

7/13/93
Health Care Roundtable II

PHOTOCOPY
PRESERVATION

HEALTH CARE ROUNDTABLE
HONOLULU, HI
JULY 13, 1993

PHOTOCOPY
PRESERVATION

THE WHITE HOUSE

Office of the Press Secretary
(Honolulu, Hawaii)

For Immediate Release

July 13, 1993

REMARKS BY THE FIRST LADY
AT HEALTH CARE ROUNDTABLE
Ala Moana Hotel
Honolulu, Hawaii

MRS. CLINTON: Thank you very much. Well, I am delighted to be here. And I appreciated the invitation from the Governor to have some time to learn more about how the Hawaiian health care system works, to learn what could be done to improve it, and to provide a forum for those of you who are financing it and delivering care in it and receiving care from it, to share your experiences with the rest of the country.

Because, oftentimes, as I have traveled around the country talking about health care, people have asked me about what is going on in Hawaii. And I have tried to educate myself so that I could give answers that were at least close to the mark. But I think there is no substitute for going to the people as we did this morning at Mr. Watanabe's Florist shop, for which I am very grateful to him and his family, and then coming here this morning to hear from a broad cross-section of Hawaiians who are on the front lines.

I really believe that the rest of the country has a lot to learn from what you have done over the last 20 years. And I am looking forward to having that chance this morning. So I am here to listen and ask questions and not only enhance my own awareness, but to take back with me to Washington specific suggestions from you as to how the national system should be implemented and what you would expect it to be able to do based on your experience.

GOVERNOR WAIHEE: Thank you, Hillary.

I thought at this time it might be beneficial if we have Dr. Jack Lewin, who is our Director of the Department of Health here in Hawaii, give us a brief walk-through on what the Hawaii health care system is all about, how it functions, some of our strong points, some of our weaknesses, and maybe some of the areas we may want your help.

So, Jack, why don't you say a few words.

DR. LEWIN: Thank you, Governor. Welcome, Mrs. Clinton. And good morning, everybody.

MORE

It really is a privilege once again to have a chance to talk a little bit about the successes that we have enjoyed here in Hawaii and how those successes may be relevant to the rest of the country in terms of health care reform and the challenge that our First Lady has taken on behalf of the President.

I've often been accused, Governor, of being a salesman for Hawaii's health care system --

GOVERNOR WAIHEE: Make it salesman, Jack, period.

(Laughter.)

DR. LEWIN: But I want to say that our health care system sells itself if you take a look at the facts and you really give it a chance.

Until recently, Hawaii really has been a very well-kept secret in terms of health care innovations. We don't claim to be perfect. We are experiencing cost increases here. Our small businesses will be able to share that with us. Maybe less than the mainland, but nevertheless, we experience it. We need more investment in mental health and substance abuse, like the nation does. We have cultural groups -- our native Hawaiians who need special access considerations taken into account. We need primary care providers in some of our rural areas where they're hard to acquire. We need to deal with long-term care, the cost of long-term care, and address that issue squarely. And we certainly can accomplish even more in Hawaii with prevention and with wellness and with approaches toward public health intervention. So there's a lot more still to be done.

But 98 percent of Hawaii's public currently has access to high-quality, excellent, high-tech medical care. And that includes a full array of services. The outcomes in Hawaii for the public are very, very good. We have the greatest longevity in the nation; some would say that's just so we can live long enough to pay off our mortgages. (Laughter.) But, frankly, we have great longevity. We have the lowest morbidity and mortality rates for cardiovascular disease, for cancer, for emphysema. We are tied with one or two states with the lowest infant mortality rates in the nation, and we have excellent outcomes for our people. And that's with a population that starts out with many of the same adversities and health problems that exist in the other states of the nation.

We have a Harris Poll and a Kaiser Family Foundation Survey that did consumer satisfaction recently, and it showed that Hawaii had the highest amount of consumer satisfaction of any of the states, and even more than Canada. So, while we have some problems, we have a tremendous amount of support for what has happened here from our people.

And the big issue is this: that the costs in Hawaii are 35 to 40 percent lower than the rest of the country. While the nation is at 14 percent of gross national product for health care costs, Hawaii is between 8 and 9 percent of our gross state product. And that is, in fact, very, very remarkable when you consider the good outcomes.

Now, our doubters around the country are going to say, that's fine, that's dandy, that's Hawaii, but how does that relate to all of us on the mainland of the United States? And there are a lot of myths that I'm sure the First Lady has heard, that it's the great weather, that it's superior genetics, the lifestyles here are so much better, that there's a mysterious island factor that somehow doesn't work for the islands in the Caribbean and so forth but it does here. And we need to debunk those myths because we've gathered data using Center for Disease Control to look at lifestyles and genetics and so forth. And those do not explain 40 percent lower costs. We simply can't explain those costs on the basis of those myths and we have to look further, and that's what this meeting is about.

Part of debunking the mystery about Hawaii is to understand our employer mandate, the Prepaid Health Care Act. And I think if we look over here at some of these banners that are out here, you can see that we have a number of factors going into play. But, first of all, without the Prepaid Health Care Act, we would not have been able to do the SHIP* program, to move ahead and provide insurance for the people in the gap. We would not have been able, Mrs. Clinton, to go ahead with prevention programs in AIDS, in early intervention, in child abuse prevention, and emergency medical services, in training primary care and some of the other things that our state is doing.

None of that could happen if we didn't have the efficiencies of our system. The Prepaid Health Care Act reaches 84 percent of Hawaii's population. That's all the work force and that's the dependents of the work force. It's been here for 20 years. It does not have a large government involvement. It is not a bureaucracy, it is not -- come under the guise of socialism. Instead, it is a partnership of business, of government and of health care providers together, working in a marketplace with a lot of consumer-driven choice that makes the system work. So, in a way, Hawaii is closer to managed competition than, frankly, anyplace in the nation can purport to be.

People have said on the mainland that we're forcing people into HMOs and into managed care. Now, we have some of the best HMOs and managed care the nation can offer. And we're very proud of them. But on the other hand, two-thirds of the people in Hawaii still seek fee-for-service medicine in the very typical freedom of choice approach that is so prevalent and popular elsewhere in the country as well as HMOs.

How does it work? Well, it's administratively simple. Employers and employees split costs and pay their fair share, although, as you'll hear today, when the law was passed it said that 1.5 percent of employees' wages was the maximum the employee could pay. Wages have increased more slowly than health care costs. And today that would need to be somewhere between three and six percent of wages if we were really going to be equitable with the goal we had back then of a 50-50 cost split. So businesses would like to see some modification in that area.

But for 20 years, today even, the cost split is probably 75 percent cost share for the employer and 25 percent for the employee across the board. For example, for state government workers, the government pays 60 percent and the employees pay 40 percent of cost.

The benefit package in this law is very critical to its success. It is very broad. It's prevention to catastrophic care. It includes 120 days in the hospital and major medical, lab, X ray, out patient, emphasis on primary care and out-patient surgery. The law didn't include pharmaceutical drug coverage. It didn't include dental coverage. And it didn't include mental health and substance abuse.

