

9/10/93
Health Care Letters Every

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PRESERVATION

Health Care System
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THE WHITE HOUSE
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REMARKS BY THE PRESIDENT,
THE FIRST LADY,
THE VICE PRESIDENT AND MRS. GORE
IN HEALTH CARE LETTERS EVENT

The Rose Garden

8:10 A.M. EDT

THE PRESIDENT: Good morning. Please be seated. Welcome to the Rose Garden. I'm glad the rain has stopped, but we put up the tent just as a precaution.

Nine months ago, when I asked the American people to write to us to send their thoughts about the health care system and the need to reform, I had no idea what I was doing to our already overworked correspondence staff. Today, more than 700,000 letters later, I am happy to be able to join Hillary and Al and Tipper in welcoming a few of you here who wrote to us.

In the weeks and months ahead, health care will often be topic number one at dinner tables, at offices, at medical clinics, and in the halls of Congress. But before we launch into the debate I wanted to invite you here to remind everyone that, as Hillary says, there are 250 million health care experts in our nation and everyone has a different story.

If you read some of these letters as I have, the picture very quickly becomes clear. Even the millions of Americans who enjoy health care coverage are afraid it won't be there for them next month or next year. They want us to take action to give them the security that all Americans deserve. Let's start then with four people whose stories speak volumes about our health care system.

In order, they are Jermone Strong, Nelda Holley, Stacey Askew and Margie Silverman.

Q Mr. President, Mrs. Clinton, thank you very much for the opportunity to speak this morning -- Vice President Gore, Mrs. Gore. I really appreciate the opportunity to be with you this morning and share my experiences with the health care conditions within this country. And I'd like to take an opportunity to thank the University of Michigan Medical Center, who yesterday morning prepared me to come to this trip today so I could be with you today.

I am the beneficiary of the advance of medical technology. I received a liver transplant in August of 1991. This is a story, but not the story: Prior to my surgery, I had become very ill with liver disease and had to take a medical leave from my job in order to have the transplant.

Several weeks after surgery I received a registered letter from my employers at the Michigan Department of Management and Budget informing me that they could not extend my medical leave. Needless to say, I panicked. I was informed that the state would not let me take -- would let me take a special year leave, but if my condition was not to permit me to return to work at the end of that

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year, I would be terminated. My only option was to take a nonduty disability retirement.

I am now 45 years old and unable to work in a taxpaying position. My wife has been forced to turn down several career advancements because I am covered by her insurance. The state policy will not allow both of us to have coverage. We're living primarily on my wife's salary. My Social Security income does not begin to cover the cost of my prescription and medical co-pay charges.

Q I'd like to thank the White House for the opportunity to be here today. My husband is a church minister in a mid-sized town in Mississippi. Until five years ago, I taught school, having 16 years of experience. We have two daughters and a 13-year-old son.

Five years ago my husband was on the staff of a large church in Atlanta. We lived in a church-owned house in an exclusive section of Atlanta. I taught school, we had our three children at home, and we were a normal family. I drove a new car. We sent our children to orthodontics, took them to the doctor when necessary, gave them allergy treatments or whatever else was required. We took those things for granted. After all, we had not one, but two family health insurance plans, one with each of our jobs. There was little that our insurance did not pay and we were glad to cover the difference.

Then I was diagnosed with lupus. I taught as long as I could manage, until I finally could work no longer. We moved to Florida and then to our present location. Our lives are very different now. We live in an apartment with no hope of owning a home. My husband drives what used to be our second car. And I drive a 20-year-old car we bought secondhand when we had to choose between keeping the family car and keeping my health insurance. We chose to keep the insurance.

Today I got a notice from Blue Cross that my policy is going up to \$558 a month. My husband and son have another policy which is \$300 a month. Because of the \$1,000 deductible on my own policy, I often delay buying medication that I need -- one in particular that my doctor told me to mortgage the house if I had to in order to get it -- in order to pay my insurance premiums.

My husband makes \$36,000 a year. This year's medical expenses were almost \$11,000 and would have been higher if I had taken all my medication. This family will hold on to its insurance coverage as long as possible, but the day may be coming sooner than we had feared that it will not be possible, because over the last two years the increases in our insurance premiums have reduced our standard of living even more.

I think you get the picture here. We are a middle class family, but we have no hope of living in our own home, no hope of getting ahead. We doubt we will be able to stay even. I have no retirement because of moving around. My husband is not able to pay into his own retirement right now.

I try not to dwell on this as there is nothing we can do to improve our situation. Choosing between medication and insurance premiums is a hard choice, but next year we might have to make tougher choices than that.

Q Good morning. My name is Stacey Askew. I live in Flushing, New York. I recently graduated from the State University of New York at Buffalo, and I'm currently seeking a full-time job. As a student I was covered by my mother's HMO and had on-campus insurance at a nominal charge. But I lost both of these when I

ceased to be a full-time student. I have been in New York City for the past two months, not only away from home, but also uninsured.

I cannot afford an individual policy with a health insurance carrier, and will have to wait until find employment to qualify for a group policy. I have been informed that the job search process can take from six months to a year. It seems like a long time to wait and worry that I might be in an accident or get taken to the hospital or that I might get sick and need attention. I don't mean to be overly emotional about my situation, but it's a terrifying prospect that I might be refused care.

