need isn't covered.

"People get more information on the side of a box of cheese than they do about a health plan," says Stephanie Yoder, a consumer activist with Citizens for the Right to Know. She contacted 48 HMOs last year to request a list of the medicines they covered, and nearly a quarter said they couldn't release the information, even to their own members. The arguments to correct this situation are so persuasive that many HMOs say they are prepared to support the Rosenthal bill.

A bigger battle is expected to erupt over the creation of a new regulatory structure for managed care. The current overseer, the Department of Corporations, is widely considered unfit for the job and will probably be stripped of its HMO-over-sight duties. The agency mainly employs lawyers and accountants instead of health-care professionals. The question is what will replace it.

Gov. Wilson, who last month sent a list of "principles for reforming managed health care" to the state Legislature, advocates the establishment of a department whose sole focus is managed care.

The agency would have beefed-up authority to oversee HMOs as well as the powerful medical groups that contract with HMOs and make treatment decisions, big and small. Over time, the agency might also pick up oversight of traditional health insurers, which are currently under the Department of Insurance. Some national policy gurus are arguing for a new federal agency akin to the Securities and Exchange Commission or the Federal Trade Commission. But some groups in California are pushing for an organization with consumer representation that is completely separate from government.

THE WALL STREET JOURNAL  
FRIDAY, FEBRUARY 20, 1998

How - quickly

## CREDIT MARKETS

# Bonds Sag as Investors Disregard Economic Data To Focus on Overseas Events and Alan Greenspan

By BRIAN BLACKSTONE  
And TRACY SACCO  
Dow Jones Newswires

NEW YORK — The bond market closed slightly lower as investors and traders largely ignored economic data and instead focused on upcoming overseas events and next week's congressional testimony by Federal Reserve Chairman Alan Greenspan.

Meanwhile, the heavy corporate-bond issuance that investors have been anticipating for most of the week materialized. A total of \$4.1 billion was priced during the session.

In trading late yesterday, the price of the benchmark 30-year Treasury bond was down 8/32, or \$2.50 for a bond with \$1,000 face value, at 103 24/32. Its yield rose to 5.548% from 5.531% late Wednesday, as bond yields move in the opposite direction of prices.

The Treasury market continued Wednesday's choppy tone early yesterday, analysts said, with hedge-fund activity and corporate-bond issuance causing some volatility.

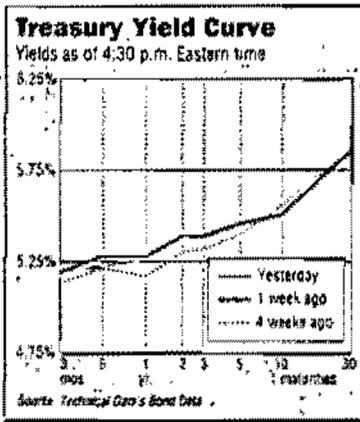
But prices settled in a range later in the session, as investors were reluctant to take strong positions ahead of the release of Japan's economic-stimulus package, this weekend's meeting of finance ministers and central bankers from the Group of Seven industrialized nations, and any further developments in Iraq.

"These are major events and until you have an opportunity to judge the outcomes, there isn't going to be any aggressive positioning going on," said Matthew Alexis, chief market strategist at Credit Suisse First Boston.

Analysts also pointed to supply—corporate issuance as well as next week's \$26 billion auction of two-year and five-year Treasury notes — as putting some downward pressure on Treasuries.

The release of data showing a worsening of the U.S. international trade balance in December gave the market a brief boost early in the session. The Commerce Department reported that the deficit in goods and services widened to \$10.79 billion in December from a revised \$8.68 billion in November. A median estimate of 15 economists surveyed by Dow Jones Newswires had expected December's deficit to widen to \$9 billion.

The wider-than-expected trade gap



### YIELD COMPARISONS

Based on Merrill Lynch Bond Indexes. Quoted as of midday Eastern time.