Now, we have kind of gotten mental health and substance abuse in through the back door, and now more than 95 percent of our people do have mental health and substance abuse in limited benefits.

Dental and drug has been handled differently. A supplemental package has been offered to all workers and their families. And, in fact, that supplemental has been taken up by more than 80 percent of the people. So we actually have achieved that kind of coverage for the most part by consumer choice.

The dependent coverage is not mandated in the law, but it, de facto, is universal. And there are several features of our law that you need to understand when we think of a national employer mandate that we would recommend. Our law doesn't absolutely require community rating by insurance companies. But that has resulted because the law says that all workers and their families must be accepted without regard to a preexisting medical disease.

Because of that, our insurance companies have learned how to manage medical care rather than reject and eject people from care. And that puts us in a very different game plan.

So insurance reform, dependent coverage, mandatory participation, with a standard benefit package that cannot be undercut, these are the critical factors of success in this law. And the results of it are quite simply these: that we have more primary care and prevention because of these things; and instead

of genetics, instead of lifestyle, instead of weather, here is where we achieve our success very clearly -- we reduce emergency room use and high-tech use by 35 percent compared to our mainland counterparts. And we reduce per capita use of hospital beds by 35 to 40 percent in this state. And its because we provide better up-front and primary care without copayment and deduction barriers and with a real emphasis on that care.

There's where Hawaii's success comes. And that's why our system really works. I think that's important for people to understand and to debunk the myths, because there's the success.

The other real important success that is critical to you and the President is that when Hawaii's law was passed, 17 percent of our employees, mostly small business people, were uninsured. The law took that gap group down to three to five percent. And that would happen in any mainland state because, as you well know, that two-thirds to three-fourths of our uninsured people in America are, frankly, people who are working or are the dependents of workers.

In Hawaii that is not a problem. If you're working or you're the dependent of a worker, you're covered. It doesn't matter if you have cancer, if you have heart disease -- you come in and you pay the same rate as anybody else. And those are incredible results that we need to share with the nation.

In terms of business, we do have some effects that we need to go into in the discussion and there are people here that will really entertain that. But in essence, our program is not a bureaucracy, it was implemented quickly. We can show you that in terms of new business creation, since '74 to now, we do better than the national average. In terms of business failures and bankruptcies, we have fewer than the national average.

Some can say, but what about this year and last year? And, yes, on Kauai, we lost a lot of businesses this year. But, frankly, Mr. Clinton, they will be back next year as the hotels open. And Hawaii has been a very healthy environment for small business, even though small businesses are always going to say that they don't appreciate worker's compensation, disability insurance, family leave mandates, health insurance mandates. It's worked, and we've had 20 years of great success with it.

So I think the one key factor that the Governor and I like to emphasize is that satisfaction of people on the job, satisfaction of employees and their families knowing they have coverage -- satisfaction is really an important factor which is very much underrated in our society.

I think that we can wrap this up in this discussion by making a very important point to you: Yes, Hawaii has a terrific system going here, but we need what you're doing. We

need national health care reform very, very much. A lot of the cost increases to small businesses in this state have come from Medicare and Medicaid increasing costs, which shift back to business and insurance rates. A lot of the cost increases come from drug cost increases and medical supply increases. We need a national program to get those kind of things under control. We need a national program for tort reform and malpractice, for a common data system for emphasis on training and primary care. Those are things you have been talking about and we're very grateful for that.

We also need a national system to get worker's compensation, disability insurance, auto insurance, and those things contracted and compacted down for businesses back into a health package that is more efficient. And I think these are all great areas that give us a challenge to go ahead with national reform.

We want to say Hawaii's not perfect. We're not a blueprint. But we have powerful lessons for the future. We're not theoretical. We're real; we've been up and running for 20 years with an employer mandate. And we know that a well-designed employer mandate with insurance reform, with irreducible benefits that are broad and generous, and with mandatory participation will reduce America's health care costs and will increase access significantly, so we can get on with solving the problems for the others through different mechanisms -- the unemployed, the elders, the special populations that need equal attention to national reform.

I think we want to just say on behalf of all of us here, there are a lot of different views around this room. And you'll hear from many different vantage points. But I am convinced that everybody will come together around the issue that we need national reform and to back you and the President up with this bold effort.

The most beautiful part about this moment in history is that we have lived for several decades with apathy from the White House about this critical issue that's dragging our economy. Now, we have leadership. In order to move ahead and solve the problem, we don't need to necessarily wait until the perfect solution comes. It will never really be there. We need to move ahead with progress toward the good. And we really applaud you for taking the leadership in that regard.

Hawaii wants to help. We want to be part of that process. And thank you very much for coming. (Applause.)

GOVERNOR WAIHEE: Mrs. Clinton, you can now understand why I send Jack to Washington to tell people about Hawaii's health care system. And I want to thank him very much for giving us that overview.

We also have with us this morning a wide cross-section of Hawaii's community. Employers in small businesses, business owners, small business owners, other employers, as well as the cross-section of experts, I guess they would be called, individuals that are involved in our health care plan. And I thought before we went any further, we ought to give you a sense of the knowledge, expertise and participation that we will have here at the forum this morning by asking people to introduce themselves.

(Introductions of all participants are made.)

GOVERNOR WAIHEE: That gives you some sense of the diversity in the room. Despite the setup here this morning, I thought it would be most profitable if we could have a sense of free exchange and really give Mrs. Clinton an opportunity to interact with members of the table here and with the panel there on any concerns she may have or answer any suggestions she may give or respond to any suggestions we may give. And so don't feel restricted. We need to get right down there and participate.

So, Hillary, I thought I would ask maybe Ray Susaki* to give us some idea of what it's like to be a small business owner in Hawaii under our health care plan and just let things go from there. And if at any time you want to get a question in or carry on a discussion more extensively, please feel free to do so.

So, Ray, if you could get us started this morning.

Q Ray Sasaki, Vice-President, Malihini Sportswear: Certainly. I'm sure no employer, whether in Hawaii or anywhere welcomes rising costs such as insurance or higher expenses, rents and so forth, even with medical. But a medical program for the employees and the employer being responsible I think is one of the things that goes with the territory. It is the responsibility of being in business. We all have the choice and here in America with free enterprise it's considered -- this is an addition and a goal we all set to have our own business. Well, with part of that comes a responsibility to community, to the employees et cetera.

And my father put it in a very nice way: although we grumble about taxes and rising costs such as medical insurance, it is actually not a burden, but actually, in America, living here, is a privilege.

Q Ann Cook, (Nurse): In response to what Mr. Susaki* just said, I feel that it is a privilege to have health care and a right. And with every right, we also have some responsibilities as consumers for those rights. I think that it's really important for consumers to be properly educated so they can make appropriate health care choices for themselves. So

that they don't have a health care system telling them what they need, they have an internal mechanism and I think that in order to do that, managed care should be part of the health care system.