Q My name is Margie Silverman. I'm from Miami, Florida. Dear President and Mrs. Clinton, two years ago my only daughter wanted a change in her life and moved from her hometown, Miami, Florida, to northern California. She was 28 years old at the time. She was successful in being hired as a junior high school teacher. She was content with her life and elated about teaching. She loves the kids. This past spring she began to have a medical problem and was diagnosed as having a large fibroid tumor. She was advised to have a hysterectomy. The fibroid was removed and she was then told by her doctor that the fibroid was malignant and that she must have a complete hysterectomy. This was done.

As you know, this makes her uninsurable by anyone other than her current provider of insurance, Kaiser Permanente. Their coverage can only be had at one of their own facilities. And they have no plant in Florida.

My beautiful daughter is alone in California. Her loving family is here in Miami. She wants to come home where she can have the support of many cousins, aunts, uncles and, above all, her parents. She really needs us and we need her to be near us. I stayed with her in California for five months and returned home only recently. We can't move there because of the expense. Both my husband and I are living on Social Security and whatever savings we accrued over the years.

Mr. and Mrs. Clinton, you have only one daughter, you understand. Please help my daughter to be able to get insurance wherever she goes so she will not have to be alone anymore. Thank you.

THE PRESIDENT: These letters are representative of tens of thousands that we received telling stories like the one you've heard -- people who can't go back to work, people who can't take job advancements, people who have no coverage because they're young and they're unemployed -- all the other things that you have heard here.

There is one particular problem in our health insurance system in America that I'd like to focus on by asking for two more people to read letters -- something that's a part of the everyday vocabulary now of most working men and women in this country: the preexisting condition, the thing which if you have it you either can't get health insurance or you can never leave the job you're in. So I'd like to hear from two people from California and Illinois -- Suzy Somers and Jean Kaczmareck.

Q President Clinton and Mrs. Clinton and the Gores. I'm Suzy Somers from California. Please help. Having breast cancer and a partial mastectomy was bad enough, but not horrible because I'm proud of my reconstruction and thrilled that my tummy is now looking much better as a breast. (Laughter.) Having had to endure chemotherapy for six months was bad enough, but not horrible because I gained the wisdom, strength and courage from the ordeal -- oh, yes, and a great collection of hats. Having to take Tomoxophin for an undetermined length of time is bad enough because it accelerates

menopause and causes hot flashes, but not horrible because I met and laughed with hundreds of women as I fanned myself in public.

But losing my health insurance and being unable to find full coverage at any price is horrible. I was insured by my ex-husband's company policy. When his company filed for bankruptcy, it enabled the insurance to immediately place me on a convergent policy. Twenty five thousand dollars will last me four years if I remain totally healthy, cancer free and only require testing and drugs.

In searching for coverage, I have been told: We will never cover you; or you must be cancer free for at least five years before we will consider your application; or you must be treatment-free for two years, at which time you may apply to have the waiver concerning preexisting conditions removed. After numerous questions I came to discover that treatment free meant no Tamoxifen, no oncologist's checkups, no bone scans and no other X rays except mammograms. This is incomprehensible.

I presently own my own company, and after 10 years am faced with giving it up in order to slip into the system of a large company. The other possibility is remarriage to a person working for such a company. Are these options? (Laughter.) I am a one-and-half-year cancer survivor who is doing everything medically, physically and mentally to remain cancer free. However, I need the peace of mind that I will be financially able to fight this disease if it should ever recur.

And there's a footnote. I would like you to know that my insurance situation remains the same, and last week I found another lump.

Q I'm Jean Kaczmarek from Glen Ellen, Illinois. Most people wouldn't look at us as needing or even thinking of health care reform. We live in a \$200,000 home in an upper middle class suburb of Chicago. We appear to be living the American Dream.

Last year I gave birth to our first child. It wasn't easy getting her here. Nearly seven weeks before her due date I developed preeclampsia. A nine-day hospital stay for me and some \$25,000 in bills later, we were blessed with a healthy, beautiful daughter. My deliver was normal. Our daughter required little post-natal hospital care, and I've learned that it's unlikely that I'll have preeclampsia again.

We didn't realize that we had a health insurance problem until recently when I lost my job. Because COBRA costs are very high, especially if you're unemployed, we began investigating other insurance plan options. So far companies are eager to do business with us as long as I have no more complications in pregnancy. This one illness seems to have excluded me from all other unrelated complications.

Now we find ourselves stuck. Do we continue with COBRA until the 18-month limit and try to give birth to a second child in the meantime? Or do we go with another insurance company later and gamble that nothing will go wrong? Or perhaps I would be wise to not consider having a much wanted second child. None of these options appeal to us.

MRS. CLINTON: Well, I want to thank all of you for having read those letters. You know, as the President said, we have been getting samples of those 700,000 letters every week to read, and I don't think there's been an issue that has come up with more frequency than this whole problem of people being eliminated from health insurance or being charged so much that they can't afford it, as the ones that we just heard about with the preexisting conditions. And it relates back to your daughter being locked into her job and

not able to move, and the problems you have with lupus, and the fact you can't go back to work, and all of the other issues that have already just been discussed.