	2/19	2/18	High	Low
Corp. Govt. Master	5.84%	5.83%	7.07%	5.45%
Treasury 1-10yr	5.46	5.44	6.85	5.27
10-yr	5.38	5.36	7.26	5.23
Apprentice 1-10yr	5.31	5.28	7.20	5.16
10-yr	5.10	5.09	7.58	5.04
Corporate				
1-10 yr High City	5.97	5.95	7.18	5.78
Med City	6.23	6.22	7.39	6.02
10-yr High City	6.37	6.36	7.75	6.43
Med City	6.90	6.88	8.01	6.89
Yankee bonds (1)	6.44	6.42	7.51	6.34
CPFRAT Coupon mortgages (2)				
GNMA 4.50%	6.61	6.51	7.91	6.23
FNMA 4.50%	6.58	6.57	7.87	6.37
PHLMACs 5.0%	6.58	6.56	7.88	6.41
High-yield corporates	8.19	8.18	9.63	8.17
Ten-Year Bond				
7-12 yr G.O. (AA)	4.30	4.28	5.23	4.27
17-20 yr G.O. (AA)	4.89	4.87	5.87	4.81
22-yr Revenue (A)	5.04	5.03	6.01	4.96

Note: High quality rated AAA-AA; medium quality A-BBB; Bad: high yield, BB/Ba-C.

(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

should lead to a downward revision of fourth-quarter gross domestic product growth, analysts said.

In the corporate bond market, the rush of issuers, and expectations of another heavy calendar of new deals next week, forced underwriters to offer more yield on some of the offerings than anticipated.

Nonetheless Wall Street was encouraged by how well the offerings were received. Overall, the corporate market gained slightly on the day relative to Treasuries.

Institutional investors for the most part said they found value in the baker's dozen

of offerings and welcomed the new debt with plenty of cash on hand.

The largest domestic issue was a \$400 million offering from GTE North Inc., a subsidiary of GTE Corp. The company priced 12-year notes to yield 0.80 percentage point more than comparable Treasuries and 30-year bonds to yield 0.88 percentage point more than Treasuries.

The issue attracted a variety of investors and was oversubscribed, said Jeff Chandler, head of global debt syndicate at lead underwriter Merrill Lynch & Co.

"Old investors that hadn't purchased GTE for the period of time subsequent to the MCI situation are coming back in," Mr. Chandler said. GTE bonds had weakened immediately following GTE Corp's offer to buy MCI Communications Corp., but they have progressively recovered, he said.

Investors had feared GTE was about to make a significant acquisition, if not MCI, then another company, and would need to take on extra debt to finance the purchase. MCI eventually accepted an offer from WorldCom Inc. The \$37 billion deal is expected to be completed by midsummer.

Also yesterday, a \$300 million debt offering from TCI Communications Inc. proved popular with investors as media issues have performed well recently. And strong demand allowed British electricity company Yorkshire Power PLC to increase the size of its Yankee offering from \$150 million to \$650 million.

Bob Hickey, a portfolio manager at Van Kampen American Capital in Oak Brook Terrace, Ill., said he bought the Yorkshire Power bonds "because they had some scarcity value."

In the global-debt sector, the Inter-American Development Bank priced \$1 billion of 10-year global bonds. Demand for those securities was strongest among Asian and European investors.

### Asset-Backed Securities

More than \$1 billion of new asset-backed securities were priced, roughly half from Ford Motor Credit Co., the lending subsidiary of Ford Motor Co.

In its \$2.346 billion securitization of retail auto loans, Ford Credit used a recently developed twist on the structure traditionally used on auto-loan deals, adding an unusual below-investment grade portion.

Those low-rated bonds replaced part of the cash reserve, Ford said, reducing the cost to Ford of doing the deal. In the event of high losses on the loans, the company will stop paying interest on these subordinate securities to ensure there is enough cash available to pay more senior bonds. The deal was lead managed by Goldman, Sachs & Co.