Managed care where -- and, actually, I think nurses excel in managed care -- but managed care where there is a pathway to treat illness, a pathway that is decided upon by the consumer, by the physician, by the health care team. A pathway that will give people good outcome and reasonable outcome when they seek medical attention. And I think as consumer -- it is our responsibility as consumers to take some responsibility, and it is the responsibility of the health care system to provide the mechanisms, the managed care mechanisms for those kinds of decisions to be able to happen.

MRS. CLINTON: Could I ask you, because I agree with that very strongly about the need for greater responsibility within the system from all parts of it, but in particular from the consumers of health care. What do you think exists within the Hawaiian system to promote responsibility and what other specific suggestions would you have nationally to try to increase responsibility among consumers?

Q Cook: One of the things in the Hawaiian system, I think, there are several areas where I think that the Hawaii system provides the opportunity for responsibility. One of those is the choice of physician. I think that being able to choose the most cost-effective -- the physician that will provide the patient with managed care choices; that has the opportunity to work with the whole system; physicians that are willing to include all health care professionals to decide what is the best way for any treatment to take place. I also think it's very important for people to choose physicians that include people in their own care.

The other thing that I know that is available in many aspects of state insurance here is for people to make choices about exactly what kind of coverage they are interested in having. Do they want more catastrophic care coverage and less primary care coverage? Do they want more primary care coverage? Things that allow consumers to sort of set their own health care needs and get the kind of insurance they need to meet those particular needs.

Thank you.

GOVERNOR WAIHEE: Hillary, Ann's a pretty unique individual, because not only is she a practicing nurse right now with one of our leading medical centers, but she was also a small business owner that had to go out there and buy health insurance for her employees as well. And, so, I thought you might want to know that --

MRS. CLINTON: She's been on both ends.

GOVERNOR WAIHEE: -- both ends of that equation.

Q Cook: Prior to going into my own business in 1972, I worked for a large business concern, and we were covered by a wonderful health care program. And our family was well taken care of and the cost to me, personally, was minimal. So, there was no question when I started my business over 20 years ago that health care is so important that our employees would have this benefit. In fact, we started with about four employees and even today we still have three of them on our payroll.

And I believe that our health care program had much to do with the retention of these employees, including many others who are working with us today. It has helped our employees in their well-being and good health and, no doubt, our company gained in terms of better productivity.

As far as costs to employees are concerned, we really have not charged them very much. In fact, we just made a token deduction about two years ago but with a warning that if costs keep on going up substantially, we may have to make more deductions. So, this -- (inaudible) -- cost is a great concern to small businesses; I imagine with big businesses, also. And I hope together we can solve this dilemma in the near future.

MRS. CLINTON: George, could I ask you if you have any specific ideas based on your experience as to how a national system working with Hawaii and employers could better control costs? Are there things that you think should be done that are not being or could be done better?

Q George Chu, (Owner GBC) I really am not very good so far as the national program is concerned. You know, you hear all kinds of programs -- there's a program I read about -- medical savings account, I think you must have heard about that, too -- but there is so much involved that would require a lot of study and research to see if it makes sense.

MRS. CLINTON: Do you think if you were part of a larger group so that it wasn't your business negotiating alone for insurance but you were part of a very large group that could be competitive, do you think that would help bring your costs down?

Q Chu: Certainly it would help. Because every time, you know, when there is an increase in medical health costs, there's always a line in the announcement that the larger companies will not be affected, only the smaller companies are going to be put up so much.

MRS. CLINTON: How many employees do you have, George?

Q Sixty.

MRS. CLINTON: Sixty?

Q Six-zero, sixty.

MRS. CLINTON: Thank you.

GOVERNOR WAIHEE: Okay, May. May's with Zippy. I thought I would mention that as we get closer to the coffee break time. (Laughter.)

Q May Goya, Employee, Zippy's Restaurant: Mrs. Clinton, I didn't know what to say as far as being an employer because I don't own the -- (inaudible) -- but I can only speak to you as someone affected by health care. I was thinking Saturday about my father who, right after the war, he had his own business. He was a mechanic and he did not have health insurance. I don't think we all had it in those days. He was just trying to earn a living and he had diabetes.

He was not, I guess, able to go to the doctor in time or probably did not follow through with the doctor but what happened was that he amputated his leg. I was thinking about that because I thought if this was now the preventive measures that could have been taken would have definitely changed the quality of his life as he got older. Then I thought of myself because I didn't know that if you had a pre-existing condition in the mainland, you could be turned down for health insurance.

When I came to Zippy's, I had a chronic condition that if this was somewhere else I could have been turned down for insurance and then it would have been a burden on me because my medication costs and my ongoing costs, you know, would have been really hard for me.

This coming together with everybody else has really helped me appreciate what we have here in Hawaii. I also still strongly believe, though, that as a consumer we have a lot of responsibility in prevention. You know, prevention of getting sick, prevention of the kind to help keep the cost down, you know. And I think that's what we need to do as employees.

MRS. CLINTON: May, I'm really glad you mentioned the pre-existing condition because I've lost track of how many states I've visited and how many people I've talked with, but that is the single complaint I hear everywhere. It doesn't matter what attitude people have or who they are, the fact that, in the mainland, as you point out, there are many people in your condition who either are uninsurable or whose insurance is so costly they might as well be uninsurable.

And it is a particularly difficult situation for people who want to change jobs on the mainland but can't because if they have insurance they would have to give it up in order to go to a better job opportunity to maybe make more money, but it would be a net loss for them. So, this whole issue of pre-existing conditions, which I don't hear about in Hawaii because you have taken care of that, is a major problem in the rest of the country.

Q Steve Love: I think that, well, as May and I were discussing this, I recalled that in Missouri in the Midwest when I was growing up, we didn't really -- we didn't go to the doctor very often; we only went when we had to go. And I recall an experience where I had injured my finger and I was up all night in excruciating pain. So, when the same thing happened to my son, Matthew, I didn't think twice about it. It wasn't even -- I mean, within a few minutes we were already on our way to the doctor and we had it taken care of.

And, again, my son, John, when he came down with pneumonia we caught that very early so it was an inconvenience rather than a major problem for my family. So, I think that we take the system for granted and I think that's an important part because of the cooperation that you mentioned, Governor. We don't have to be concerned about the paperwork or who's going to pay. We don't get embroiled in all of that. The system works for us and we really love it. And, now that I'm involved with this I hope I can go back tomorrow and again take it for granted. (Laughter.)

MRS. CLINTON: One of the points we were talking about earlier at the florist was that in Hawaii, I been told -- and Jack you probably know this statistic -- but actually people in Hawaii may even see a doctor or go to a clinic more frequently than people in the mainland and therefore get problems taken care of sooner at less cost. Because what May was talking about with her father and diabetes is still all too common in places where people either can't afford to, or don't think they can, or they can't keep up with the medication, or they don't have the kind of access to the system. And it's always struck me that it's a very backwards way to go about providing health care, to wait until people get really sick which then costs us more in human costs and in dollar costs. So your example about the difference between you and -- your experience and your son's is just right on target.