I didn't know much about this when my husband asked me to start working on it, and I really did not believe that the kinds of life decisions that we've heard about -- whether to have a child, where to go to work, whether you can be with your daughter -- would be affected by health insurance. I have just been amazed by that. And it is so wrong to me that something that people try to do for themselves, to get their insurance so that they can insure against the possibility of being sick, would be taken away from them because they ever had been sick. I never could figure out why insurance companies only wanted to insure people who had never been sick or never would get sick. I think that eliminates everybody.

So what we hope is that we will come up with a plan for our country that guarantees health security, health insurance security, to every single American no matter who you are, or where you live, or who you work for, or whether you've ever been sick before. That seems to us what we ought to do if we're really going to have an insurance system in our country that works for everybody. (Applause.) And no matter what finally happens in all of this debate that going on in the country, we have to eliminate preexisting conditions and all that goes with it. That has to be done.

THE PRESIDENT: Let me just say one thing about this to try to hammer home what I think is a very important point. All the stories you've heard today have nothing to do with the quality of American health care, but everything to do with the system of insurance we have. And in the weeks and months ahead you may hear a lot of stories about that, but the bottom line is this: If you lived in any other advanced country in the world you wouldn't have this problem. None of these problems.

But it's not a reflection on our doctors, our nurses, our health care providers, it is the system by which we insure against risk. It can be different.

I want to go on now to the next issue, because every time I say this people say, well, how are you going to pay for this, this is going to cost a fortune. I have an answer to that, but I want you to -- I want to hear from people who are talking already about the exploding costs of health care in this country.

Next to the problem of security, we hear more about cost. And, of course, Miss Holley talked a little bit about costs, and some of the rest of you did, too. But we have some people hear who want to read letters. They're from Georgia, Pennsylvania, and California -- Karen Nangle, Mary Catherine Flyte, and Brigitte Burdine. Would you please read your letters to us, or say what you'd like to say?

Q I'm Karen Nangle, from Savannah, Georgia. Our daughter was diagnosed with clinical depression 11 years ago when she was 16 years old. Under the care of a psychiatrist in Connecticut, and clinical social workers in Massachusetts, where she was in school and now lives, she was able to complete high school and college successfully.

Until recently, we were able to pay for here psychotherapy, acupuncture and medications while giving her enough money so that she could live independently with the part-time job she holds. Her goal is to be able to support herself by herself.

During the past 11 years, when I was working, we paid her insurance premiums even though her insurance covered only a small fraction of her medical expenses. Now, I have lost my job and my

husband and I have moved to Georgia, where the cost of living is lower. And although we had hoped to be able to retire, we are both looking for jobs. Because we can no longer support our daughter, and because her clinical depression constitutes a disability, she applied for and was accepted for supplemental security income. Her psychiatrist in Connecticut and her psychotherapist in Massachusetts filled out the application on her behalf.

The hitch is that her coverage does not allow her to see out-of-state doctors or therapists without medical degrees -- the very people who wrote on her behalf and have been treating her all this time. They want her to find a new doctor, although switching to a new doctor is not cost-effective and would slow the progress she is making.

Her team of doctors has enabled her to finish schools and begin to work and live independently as an adult while slowly reducing her medication. Treatment by a new doctor would cost the system many thousands of dollars more a year than the treatment she is successfully receiving.

Our daughter is bright and motivated. She yearns to be part of the American Dream, to be medication free, have a self-supporting job, and save for a house. But her disease and the health care system she finds herself caught in prevent her from doing so. She wants to contribute to the system, not be a drain on it. There is no way to describe the anguish and heartbreak we have felt over the years, let alone the humiliation of having to apply for assistance only to find that it is hamstringing.

Q Mr. President, I'm Mary Flyte, from Pennsylvania. I'm a registered nurse with over 15 years of long-term care, home care, and nursing home care experience. When my mother was recently struggling with cancer, I took an extended leave of absence from my job to assist my father in her care. She had fought the disease for over three years, but became bedridden in October of 1991. My father at 73 could not care for her along. They lived in Romney, West Virginia, a small town with only limited home care and nursing home care.

I was very fortunate to have employers who were sympathetic and allowed the leave without jeopardizing my position. I was able to use my vacation, personal days and sick leave, but my paid days off were quickly dwindling. I needed to return to my home in Pennsylvania and to my job. I was a single mom with a daughter in college.

I looked into home care. We could find no services that would provide it for the length of time needed. I was becoming concerned about my father's health. I called nursing homes within 100 mile radius of their home; there were no beds available, even though we would have paid private for her care. My father and mother were living on Social Security and a small VA pension. My mother's treatments and medications were exhausting their small savings. Their savings made them ineligible for assistance, so they were willing to use their life savings for her care, but there was no care to be had.

Mom had to be admitted to the small local hospital for dehydration. Her physician was very caring and recognized our problems. After mom was stabilized, she could be transferred to their skilled long-term care unit under Medicare if she had a feeding tube put in; that would qualify her for coverage. We were faced with keeping her alive with a feeding tube and having part of her nursing home care stay covered by Medicare, or taking her home to die slowly by starvation. And I had to return home.