Also, Morgan Stanley Dean Witter sold a \$1.05 billion offering of securities backed by aircraft-lease receivables in the Rule 144a private-placement market. The transaction was sold under the Morgan Stanley Aircraft Finance name.

### Mortgage-Backed Securities

A report showing smaller-than-expected production of Government National Mortgage Association securities backed by adjustable-rate mortgages buoyed the sector.

The agency reported that production of the pass-throughs fell to \$1.7 billion in February compared with \$2.6 billion in January. Analysis said the 35% decline was about double expectations.

In response, pass-throughs backed by these loans gained between 2/32 and 3/32 during the session.

Patrick Feldman, assistant vice president of portfolio management for Thornburgh Investment Management Corp. in Santa Fe, N.M., said the news "clearly demonstrates there's low demand from borrowers" for this type of mortgage.

He said that long-term fixed-rate mortgages are relatively attractive because their cost is only slightly higher. In addition, Mr. Feldman anticipates that even those homeowners who do take out adjustable-rate mortgages will refinance after the initial teaser rate expires.

—Marc Hochstein and Frank Byrt  
contributed to this article.

THE WALL STREET JOURNAL  
FRIDAY, FEBRUARY 20, 1998

**THE WHITE HOUSE**

**Office of the Press Secretary**

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**For Immediate Release**

**April 14, 1997**

**PRESIDENT NAMES J. RANDALL MACDONALD AS A MEMBER OF THE  
ADVISORY COMMISSION ON CONSUMER PROTECTION AND QUALITY IN THE  
HEALTH CARE INDUSTRY**

The President today announced his intent to appoint J. Randall MacDonald to serve as a member of the Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

Mr. MacDonald, of Greenwich, Connecticut, is the Senior Vice President for Human Resources of the GTE Corporation. In this capacity, Mr. MacDonald oversees GTE's employee relations, benefits and compensation programs, and its workforce and leadership development efforts. Previously, Mr. MacDonald served as Vice President for Employee Relations and Organization Development. He is a member of the Human Resources Policy Institute and its Executive Board, the Human Resources Roundtable as well as the Labor Policy Association. Mr. MacDonald earned a B.A. in political science and a M.A. in industrial relations from St. Francis College.

The Advisory Commission on Consumer Protection and Quality in the Health Care Industry was created by Executive Order. The purpose of the Commission is to advise the President on how changes in the health care delivery system are affecting quality, consumer protection and the availability of needed services. Through a series of public meetings, it will collect and evaluate information and develop recommendations on improving quality in the health care system. The Commission will be co-chaired by the Secretary of Health and Human Services and the Secretary of Labor.

The Commission has broad-based representation from consumers, businesses, labor, health care providers, insurers, and quality and financing experts. The Commission members have expertise on a range of health issues including the challenges facing rural and urban communities, children, women, seniors, minorities, people with disabilities, mental illness, AIDS, privacy rights and health care ethics.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 26, 1997

EXECUTIVE ORDER

AMENDMENT TO EXECUTIVE ORDER 13017,  
ADVISORY COMMISSION ON CONSUMER PROTECTION  
AND QUALITY IN THE HEALTH CARE INDUSTRY

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to expand membership and ensure broad-based representation for the Advisory Commission on Consumer Protection and Quality in the Health Care Industry and to revise the deadlines for the Commission's submission to the President of interim and final reports, it is hereby ordered as follows:

Section 1. Section 1(a) of Executive Order 13017 is amended by deleting the number "20" in the second sentence and inserting the number "32" in lieu thereof.

Sec. 2. Section 3 of Executive Order 13017 is amended to read as follows:

"Sec. 3. Reports. The Commission shall make a preliminary report to the President by January 31, 1998. A final report shall be submitted to the President by March 30, 1998."

WILLIAM J. CLINTON

THE WHITE HOUSE,  
March 25, 1997.

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