GOVERNOR WAIHEE: Why don't we deviate a little bit again. We'll go to Russell. We've been talking about this morning so much, Russell, I thought you ought to tell us a little bit about it.

Q Russell Watanabe: We're a family-owned business -- small business, and I think as most small businesses are organized, workers who are not members of the immediate

family are almost an extension of the family in a small business. And so it's a great concern of ours to provide quality health benefits to our employees.

I think one of the strengths of the Hawaii health plan that has made it affordable for Hawaiian employees is that there's a reasonable amount of competition by the health care providers. And the last thing I would like to see, in all due respect, Governor, is to have the state government totally take over that and run the program. I think having a good input from the private sector is very important in keeping costs down and quality service up.

GOVERNOR WAIHEE: Okay, I thought that was very well spoken. Now we will go to Richard, a man with the bank.

Q Richard Dahl, Vice-President, Bank of Hawaii: I'd like to talk a little about the employer mandate and how the employers views that and certainly I come from a perspective of a large employer with about 4,000 employees in the State of Hawaii, but I also get to deal from the standpoint of a small employer in that I've got about 800 employees in 17 different countries and two different states. And I can tell you from a small employer standpoint which you've heard from before, but on the U.S. mainland it's terrible to try to get health insurance in New York City. It's costly, it costs about three times as much as it costs here if you can get a carrier who wants to do it. In Arizona it's a little better, it costs about twice as much and there are plenty of people who will do it. And certainly the people who do it in some of these places have had fair amount of financial problems themselves, so it's always a little scary whether you're promising the employee you're going to give them some and it doesn't come true.

So I guess I come at it from a couple of different handles. Also in the countries that we do business in, many of them provide health care services free to everybody. But I tell you in about, let's see, 12 of those countries we buy a supplemental policy for them so they can come to Hawaii to get health care coverage. And it's the biggest thing on their agenda to have, much more than an increase in pay.

The Prepaid Health Care Act, when it came in, I think from our standpoint as a local large employer, probably didn't have a significant impact because we were probably all ready -- we were already covering employees. I think the significance came in for us later -- past '74, probably into the early '80s when the economy was suffering very high inflation rates, 21, 22 percent as well as health care in excess of that. And we saw many employers and certainly considered ourselves what we could do to reduce those costs or leave that benefit behind. Certainly with the Prepaid Health Care Act that really was not an option for us. We had to stay; we had to figure how we could manage those costs and still provide that benefit. And yes, we

took some options of allocating some to the employees who had really not incurred much of that expense themselves. And to our delight, most of the employees I think really understood why we had to do it, and I think became much more educated as to what health care costs them.

And presently our employees carry about 25 percent of the premium costs for health care. Any suggestions for something on the mainland, I think it would be advantageous to have the kind of programs that we have here for the U.S. mainland. I would encourage you to have the kind of flexibility that's built into these programs. Our employees do have choices of HMOs or fee-for-service. We are fortunate in this state in that we are large enough so that we can effectively self-insure and the Prepaid Health Care Act allows that to be done. And we tell our employees that that's what we're doing. And when we have good success, when they have low claims, when they think about their health care services, that reduces our costs. And we've had two holidays now, both of them two months apiece, where the employee and the employer have had to pay no health care costs or no premium for those months. If they keep it up, we're probably going to have another one in 1994.

So I think flexibility is a big key in any program. It shouldn't be so rigid that there isn't a way --

MRS. CLINTON: Is there a particular plan or provider that they have to belong to, or how much choice can you give them as a self-employed company?

Q We give them free choice between HMO programs or fee-for-service. We can really only self-insure the fee-for-service. They make their choice. If they like going to their own physician, fine. And they can participate in the self-insured pool and participate in any premium holidays that may come about. If that pool gets too small, obviously, then we would have to stop self-insurance. But that would be the choice that the employees are making. We do not try and influence them one way or the other.

We certainly advertise, and the carriers we have actively solicit the employee group as to programs and what advantages they've got and so on. But we let that take it's course.

MRS. CLINTON: What do you think has been the biggest reason for your success in reducing costs?

Q The attention -- as a large employer, we've got the luxury of having people that can devote attention to how you reduce costs. And we've also had the luxury of being able to create wellness programs, smoking programs, alcoholism programs, drug-free programs. And so we've usually taken those savings and plowed them back into what we felt would be ways of reducing it.

But also, the employee has a good understanding of where we're incurring our costs.

And so if too many people are going to the emergency centers, we don't go out and, say, too many people are going to the emergency centers. We're saying: do you know what it costs to go to an emergency center? Do you know that you could go to someplace else? Have you considered something else? They all understand how much an AIDS patient costs. They all understand how much cancer patients costs. All that may influence healthier lifestyles. That's an intangible -- I mean, I can't quantify it. But we do definitely feel as though it's come back to us as a positive.

GOVERNOR WAIHEE: In addition to being a banker, Richard was also the chair of the Governor's Blue Ribbon Panel on the Future of Health Care in Hawaii. And as we discussed this morning, Hillary, one of the problems -- one of the problems with the Hawaii Prepaid Health Care Act is that it is frozen in the 1974 mode. Our act exists because we are the only state in the nation that was allowed a congressional exemption to the ERISA legislation. And one of the conditions of that was that we would not change our plan from the original proposal in 1974.

Now, obviously, since that time we have gained a lot of experience and have discovered things that we might want to improve. So I thought I'd ask Richard as the chair of the Governor's Blue Ribbon Panel if he had some thoughts about how we could improve the Hawaii health care plan if we had the ability to reform our legislation.

That's sort of known as a curve and a slider.

(Laughter.)

Q Well, I did bring the Blue Ribbon Panel's report.

GOVERNOR WAIHEE: It just so happens -- (laughter).

Q Just so happen to have that. But I think it would be nice -- and one of our recommendations was to be able to reopen the Prepaid Health Care Act. I think that it's something that is 20 years old. Nothing can just stay cast in concrete forever. And we need to reopen it, take a look and see what a basic package is again. There have been some additions to the basic package, which, quite candidly are very good, and, quite candidly, benefit relative few.

And I think that there has to be some mechanism where we can constantly go back and review what that basic package is -- with a goal, really, of holding the cost side down because everybody's concern will always be what it costs to provide this benefit. And I think we have to stay there and

think what truly is a basic package in 1993 is not necessarily what it was back in 1994.

That process will certainly help us prioritize what the basic package is. It will also allow us to focus on if there are additional things that people desire, how do you allow those outside of a basic package. If they want to pay for them, fine, allow them to pay for them. And then through the collective bargaining process or through the employer process or whatever, they decide that it's picked up as an employer or a union issue, fine, let that take its course, but not damage the basic package which could ultimately damage our good access program.

I think we all agree -- and the Blue Ribbon Panel was very adamant about it -- access is the most important thing that we've got in this state. The Prepaid Health Care Act has influenced it and driven it for 20 years, but its cost could dismantle it if we aren't diligent in doing that.