We decided to have the tube put in, and I went home. My mom died in January of 1992. I was fortunate enough to be with her. My father is now faced with having a potentially life-threatening operation. We have started to take care of some things. I have medical power of attorney. We went over his will and insurances. We even discussed his funeral. He refuses to go to any hospital other than a VA. He saw what mom's bills were. He wants to leave what little money they have left to my sister and me.

I understand there are no easy answers, but we must continue to give the decisions to the individual. And those decisions cannot be based on who will be paying for the care or if the care is available. Papa's lucky, he has the VA and a daughter who's a nurse, and a little savings to help her out with her bills when she takes her unpaid leave. There are many others who are not so lucky.

Last night I called home. My father in West Virginia will be transferred to a VA hospital here in Washington, DC. If they want to do it, the surgery will take place a week from today. And I live in Pennsylvania, but I want to be with him.

Q Good morning, I'm Brigitte Burdine, and I'm from Van Nuys, California. My 22-year-old sister, Heather, is a single mother who works in retail earning \$7.35 an hour. She and her two-year-old daughter, Chase, live at home with my parents in Maryland. After a year ago, Heather became ill and eight months later was diagnosed and being HIV positive.

She has since been diagnosed with full-blown AIDS. As soon as her insurance company was made aware of her diagnosis, they stopped paying her claims while the conducted an investigation that they hoped would prove she had a preexisting condition so they wouldn't have to pay anything.

Meanwhile, her bills are piling up. The cost of her doctor's appointments are as high as \$700 per visit. Medical tests are \$300 each, and the cost of prescriptions and nutritional supplements are astronomical. In addition, she has had to seek legal advice concerning the insurance issues and her daughter's future.

My parents have decided to adopt her daughter in case my sister loses her insurance. So far her employer has been very supportive. However, we fear that my sister will be fired or laid off because the insurance company will likely threaten her employer with higher insurance premiums.

Even if this does not happen, she will have to stop working in the near future due to health reasons. She shouldn't even be working now. However, if she quits, we're not sure how long she'll be able to hold onto her health insurance because of increased costs and lost income.

She's already had several HIV-related illnesses and, of course, more hospital and medical bills. How anyone making \$7.35 an hour, who also has other heavy financial obligations -- how is somebody supposed to pay those costs under those conditions.

To make matters worse, her two-year-old daughter is also HIV positive. While we were writing this letter she was hospitalized with pneumonia.

I have many friends who have found themselves in a similar situation to my family's. Caring for a person with serious illness takes time and enormous amount of money. I often get angry when I think of our health care system and how a person with insurance may be cancelled at any time or services disallowed.

My sister not only faces high medical and legal expenses, but the high cost of her prescriptions, which already run close to \$6,000 per year. I understand from my research that it could eventually reach \$36,500 per year.

When somebody becomes chronically ill with a life-threatening disease, there's no way that the average middle class family can afford proper medical care without seriously compromising their standard of living. My parents love Heather and Chase as much as any other parents in this country love their children and they would do anything to keep them alive, including being forced into poverty. This is not fair. No one should be refused topnotch medical care in this country because of financial reasons, and when someone becomes chronically ill it should not be allowed to wipe out their entire family financially.

I just wanted to say thank you for caring. Your efforts really are appreciated greatly. (Applause.)

THE PRESIDENT: Thank you.

Tipper?

MRS. GORE: Well, thank you for sharing those stories. You know, the one thing that you have in common and you represent for so many other Americans is that each of you women have been taking care of members of your families with the added burden of skyrocketing medical costs, worrying about how you're going to pay the bills. And as you said, Brigitte, that is absolutely not fair; it's not just. And that is something that the Clinton health care plan is going to address.

Now, Karen, as you know, I have a very personal interest in mental health care and I'm proud to say that this administration is going to include mental health benefits in the health care benefit package. And I think that it's going to help situations like yours and your daughter's, so that she will be able to receive treatment and care and live a happy and productive life. That is certainly her right, and it's the right of anyone afflicted with a mental disorder. And this administration is taking revolutionary steps in order to bring mental health care the justice that it deserves.

You're a nurse and, in fact, you are a part of the backbone of the medical profession that is a part of health care reform. I certainly admire you and what you do, and I know in the future we're going to be relying even more on what nurses can give those of us who are in need of health care.

You referred to the need for community health care and at-home services. That's something that Mrs. Clinton and the Health Care Task Force has heard about, and the Clinton plan is going to include more home-based health care. Because it's cost-effective, it makes sense to be able to care and treat people and allow people -- family members -- to help their own family members that are ill in their home. It's going to cost less and it's more humane, as you have pointed out.

And there's going to be cost-effective incentives built into the system in order to create even more community-based care. That's our hope.

And for you -- thank you for sharing the story of your sister. And I know it's very painful. Many American families are dealing with the tragedy of mental illness, of cancer, of AIDS and other health-related illnesses. One thing that could help your sister and others that are dealing with AIDS is simply the reduction in paperwork. One thing that the Clinton plan will include will be a standardized form and a reduction in the regulations that the doctors

and the nurses who want to be taking care of AIDS patients have to spend their time doing. So it may seem like a small thing, but it actually will take a -- make a big chunk of savings.