MRS. CLINTON: I wanted to ask something, and maybe Jack could answer as well, because when you were talking, Jack, you said that you have tried to provide access without copay and deductible barriers. What is the role, if you could clarify for me, of copayments and deductibles within the average policy in Hawaii?

Q Okay, well, we have -- our rates of copayment, we have calculated some comparison with other states. And we do have a lower out-of-pocket and copay than our neighbor states anywhere on the West Coast -- in fact, much greater -- a difference increase in the East Coast when you look at copays and out of pocket.

But what's real significant about Hawaii that we take for granted is that our policies to our employees and employers don't come with a \$200, \$300, or \$500 deductible up front that says you pay this much first and then we start covering you.

That up-front kind of major deductible, which is very commonplace -- in fact, the normal on the mainland -- is what discourages women from going for prenatal care and for immunizing their kids and for going in to treat that hypertension that will reduce the risk of stroke, et cetera.

Hawaii has made it the norm to give first dollar coverage and let people, as soon as they're covered, they can immediately go get care. If they choose the traditional fee-for-service plan, they will pay a 20 percent copayment for each visit with a certain cap on those costs.

MRS. CLINTON: Do you know what the average cap is?

Q Marvin Hall can probably give us a better --

Q Marvin Hall, President, Hawaii Medical Service Association: Twenty percent, it says right there.

Q -- average --

MRS. CLINTON: Annually?

Q -- annually per person.

Q About \$1,000 annually.

MRS. CLINTON: So the additional out-of-pocket costs added onto whatever the employee contribution is about \$1,000 on average?

Q Hall: No, not average, but that would be the maximum that somebody would pay on the average. So for most people they have little that would not be covered. These might be --

MRS. CLINTON: This is a really important point. It may sound kind of obscure to some people, but this is a significant issue because, in making cost projections about what a national health care plan would cost the country, there is a real split of opinion among those who cost out health care as to whether you have to have deductibles in order to save money and discourage unnecessary utilization, because in the absence of deductibles, the theory is you will drive up costs, because you will increase utilization for the very reason that Jack was talking about how people will actually go to the doctor to get their care. It's very important that we know as much as we can about the experience in Hawaii because, if your experience has been that with first dollar coverage so that you have no front end deductible that serves as a barrier to access, you've not had that kind of increased cost, that increase utilization but it sort of plays itself out in the whole system as being able to prevent greater cost.

Q Lewin: I think, Mrs. Clinton, we would say that in the design of -- you know, in recommending the future, that we would certainly take all barriers off clinical preventive services. We'd put no barriers or cost barriers on those services at all because those are things we want people -- we want to bring them in. We almost need to put incentives to get them in there somehow. And then we probably need to look at a certain number of outpatient visits, a few at least, that would give people the chance to go to their physician or provider and make sure that they're well each year before we start throwing copayments in the way. Because, frankly, we want people to get care at the doctor's office, not in the emergency room and not in the hospital. So we've got to open the door for that. There may be some place where we have to bring into play for people that choose more expensive programs, copays.

MORE

Q Hall: Well, I think it's been stated by Jack, a really basic foundation of the health care, both coverage and system in Hawaii is to cover first dollar coverage and without -- with no coinsurance, even on many of the preventive services. So I think as some of the previous speakers have commented, people seek out care early on, which we would consider to be part of preventive. It's not just immunizations and that type of thing, it also goes to seeking care early in illness.

We have not found that coverage of these things has overwhelmed the cost or visits; physician visits in Hawaii is something near the national average. So we're certainly not trading off one kind of cost for another.

So certainly it has built a system of people seeking care, low-cost. There are essentially no deductible programs in Hawaii in the insurance market. Only a very limited number of people have any kind of a deductible program.

MRS. CLINTON: Could I just be sure I understand, because I have read that there was a higher than the national average physician visit per patient in Hawaii. But your information is that's not accurate?

Q No, I don't know where anyone else gets the numbers, but we're aware of the physician visits throughout the United States. And Hawaii numbers for both fee-for-service programs and for HMO programs are similar to anyplace in the United States.

Q That's interesting.

MRS. CLINTON: Yes.

Q What we do see, though, is the proportion of outpatient care, the dollars going to outpatient and nonhospital care is greater in Hawaii. And so the total proportion of care ends up greater in the outpatient side.

Q Chaffin, Kaiser Permanente Medical Care Program: Yes, I think Jack has articulated the issue very well. I tend to agree that the less of a barrier we have for seeking medical care, the better off we are. I know that many of the businesses are interesting in increased clinic visit fees as a matter of utilization control. I personally worry the most about the folks who would have the most difficult time paying those fees. They would also be the ones that would be the most likely to get into trouble for untreated or inadequately treated illness until they waited to a point at which they were forced to seek medical care.

Our experience in Kaiser is, having just looked at the statistics recently -- in fact, in Hawaii -- and why this is

different for Kaiser in Hawaii, our outpatient visits are the highest of any Kaiser in the country per year. I tend to like Jack's explanation that it's because we do more as outpatients; although, across the country, Kaiser is a very effective outpatient utilization program.

But I share Jack's concern that significant copays up front, significant barriers to care, really are going to hurt the people that can afford it the least and need the care the most.

Q Susan McWilliams, (Small Businesswoman): I would like to mention, I was born and raised here. And I also went to school in Albuquerque, New Mexico. And when I was living here, I kind of took for granted our health insurance. And when I went away to school, my husband got a health plan right away, and I noticed the expense (unmatched) my husband got a health plan right away and I noticed, you know, the expense of it.

But what I really noticed is we had to file all our insurance forms -- that wasn't the big issue -- the big issue was that we had to pay our provider first and then the insurance company would pay us in return. So, we would have to file our insurance and pay the provider and then also meet a high deductible. This was real taxing on our family income and when he came home, I immediately thought, well, we'll have health insurance and I was real pleased. But it's just a way of life in Hawaii that we take for granted so often.

Another experience I would like to share with you is I have a small son who broke his arm about six weeks ago. And, my husband has very good health coverage and I took him to the doctor -- excuse me, I took him to the hospital because it was a compound fracture -- I didn't hesitate. I just took him in right away and said, well, we'll be covered. I did know that the plan did cover accidents within 24 hours. So, I took him in right away and the accident was paid for, the services were paid for at 100 percent.

Now, if we didn't have that type of coverage, if we had the coverage on the mainland, we would probably be paying for that today. It was something that I too often take for granted.

So, I think it's a very good system. I would like to see it happen throughout the United States. Thank you.

Q Dr. Chang, President, Hawaii Medical Association: Thank you, Governor and Mrs. Clinton. I'm thrilled, elated to have you here this morning to follow our -- to take a look at our health care system. I think we have a wonderful system. I hate to brag about it, but I have to put a plug in for the physicians of Hawaii. I think we practice excellent medicine here. And not only do we practice excellent

medicine but our cost containment and everything like this is really in place.

We have the lowest insurance premiums here and we have the best coverage I think. -- the rest of the nation could follow our example very easily. And I think, however, their doctors have to give a little because our doctors don't really get paid what we really feel we deserve. We get 80 percent of our eligible charges, whatever they want to set for us, then the patient pays the 20 percent. So, we take a beating. I'd be lying if I said we get paid what we think we deserve. We don't.

But then you have to give up something to get something better. It still beats the single-payer system. We get freedom of choice of physicians, freedom of choice of insurance plans that you want. If you want a deluxe plan, you pay a little bit more for it. If you want a bare-bones, you pay a lot less. So, you really get what you want, and I think that that's America. Freedom of choice, and I hope that you will look into all these parts.

I'm a pediatrician and I feel preventive medicine is tremendously important. For every dollar that you spend on preventive medicine, you're saving \$10 in the future, because healthy children become healthy adults someday. So, if we take care of them young, you don't have all the hypertension and all the terminal illnesses, that's where the big money comes in.

The last two weeks of life is probably -- that's where you spend most of your money -- not in prevention. So, I hope we'll continue to have the wonderful programs that you have given to children -- EPSDT, the healthy start. And you're really very wise for spending money there because you're going to save a lot of money in the future.

As a pediatrician I feel I would like more time to practice medicine like the good old days before all this government regulations come in. I want to get rid of some of this paperwork. We have tons of paperwork that I would rather spend time practicing medicine than filling out forms that are so aggravating. You sit there, and not only is it expensive in my time, but it costs a lot of money for these forms that patients really glance at, says, they read it, they sign their informed consent and throw it away.

And I just had to get a whole batch because I've been using some of the state health department forms, and they're running out so we have to order our own. I saw this little, tiny little phone number at the bottom of the print that says you can have these printed for a price. Saw what the price -- 1,000 forms cost me \$400 for paper that the patient's going to throw away. And they don't even look at it.

So, she said well if you buy 10,000 it will be much cheaper. I don't have 10,000 patients. (Laughter.) I said all I want is 2,000 of them -- \$800. This is a fact. And I said, well, let me think about it. For something people are going to discard, I think this is a waste of money. So, I want you to look into that. I want a single claim for all insurance and not 10,000 forms that we have to look at -- am I filling out the right form. This is nonsense. I want electronic billing where everybody gets, you know, we save a lot of money. That's where you're going to have cost containment not in the nitty-gritty.

Doctors aren't profiteering doctors and they do not make that much money. If I wanted to make money, I'd go into business like own Zippy's or whatever. (Laughter.) I'm sorry, but this is where you get the big bucks, not in medicine. We go into medicine because we love to help people to get well and it's not a money-making thing, believe me. I'd be much richer if I went into business.

So, I think that these are the points I want you to think about. There are a couple of other things I would like for you to really look into -- liability reform. Doctors are spending a lot of money ordering MRIs and ultrasound and a lot of things to really defend -- you get on that stand someday and did you do an MRI on that patient; no, because I didn't suspect a brain tumor or whatever. But you know we do it -- a lot of money spent there that's unnecessary.

So, I think if we have liability reform I think we will rest a lot easier, practice medicine, use our clinical judgment a lot more. Many times I'm taking X-rays not because I feel it's necessary, but because mothers say, "Aren't you going to take an X-ray?" I say, "Well, I really don't think it's necessary because the child's fall was not that bad. I can't find anything. Why don't we sit and watch?" If they're really your patients, they will say, "Okay, Doc, I'll do whatever you say." But lots of times you don't know this patient and, so, you take it not because I'm going to find something. It's to really save your neck someday.

So, I think these are things I would like you to look at. And also I would like you to look at antitrusts. Doctors are so afraid of talking to each other anymore because you're going to get sued someday. And I think to practice in this kind of a climate is really nonsense. I want more time to practice medicine and do it the good old way where you have the good rapport, a doctor-patient relation. You trust each other. You don't have to worry about lawsuits. But now you get sued for everything.

So, I think that these are the points I'd like to make.

MRS. CLINTON: Well, Doctor, you are very eloquent in making those points. And they are ones that I have heard from doctors all over the country. And particularly from pediatricians and family practice doctors and internists, others who are on the kind of clinical frontlines of primary and preventive health care who feel that they do not have the time to deal with their patients in the kind of way that they think is optimal for the patients because of the paperwork and the bureaucracy and the interference. And also because they are not usually reimbursed for sitting down and talking to somebody; they're reimbursed for ordering that test. And that is one of the real problems is, we have sort of perverted the incentives in the medical field by not rewarding clinical judgments and time with people in the same way that we do reward the test-taking.

So your points are very well taken and we're going to be trying to do what we can to answer those.

Q Thank you very much. And we want to be of help to you. Any time you need us we're here.

MRS. CLINTON: Thank you very much.

Q Since Dr. Chang was so eloquent in her discussion of what physicians need and want to serve, I thought we ought to give Linda a chance to say a little bit about nurses in Hawaii. Linda Beechinor, who is the president of the Hawaiian Nurses Association, and she happens to be sitting right up there. So why don't you -- do you want to make a few comments about what nursing -- nurses can contribute to the dynamic or anything else you want to say?

What's interesting about Linda is that she actually spent a lot of time in Canada, so she has some sense of the Canadian system as well.

Do you want to join in, Linda?

Q Thank you, Governor. I'd certainly like to. I've been a registered nurse for 20 years and I was brought up in Canada and educated there. I've taught in the nursing education system in Canada. And in the past nine years I've been a practicing nurse and nurse educator in Hawaii.

For the past six years, I've had a very successful business providing staff nurses from other countries, particularly Canada, for hospitals in Hawaii during the critical nursing shortage that we've had here. But I have a very strong feeling about where health care is going in this country, and my contribution is going in a particular direction in that I have now gone back to the University of Hawaii and I'm working on my nurse practitioner master's degree program to practice in primary care in family practice.

Nurses in this country are educated and underutilized in the present system. There are two million nurses in this country, and we can provide much of the teaching and much of the primary care that is needed by the people of our country.

I remember in Canada in 1971 there was a report from the federal government that targeted preventive health care as the way to control costs and the way to provide health care to the people of Canada. That was in 1971. And that report gathered dust, I guess, because it was never implemented in Canada. And Canada is in the same situation as we are now in the United States where we have spiraling health care costs.

Nurses see our role in this system as providing support in the system, support for the people of this country to maintain their health. We can teach and educate, we can provide the kind of care that families need in order to stay healthy. Nurses are not interested in treating disease; we are interested in helping people to stay well.

I'm looking forward to being a primary care health provider as an advanced practice nurse and to assisting people in the state of Hawaii to maintain our healthy lifestyle.

MRS. CLINTON: Linda, could I ask you if you have any comments about comparisons between the Canadian system and what you have found here in Hawaii?