We wish you all well, and we want you to know that the Clinton health plan is going to be based on cost-effectiveness and consumer choice.

Thank you. (Applause.)

THE PRESIDENT: I wish I could say something to each of you, but I don't want to -- I want to hear the other letters. But let me just say one thing to you Karen. One of the things that really has upset me now that I am at least nominally in charge of the federal government -- I say nominally -- is how many programs, like the supplemental security income program, were designed with the best of intentions, but because we have this crazy little patchwork health care system, with a little done here, a little done there, a little done the other place, a system that was designed to help your family is actually wrecking your health care plan and one that works, and costing the taxpayers more money to boot. That's one of the things that we think, just by rationalizing the system, we can handle.

One other thing I want to say to you, Brigitte. I want to make it clear, there will be some difficult choices in this decision, but let's not kid ourselves there's a lot of waste in this system which we can squeeze out. But there will be some difficult choices, and your family represents one. And I want to just try to describe this to you.

Most countries that insure people, either directly by tax dollars or indirectly, as in Germany, through employers, and more and more American states that are looking at this are looking at something called community rating. Hawaii has had it since 1974 -- where 98 percent of the people in the work force are covered and they have lower than average overall premium, but it's because they put all people in big, big insurance pools.

Now consider this, in the case of your family, how much better off your family would have been if your sister could never lose her insurance, certainly as long as she was at work and then if she wasn't she'd be picked up under a general system; even though she got sick her employer would not have to worry about going broke by covering her under the insurance because he would be -- he or she and all the employees would be in a big, big pool, say, a couple of hundred thousand people -- so if one person gets AIDS it only adds marginally to the cost of this big pool. Same thing with you.

Now, I just want to tell you what the tough choice is. The tough choice is that someone like you in the same pool, because you're young and healthy and strong and unlikely to get sick, might have to pay a little bit more in insurance premiums so that everybody in the big pool could always be covered and no one would be kicked out. I think most young, healthy, single Americans would be willing to do that to avoid the kind of horror stories we've heard today. Same thing would have helped you.

But I do want to say, there will be -- there are a lot of things that can be done to this system, but I don't want to kid you, the American people will have to be willing to make some changes. And this is one change that we think most young Americans would like to make -- to know, because they are all presumably going to be older some day, or going to be sicker some day. And that is one thing that I think we've just got to do. If we were all in these big pools then you wouldn't have had half the problems you had and your family would be better off.

Let's go to the next issue that nobody in America understands this -- the crisis of American health care more than small businesses. Small business owners often have the worst of both worlds. They want very much to cover their employees, but they can't afford the coverage, again because they can't buy into large pools. Their premiums are much, much more expensive. So you have this situation where a lot of small businesses don't cover their employees. Then when they get sick they don't get care until they are real sick and they show up in the emergency room, or they provide coverage but the deductibles or the co-pays are astronomical -- often as much as \$2,500 a year.

So I thought we should hear from a couple of people who can share their stories. Mable Piley, from Kansas; and Karl Kregor, from Texas.

Q Good morning Mr. President and Mrs. Clinton, and Mr. Vice President and Mrs. Gore. My name is Mable Piley, and as the owner of a garden shop I am especially pleased to be here in the Rose Garden this morning. I was afraid the rain might drive us inside. It is my hope that all of you are able to come here alone from time to time to kind of escape the pressures of the day and enjoy the beauty and the aroma of the flowers here.

Now to my letter. I am 59 years old. My husband is 61 years old. We own a small retail garden shop in a small town in southeast Kansas. We've had Blue Cross/Blue Shield since 1989. Our monthly premium in 1989 was \$243. In 1990 it rose to \$433. In 1991 it was up to \$558, and last year it had more than tripled to \$900 a month.

The only hospital stay during this entire time was a two-day stay for minor surgery. There was some outpatient testing as I have a history of bladder tumors and my husband also had a cataract removed from his eye and did have some complications from that.

As our annual income is modest, it is needless to say when the premiums went up to \$900 a month we were financially forced to make some changes in our coverage. I have since found new coverage for myself which has a \$2,500 deductible per year. This has forced me to stop out-patient testing on an annual basis for my bladder tumors. I was unable to find another insurance company which would cover my husband because of his preexisting conditions, so he has had to stay with Blue Cross/Blue Shield with a larger deductible. Our combined coverage is still costing over \$500 a month, though. And on top of that we are both on prescription drugs which costs us \$95 a month.

At this time in my life I have decided that whatever happens to me that is health related is really up to God as I can no longer afford the medical profession. My concern now is for my children and my grandchildren and sincerely hope that our government can do something about this runaway nightmare of a problem. Thank you very much.

Q I'm Karl Kregor, from San Antonio, Texas. And I know people whose health needs are more immediate than mine, and whose physical and financial suffering are tangible. I'm not a dramatic human interest story, but I'm probably in the majority if we think about people whose lives are being hostage to a kind of a medical and medical insurance blackmail.

I separated from my past employer in 1992. My separation package includes health insurance which will expire in June, 1994. I'm 55 years old. Since May '92, I've been developing a consulting practice and my hope is that I'll be able to make enough to afford insurance until I'm eligible for Medicare.