Q The Canadian system is a single-payer system, of course, whereas there's more choice of the kinds of coverage that you can ask for in Hawaii. I see nurses as underutilized in their system as they are here. I don't think that either country is any further ahead in that regard, although I do see the federal system here in public health and in Veterans' Administration utilizing advanced practice nurses much better than the private sector does. And I certainly see that as a cost-effective measure and we're looking to the Clinton administration to lead us into better utilization of other practitioners to keep our costs down and provide that quality care throughout the country.

MRS. CLINTON: It's interesting you had mentioned the VA, because it is the case that in both the VA and in the Department of Defense medical programs, nurses have a much broader scope of practice than they do in the private sector.

Q Since we are sort of floating to that side of the room, I see Rich Miers sitting there. And we've heard from the physicians, we've heard from the nurses. We ought to hear from the medical business -- the hospitals.

Q Rich Miers, President, Health Care Association of Hawaii: Thank you very much, Governor. Mrs. Clinton, probably one of the big advantages that the hospitals here have

enjoyed as a result of the Prepaid Health Care Act compared to other hospitals on the mainland, we really have minimized our uncompensated care. And if you talk to the folks on the mainland -- when I talk to other health care hospital administrators on the mainland, that is a very, very big issue. There is still some uncompensated care; I don't want to mislead you. But the Prepaid Health Care Act has really minimized that.

I, too, am sort of a small business. I have nine employees and I participate in this program. And, personally, I feel good in knowing that my employees, if their families get sick, that they are going to get the health care, that I'm not going to worry about other spinoffs from the families that -- you know, they would be worried whether their families are going to get health care, et cetera.

As far as other issues, we, of course, are looking for some tort reform, as -- talked about earlier. And certainly the antitrust is extremely important to us, because we, as hospitals, need to talk to each other. We need to form these networks. And, you know, we have to be very, very careful if we sit down and try to do that in today's environment, because we may find ourselves in court. So it is extremely important to us that we, of course, do have some kind of antitrust legislation.

And universal access -- I just came from a meeting yesterday in Seattle -- I got back late last evening -- where all the Western states gathered to talk about this whole plan. And the one issue that was voted as the most important issue by the providers from Colorado west to Hawaii was the universal access to coverage. And that is, quite frankly, an issue that we felt that has to stay in the program. That's just one of the key elements that we as an industry, so to speak, feel has to stay in the program.

MRS. CLINTON: Richard, could I ask you -- when you say you do have some uncompensated care still, can you describe in general who makes up that population that is uncompensated?

Q Yes, the uncompensated care that we would have would perhaps come from the SHIP program, for example, which, you know, is basically an outpatient program with limited services. But sometimes those patients will come into the hospital and stay beyond what is normally reimbursed.

But, again, here in Hawaii that's something that providers have just made up their mind that they will accept, and that will be their contribution towards providing health care -- good health care to our citizens. But that would be an example. Of course, with the Hawaii QUEST program, which is now --

Q I wondered when you were going to get to that. Put a plug in there for the waiver.

Q Yes.

Q Go ahead.

Q Well, anyway, the Hawaii Quest program, which the Governor brought to Washington a month or so ago, will combine all of these programs. And I don't want to go into a long explanation of what the program is. But should combine all of these programs into one program and, hopefully, should eliminate even those areas of uncompensated care. And perhaps Jack might want to say a little bit more --

Q Rich, why don't you -- could you comment a little bit about the uncompensated care major areas in terms of Medicare as well and Medicaid, too, in terms -- because I think that you've talked about that before.

Q Yes. This past year -- in just the past year alone -- our hospitals and long-term care facilities lost \$38.8 million, even with our own plan here. And that was the difference between the cost of providing care -- not charges -- the cost of providing care, and the amount of reimbursement.

Now, again, hopefully if this program comes out as we think it will, we shouldn't have those kinds of problems in the future.

And what did that cause? That caused us to have to cost shift, because there's no way you can stay in business if you're losing \$38.8 million to \$40 million a year. You have to take that shortfall, if you will, and cost shift to -- to something else. So that's why we're hoping that you all in Washington will take a close look at that program.

Also, long-term care is of extreme importance to us. We have a shortage of long-term care beds here in Hawaii, and there are efforts, of course, to build additional beds. We actually have acute care beds being blocked right now, because we have no place to put long-term care patients that are in acute care beds. So I know long-term care is a very expensive to put long-term care patients that are in acute care beds. So I know long-term care is a very expensive program. I know it's also going to be down the road a little bit. But we cannot forget about long-term care. Home care -- very, very important.

Q Thank you, Rich.

We have with us this morning also Dr. Julia Frohlich, who is not only the Director of the Blood Bank, but the chairperson-elect for the Hawaii Chamber of Commerce. And so she sort of, again, is a blending of the medical profession and the sense of business. So, Julie, would you like to share some thoughts with us this morning?

Q Yes, thank you. Perhaps I could just provide some additional information to take back -- and some of it in the area of cost. You mentioned earlier reexamining or opening up the 1974 prepaid health plan might provide some opportunity to reexamine in 1993 terms what does the basic package contain.

Another thing that it might also provide, which Jack alluded to earlier, is who shares the cost of the premium which is paid for the insurance, which we all support what it does for our community. And when the health plan -- 1974 plan was put in, it was meant to be roughly a 50-50 cost-sharing.

Well, a recent survey done by our Hawaiian Employers Council of about 250 companies representing all sizes -- 50 percent of them had under 100 employees -- showed that in actual fact, 100 percent of the employee cost is paid by about 80 percent of the companies that were surveyed. So I think when we talk about joint sharing of the premiums, that is another way of having the person who benefits -- all of us workers -- take responsibility for our role in using health care services if we are also contributing to paying for it in that way -- not so much as we talked about earlier as high deductibles, but actually taking part of the natural premium to a larger degree than it is right now in the States. So there may be benefits in looking back at the plan beyond looking at a basic package in terms of 1993, but also a way that both the employer and employee once again, contribute and understand they each have a role in responsible health care.

MRS. CLINTON: One thing I want to be sure that I understand clearly is that although dependent coverage is not required under the act, there is a trend toward employers contributing -- now, do they contribute in the same ratio as they do for the employee coverage, or is a different ratio? And what do we do with children who fall between the cracks or who are in families of divorce, or, you know, some of the practical applications of not mandating dependent coverage in terms of making sure all children are covered? I really need to understand how that works.

Q Lewin: As was stated by Dr. Frohlich, probably 75 percent of employers pay 100 percent of the employee costs. On the dependents from our best studies is that two-thirds of employers pay for part of the cost of dependents -- spouses, children -- and that contribution is all the way from some nominal sum up to 100 percent. Probably half of employers pay 100 percent of all the costs of coverage for employees and dependents.

Typically, divorces, children, putting the responsibility to one of the spouses, that sort of thing, are provided for and are covered based upon whatever the arrangement that family has. So I think we feel that there is coverage, it is provided for all of these kinds of situations.