Meanwhile, my wife is also an independent business person and has been covered by my policy. Even though we are in good health, our ages and the insurance industry's loose definition of preexisting conditions makes me fearful of being able to get or afford insurance until we reach retirement age. Ironically, we have this gnawing fear about how we can handle future health needs. And that fear reinforces the anxieties that weakens people's health.

Maybe language like hostage and blackmail doesn't seem fair. But the economic as well as psychological consequences are just as real. Without secure medical coverage, no uninsured person feels free to help out their children and grandchildren as they start their lives, or pay for new training and education, or take investment risks, or spend for anything much beyond basics.

And I want to take this moment to thank my wife for having the courage to support my career change.

THE PRESIDENT: I feel the same way about my wife. (Laughter and applause.)

First, let me thank both of you for coming. And let me say that this is another one of these areas where I think a chance can offer enormous hope and deal with the problems that you have outlined, but where we'll also have to take some disciplined different action that will require some people to do more. And let me describe that.

Most small businesspeople, both employers and employees and people who are self-employed, do have some kind of health insurance. But it often provides inadequate coverage or has astronomical deductibles, or in any case, costs a fortune. You heard -- you said that your premiums, I think, quadrupled in three years, from '89 to '92. Now, during that time the cost of health care was going up at about two and a half times the rate of inflation. But that would not lead to the amount of increase you had. You had that increase because you owned your own business and you were probably in a very small pool of people -- probably 100, 200, 300, something like that.

Under our plan, two things would help you. You would be in a very large pool with a community rating -- the same thing that would help your sister and family -- and also as a self-employed person because you'd still have to pay relatively more, you'd get 100 percent tax deductibility for your premiums instead of 25 percent today.

So it is almost certain that your costs would go down. It is certain -- your costs would go down. Under our system, what would happen to you is if you developed your own consulting business, you would become like Mable -- you'd have 100 percent deductibility for your premium and you'd be able to buy into a very large pool, just as if you were an employee in a company that had 5,000 people insuring its own employees.

Now, the flip side of that is, the only way we can make that work is for the small businesspeople today who don't provide any insurance coverage at all to their employees to make some contribution to the health care system and for the employees to do it.

Now, it will be better than the present system because we're going to lower premiums for small businesses by putting them in big pools. I just explained that. We also propose to provide a subsidy to keep the premiums even lower for several years for the employers that have low-wage employees and, therefore, are very low-margin businesses.

So we're going to try to help there. But you have to understand that all the employers in the country who don't provide any insurance to their employees, they basically are getting a free ride in some ways from the rest of you because if their employees or they show up at the hospital, it's there. It's just like driving on the road without paying a gas tax. I mean, the infrastructure is there -- the clinics are there, the hospitals are there, the tests are there, the nurses are there. And until everyone is willing to make some contribution to his or her own health care, and until we get all the employers in the system even at a modest rate, we won't have a fair system where we can apportion the costs fairly and we can keep everybody else from being overcharged.

So that's why -- that's one of the most controversial parts of this program. But it is true that a lot of small businesses simply could not afford to get into the insurance market today without going broke. That's absolutely true. And since most jobs are being created by people like you who are starting small businesses, we know we can't afford to do that. But it's also true that a lot of big businesses can't afford to hire anybody else and always work their people overtime or hire part-time workers because they can't afford health insurance premiums because they're paying too much.

It's also true that a lot of people who work for employers that have health insurance never get a raise anymore because all of the money is going to the health insurance premiums. So I think it is a fair -- again, it's not -- I don't want to pretend that this is all going to be easy, but it seems to me that it is fair thing to say everyone in America should make some contribution to his or her own health insurance. And all employers should make some contribution, but if they have a very low margin, we're going to subsidize them for several years while we work into this system.

And if we do that and give you 100 percent deductibility and you 100 percent deductibility and put you in great big pools, then more Americans will live without the kind of blackmail that you just outlined. I think it is the only fair way to work it. It's the only way any other country has solved this problem. And I don't think we can reinvent this wheel. (Applause.)

You've heard a little about this already because of the so-called preexisting condition problem, but there are literally millions of Americans who are locked into the jobs they're in. This is a very tough thing in a country where job mobility is important, and the average young American going into the work force will change jobs eight times in a lifetime. To be locked into a job at a time when many people who've lost a job here can tell you, you don't get that same job back, you have to get a new job, is a very, very hazardous thing.

Judy Dion and Shelly Cermak are here to tell us about this problem with our health care system that's come to be known as job lock. They're from Maine and Maryland. Judy and Shelly.

Q Good morning. My name is Judy Dion, and I'm from Saco, Maine, and this is my daughter, Jessica. My daughter, Jessica, was diagnosed with a rare form of Leukemia. The year that followed threw our family into unimaginable stress and disruption. After four months in the hospital where she underwent a bone marrow transplant, she came near death on several occasions.

Shortly afterwards we were able to bring Jessica home and the transplant was a success. In the year that followed, my family's insurance premium went from \$250 to \$900 a month. I could not leave my employment because my daughter was now considered uninsurable. After being trapped in this position for four years with minimal pay increases, the state of Maine developed an

assistance program that enabled me to move jobs but be secure with our insurance. This program is now facing termination.