MRS. CLINTON: That is one of the areas, though, that I think there may well be some differences we have to be aware of because the sort of Hawaiian tradition, which several of you have alluded to of covering employees, even before it was required, of having family businesses kind of growing up with the state's economy; perhaps a different set of attitudes might be in place here that you wouldn't find elsewhere.

And one of the issues that we have to be especially concerned about from the national level is, given mobility and given the needs of children, how to make sure that every child needs are met, no matter who that child's parents is or where that child is employed. So I would appreciate, maybe not now, but any advice that you would have based on your experience, because I don't -- I don't know that we can count on the same level of voluntary support for dependent coverage in the rest of the country that seems to have developed here in Hawaii.

Q I wanted, maybe just to add to that, when we started the SHIP program, Mrs. Clinton, we had the situation in which any dependents that weren't covered by the -- because if the employee so chooses, the dependents would have to be covered and added into the care pool and in the community rating pool. They cannot be rejected, they cannot be risk adjusted and so forth.

But we weren't certain how many of those people might be out there. And we were heartened to learn that frankly our dependent coverage has turned out to be, de facto, almost universal. And that is part of the generosity that's built into the plan and it's become an expectation for employers to have to deal with that.

We would recommend heartily that dependent coverage be part -- a mandated, integral part of any employer mandate, that we not approach it on the national level, we need to just put the children, put the dependent spouses in if they're not covered and have it be a fair cost split with the employer and the employee. Because we can't afford to have those people we left out.

We've been very fortunate in Hawaii.

GOVERNOR WAIHEE: Okay, one thing, when we talked about uncompensated care earlier, which -- I didn't hear any mention about the fact that some of our -- a portion of our uncompensated care came from tourists and the Pacific islanders and aliens and -- do you have any statistics on that?

Q I don't, Governor, I don't have any statistics on those issues that you mentioned or those types of patients that you mentioned. But, yes, that is true -- whether they're

visitors, whether they're homeless, whatever. They all do fit into that compensated care.

But having said all that again, our problems as a result of the Prepaid Health Care Act are nowhere near as great as they are on the mainland.

MRS. CLINTON: You mean, the total for Hawaii of uncompensated care in the hospitals is only \$38 million? Is that what I understood you to say last year?

Q This past year, we had a shortage in just the Medicare and Medicaid what I understood you to say last year.

Q Meiers: This past year we had a shortage in just the Medicare and Medicaid funding -- of approximately \$38.8, \$38.9 million.

GOVERNOR WAIHEE: Under compensated care would be a better way of saying it. (Laughter.) It's not really uncompensated care.

MRS. CLINTON: That is pretty remarkable, though, because, you know, I've been in lots of hospitals on the mainland that have, you know, a third of that in one hospital because of under compensated care.

Q -- a \$3 billion system that's not very good.

Q Bettye Jo Harris, Chair, State of Hawaii Board of Health: Thank you. In terms of the Board of Health, it's an advisory committee appointed by the Governor, and we have representation from all the Islands to be an advisory to the Director of Health.

And some of our issues -- we have been working together now about two years, some of us three years. And, I, personally, have been reappointed for another term. And some of our challenges have been to understand our role. And I think with the Health Director, his staff, we are beginning to find our niche and how we can best advise, quality advising, I would say.

One of the issues we took up was Hawaiian health, health for Hawaii people, native Hawaiians. And we were able to bring that to the forefront. We've had a minor setback, but I believe that working with our state legislature that those physicians that are needed in order to move that program forward will be carried out within the year. We're excited about that.

We went to Kauai about three weeks ago to hear some of the problems that even we were not aware of that are still going on and to see how well the health staff and other community workers have been working so hard, even with their own personal loss they have been able to carry on while the hospitals

there -- they saved every patient with windows flying out, walls caving in without losing a single person. And I personally touched by that woman who was able to direct that kind of movement with the storm happening.

So, we are here to able to bring departments together so that we're working together interdependently with issues, with Health and Human Services -- State Health Department Planning Agency and some of the other departments that will be working on some of the same issues.

In terms of the grassroots, I'm involved in substance abuse -- agency that is building a residential facility for our people here that don't have adequate funds to get treatment. And the problem is a challenging one, but we feel that this community has responded through its legislature in order that those services are available to people that need them without regard to ability to pay.

Q Dr. Lonnie Bristow, Chair, Board of Trustees, American Medical Association: I would share with you that I am your next-door neighbor because I live in California.

I've long been impressed with what you've been able to accomplish here and have felt for many years that there are important lessons that the rest of the country could benefit from. I want to compliment the administration on its action today. This is the highest level of any administration that I know of that has expressed the kind of interest that you've expressed in what is going on here.

We believe that the ability to use the private sector to let market forces generate what should occur to provide high quality care at a reasonable cost for the entire population is exemplified by what you see here. We think the certain principles that I'm certain you will carry away with you -- those of having a standard benefit package is exemplified by what you see here.

We think the certain principles that I'm certain you will carry away with you, those of having a standard benefit package, those of having community rating, and those of having an employer mandate are three of the essentials. There are some other things that can be done to enhance it, but we greatly admire what had occurred here, and as I'm sure you're aware the American Medical Association's own proposal, Health Access America, which was developed in 1990 was largely based on what we saw in this community. And we think that there are many valuable lessons that we are quite certain you will take away and we applaud you for coming.

MRS. CLINTON: Thank you very much.

GOVERNOR WAIHEE: Thank you. I think we're just about to the end of our forum this morning. I want to thank all of you for participating, but before I do that and end the forum, I would like to invite Mrs. Clinton to ask any last questions she may have of any one here this morning or to make any statement that she may want to make at this time.

MRS. CLINTON: Well Governor, as you know, you and Dr. Lewin and other members of your administration have been involved in our efforts in Washington from the very first day. And we are very grateful for that kind of support and good advice. But I have often found that there is no substitute for actually listening to and being with people who are delivering what I read about in reports or what I hear about from visitors from Hawaii to Washington. And that's the way I feel this morning. I've taken a whole page of notes, I have some follow-up questions that we will be coming back to you with.

It is very exciting for me, personally, to be in a group of people who have worked together to help solve a problem that is a national one, but for which you didn't wait like every other state has to try to see what would happen coming out of Washington. But, instead, really took you own destiny in hand 20 years ago. And have built on that in a way that does deserve a lot of close attention from the rest of the country.

So we are grateful for what you've done and as several of you, including the Governor, have referred to earlier, at this moment in Washington the Department of Health and Human Services, at the direction of the President is reviewing your latest proposal in order to continue the kind of improvements that Hawaii is known for in providing health care.

So we're very excited by what you've done, what you're doing, and what you will be doing. And I'm so pleased that you're such a full partner in what we're trying to do for the whole country.

GOVERNOR WAIHEE: Well thank you very much.
(Applause.)

Once again, on behalf of all the people here, we want to thank our dynamic First Lady for taking time out to be with us this morning. I also want to thank all of you for being present and for participating in this forum. Thank you very much. (Applause.)

END

10:34 A.M. (AHT)