Although Jessica's transplant was a complete success, she still has related problems. Our biggest fear is without insurance, will she be turned away for a serious medical problem because she has no health insurance. I feel that my daughter has been through a lot since she was brought into this world eight years ago. I only pray that it will not all end because she could not get the proper care because her health insurance was cancelled. And I'm also happy to say it's been seven years since the transplant. So she's doing very well. Thank you. (Applause.)

THE PRESIDENT: She looks very well.

Q Hello, my name is Shelly Cermak, and I'm from Baltimore, Maryland. And thank you for inviting me.

Multiple sclerosis is the most common disabling neurological disorder of young adults. There is no known cause or cure. Most often its first symptoms are experienced between the ages of 20 and 40, and it is characterized by an unpredictable course of remissions and relapses. I have MS. I am currently in remission and for the most part I am symptom-free. On the surface, I'm not the most sympathetic of figures since I am not in a wheelchair and I am able to maintain a fairly active schedule. But I am severely affected by the health care crisis.

I have a masters degree in molecular pharmacology, which has led me to a successful beginning career. My problem is that I do not have the same choices and advantages that my colleagues have since, according to the insurance industry, I am disabled.

As I am sure you are aware, in any successful career path, job changes are usually necessary for advancement. I am at a point in my career where my current job is not satisfying and with my skills and experience, I have a decent resume. I have been pursued by headhunters, so I know that my skills are marketable. I am scared to pursue potential job opportunities for fear of losing my health insurance, so my career is at a standstill.

Although I face a 30 to 40 percent chance that I will be in a wheelchair within 10 to 20 years, I feel I have many productive years left, possibly my entire working lifetime. I should be afforded the opportunity and feel I should have the right to pursue the possibility of a rewarding and successful career just like the next person.

THE PRESIDENT: We agree. And we don't think taking care of your beautiful, young daughter should keep you from ever taking a better job, either.

The bottom line on this is that if we change the rules so that no one can be denied insurance coverage because of a preexisting condition, we also have to change the system so that no business goes broke for giving that insurance coverage. In other words, we can't afford to cut off our nose to spite our face. We have to make it possible.

So what we -- again, what we hope to do is to give you the protection of knowing you can always have health insurance; that if you change your jobs, you'll be able to get it; that no one will be able to turn you down; but that your employer won't go broke, either, because they will be in these large pools so that the risk will be fairly spread across a significant percentage of the American citizenry. And it seems so simple. You must wonder why it hasn't been done before. But it's wrong not to do.

And probably this will affect -- this and the cost issue will probably affect more Americans than any other single issue, because a lot of you, even who have talked about other problems, are indirectly affected by this whole job lock issue.

Also, it affects you -- it affects everybody in all kinds of different ways. So we must do this. We must do this. And let me also say that it's bad for the American economy. Every healthy person in America is disadvantaged if you two can't take a better job. Because when Americans with talents and gifts can't fulfill their God-given abilities to the maximum extent, then that makes our whole economy less productive, less competitive. It hurts everybody. So it's not just all the people who have your life stories. All the rest of us are really disadvantaged if you get locked into a job. Also, somebody coming along behind you who would get that job and that's a better job than they have -- those folks are disadvantaged, too.

Let me just say in introducing the last set of letters that there are a lot of people in this system who are very frustrated by the incredible bureaucracy of the American system. It is the most bureaucratic system -- health care system in the world of all the advanced countries. The expense is staggering. It probably costs at least a dime on the dollar more in sheer paperwork than all competing systems. And we have some people here who -- that not only has financial consequences, it has terrible personal consequences. We've found some people here who have been lost in that maze and I wanted you to hear their stories.

So let me ask now James Heffernan from Florida -- I'm going to try to pronounce this right -- Carol Oedegeest -- close enough? -- from California, to read their letters, and the Vice President will respond.

Q Mr. President, it is a real personal pleasure to be here. Thank you. I am Jim Heffernan, Venice, Florida. I retired to Florida after working the majority of my life as a civilian with the U.S. government, Washington, D.C. -- gravy train. As a result of this employment, my wife and I are covered under Medicare. We also have supplemental insurance coverage under Blue Cross and Blue Shield, as well as cancer and nursing home insurance.

Each of the above mentioned medical insurance policies require separate and different applications for reimbursement for medical expenditures, each of which has to be mailed to different addresses. Even a bill for a \$15 prescription requires the completion of a form, an envelope and postage stamp if you want to get partial reimbursement.

This mountain of paperwork places an undue burden on older Americans who do not fully understand the mechanics of the complicated medical claim forms.

I am a volunteer with Hospice of Southwest Florida, and my specialty is to provide assistance to hospice patients in the filing of medical claims to the insurance organizations that they have been paying monthly premiums for the majority of their lives.

As you are undoubtedly aware, Hospice does not accept patients until the attending doctor certifies that the patient is terminal and has six months or less to live. As a consequence, a lot of patients in this physical condition are unable to cope with the multitude of regulations and paperwork to apply for and receive the reimbursements they have been paying for throughout their lifetime.

I can recall one patient who was in tears and shaking because a hospital in her hometown had placed the balance of her medical charges in the hands of a collection agency, who wrote to her

and said she may be sent to jail for failure to pay her hospital bill. I think this kind of senseless action on an elderly terminally ill is unforgivable.

I also was in the hospital for two weeks last November for prostate cancer surgery. I wish you could see the medical insurance file which accumulated during my hospital stay. It is nearly two inches thick.

Q I'm Carol Oedegeest from Sunnyvale, California. I had knee surgery several years ago where the hospital billed me for an astronomical amount. I turned the bill into the insurance company, but at the same time asked for a detailed accounting of the charges from that hospital. It turned out they had billed me \$2,407 for a pair of crutches.

When I reported this to the insurance company, I was told the bill had already been paid. Not satisfied with that, I called the hospital accounting department and was told exactly the same thing: the bill had already been paid. Did someone pocket that money? I never found out. The decimal point had obviously been misplaced, but where had the difference gone? How did they balance their books?

THE VICE PRESIDENT: That's a pretty good question. (Laughter.) We've heard about the \$5 aspirin. Now we've heard about the \$2,700 crutches.

As I was listening to both you, Jim, and you, Carol, I was thinking that there are probably thousands and thousands of doctors and nurses who agree 100 percent with what you, as patients within the medical care system, are saying about the unnecessary paperwork, bureaucracy, regulations, and unnecessary complexity, which adds so much money and so much hassle to the practice of medicine and to the experience of receiving medical care. And we've got to fix that.

Now, it's crucial to understand that one of the reasons the First Lady's Health Care Task Force has focused on simplifying the system is that the present system does not work. And one reason it doesn't work is that all of the insurance companies that are trying to serve their patients and at the same time make money are competing with each other to exclude people, to exclude conditions, and to shift costs over to other people, wherever they can. And their weapon in doing that is paperwork.

And you've now got a situation where doctors and nurses and hospitals have to hire more and more accountants and clerks and specialists in all of the different health care plans that they have to deal with. They have to figure out who is covered and who's not covered according to a thousand different rules and all the different plans that they deal with. They have to figure out who is the primary company providing the coverage and who is secondary. And there's a whole paperwork war about that.

They have to figure out what codes to use. They have to figure out what particular kinds of care will be covered under which plan. And they have to document it all extremely thoroughly. And it amounts to so much paperwork that it is now almost a third of the cost our country pays for health care.

We pay 30 percent more for health care than the people of any other nation on the face of the Earth. And most of the extra unnecessary cost is simply in the form of paperwork and bureaucracy. By having a standardized -- and Tipper talked about this earlier -- by having a standardized package so that everybody knows what's covered and what's not, so you get rid of all the paperwork wars between companies that want to sluff off coverage to somebody else;

get rid of all this effort to document whether a condition was preexisting or not -- and you talked about what your sister has had to go through in fighting off the effort to put her in one category as opposed to another -- we get rid of most of that unnecessary paperwork and bureaucracy.

And we free up the doctors and the nurses to do what they want to do. They're working miracles. The bone marrow transplant, the liver transplant, the miracles that citizens all over this country can talk about where doctors and nurses and other health care providers have worked miracles. We need to concentrate on that. And we need to concentrate the forces of competition on delivering a higher quality of care, not on seeing who can do the best job of excluding care, and who can do the best job of building up a mountain of paperwork to make sure that somebody else pays the bill. That is one of the principle achievements of the Clinton Health care plan. (Applause.)

THE PRESIDENT: Let me say that I hope all of you are familiar with -- at least have heard about the Vice President's brilliant report on reinventing government, and he's given us suggestions that will save the taxpayers \$100 billion over the next five years if we can implement them all and free up that money to reduce the deficit or invest it in needed programs. But the health care system needs that, too. And our strongest allies in this, I think, will be doctors and nurses.

To illustrate what he said, let me just give you two statistics with this nurse sitting here. The average hospital in America has clerical workers at four times the rate of health care providers in the last 10 years. Think about it.

Another thing. In 1980, the average doctor took home 75 percent of the money that came into his or her clinic. They just took it home. By 1990, that figure had dropped from 75 to 53 cents on the dollar, the rest of it going to paperwork. You wonder why the bills are going up? So this is a huge deal.

I also want to thank publicly, I think -- I've not had a chance to do this -- I want to say a special word of thanks to Tipper Gore for being such an active member of the Health Care Task Force and being such a passionate advocate for the interests of the mentally ill and the interest that the rest of us have in dealing with it in a more sensible and humane fashion. (Applause.)

And I'd also like to thank the First Lady for the work this task force has done, not only for receiving 700,000 letters, but for meeting with literally 1,500 different interest groups and involving thousands and thousands of people in the health care system itself.

In the months ahead, as we debate health care reform, you will hear numbers and arguments fly across America. I hope that this beginning will help us to remember that fundamentally this is about people, about all of you that have read your letters, about all of you who wrote us letters who are out here today whose letters couldn't be read. I invite all of you to speak to the members of the press who are here about your stories.

I just want to thank you for coming, and for having, particularly these people, for having the courage to tell us their personal story and to tell America their personal stories. We can do this -- we can do this if we recognize that even though it's complicated, we can work through it if we will listen to the voices of the real people who know it has to be better and different.

Thank you very much. (Applause.)