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California Assoc. of Hospitals

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THE WHITE HOUSE

Office of the Press Secretary

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October 13, 1993

REMARKS BY THE FIRST LADY
HEALTH CARE BRIEFING
BEFORE CALIFORNIA ASSOCIATION OF HOSPITALS
AND HEALTH SYSTEMS' ANNUAL MEETING

MODERATOR: -- I'm going to introduce her on behalf of all hospitals.

Mrs. Clinton, we are California's hospitals, urban medical centers, rural communities, sole community providers, suburban hospitals, university and teaching institutions; private, public, and district hospitals.

Today we are serving 32 million California residents. Our hospitals care for more than 3 million inpatients and 28 million outpatients each year. Nearly a quarter of a million full-time employees are dedicated in hospitals to providing these services.

We are hospital executives, nurses, hospital employees, hospital trustees, physicians, and hospital volunteers.

We are eager to join the administration and the Congress in this march to a new vision on health care in this country. The principles, the values, the vision and conditions which we have established are the foundation for our position. We believe that our foundation is consistent with that of the administration's.

Mrs. Clinton, on behalf of everyone here, it is an honor to welcome you today to the California Association of Hospitals and Health Systems' annual meeting.

Please join me in giving a California welcome to Hillary Rodham Clinton. (Applause)

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MRS. CLINTON: Thank you. Thank you very much.

I am delighted to be able to talk to you this afternoon about our shared concern for bringing health care security to all Americans and for slowing the march of health care costs that are spiraling out of control.

I really appreciate that introduction. And I especially appreciate having the California hospitals and the Hospital Association introduced to me.

Some of my best times in Arkansas were as a member of the board of the Arkansas Children's Hospital and the other work that I did on behalf of hospitals throughout our State. But it was my tenure as a board member that brought to the forefront for me personally many of the issues that I now look at from the perspective of national reform.

I often think about the hospital whose board I served on or the hospital whose corridors I paced last spring with my father's illness and then later death, and I am very sensitive to and appreciative of all of the work that you and your association have done.

California hospitals perhaps even have a truly unique understanding and appreciation of the problems with our health care system, and you have already addressed the urgent need for reform in that system.

In California first, hospitals and hospital associations like yours have been a model of constructive policy-making in the health care debate. Your organization, for example, has helped educate policy-makers on the need for reform and has consistently focused on the overarching goals, highlighted the areas of agreement and been committed to working together through the issues where we disagree.

California also has its own place of honor in the health care debate. While California may be hours behind us on the clock, it has been years ahead of Washington in recognizing what's right about American health care, what works, and moving the California health care system in that direction.

We continue to learn every day from California's shift toward more efficient organized delivery systems, from your successes in pooling consumers and businesses together

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to guarantee choice and hold down costs, and from your innovations in prevention and health promotion.

I know that those of you in this audience understand and appreciate the need for health care reform. You know full well what the problems are, and you know that solutions are out there.

I personally am comforted by the fact that we in Washington have spent a great deal of time studying this issue; you in California have done the same. And we have come out at pretty much the same place.

We agree that any serious health reform proposal must provide universal coverage. Every American must be secure in knowing that he or she has access to a comprehensive set of benefits that can never be taken away. And as we go forward to debate the details, that single overriding principle of universal coverage and comprehensive benefits is not debatable.

We also agree that reform should build on the existing employer-based system that works well for most Americans and involves the least disruption from our current system for financing health care.

Your proposal calls for restructured delivery, local accountability, real and enforceable cost containment. It also calls for reduced bureaucracy, changes in the antitrust laws, and malpractice reform. And in each and every area, we echo your call.

But as this audience knows well, there is more than one route to the same destination, and there are different approaches to many of these goals. When it comes to health care reform, the devil is in the details. And I'd like to focus today on the specific solutions the President has proposed and talk through some of the implications for hospitals like yours.

The first principle, as I mentioned above, is already security. All Americans need the comfort of knowing they have a comprehensive set of health care benefits that can never be taken away. Under our proposal, every American and legal resident will receive a health security card, guaranteeing them coverage.

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The promise of universal coverage will strengthen America's hospitals. It will mean that fewer people seek health care too late because they couldn't afford to see a doctor earlier. It will mean that fewer people use your emergency rooms for cuts and bruises and flu shots because they had nowhere else to go. And perhaps most importantly, it will mean that far fewer people will walk through your hospitals' doors with no means to pay for the care that you do provide them.

There is no question that universal coverage solves many of the problems your hospitals face. But there is also no question that it does not solve all of them. Many of your hospitals have special concerns.

For one, many of the patients you currently see are not in this country legally, a particular problem for California, and will not therefore be guaranteed the same coverage as American citizens and legal residents.

Secondly, hospitals serving small rural counties face provider shortages and rely heavily on the public programs that pay for health care.

While I cannot tell you that these problems will go away entirely, I do think that the President's proposal will go a very long way toward addressing them.

For one, federal funds will continue to be targeted to hospitals that serve undocumented residents. While we will call for a reduction of so-called disproportionate share payments under reform as a result of extending coverage to millions of the patients your hospitals now serve, we will continue federal funding to hospitals burdened by uncompensated care due primarily to taking care of illegal residents.

In addition, the expansion of public health and prevention programs will mean that everyone in this country, regardless of immigration status, will have access to immunizations and other preventive services that are essential to protecting the health of everyone.

By providing new funds for community health centers and by allowing them to compete for the expanded base of privately insured residents, they should have greater

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financial strength and a continued ability to serve those in the community without coverage.

Rural concerns are also addressed in our proposal. No longer shall these communities go underserved. We realize that a health security card means little to a family that has no real access to a doctor, so we propose a number of specific initiatives to expand the availability of care in these regions.

New workforce initiatives will include tax incentives, increased reimbursements, retraining scholarships and loan-forgiveness programs. Technical and financial assistance will be available to speed the development of rural and urban networks, including grants for academic health centers, to develop an infrastructure of information and referral services necessary for rural health networks to remain up-to-date.

Similar grants and loans will also be provided to facilitate links between local practitioners, community hospitals, and academic health centers. Such links set the stage for integrated practice networks or community-based plans.

Eventually, under universal coverage, funds that in the past have been sapped to compensate for the uninsured will be redirected to ensure further rural outreach, such as follow-up, home visits, transportation, and child care during office visits.

The second principle is simplicity, stripping away the useless layers of rules, regulations, paperwork, and confusing red tape to create a leaner and more navigable health care system.

Hospitals today, as you know better than I, are buried under a crush of paperwork, generated by the more than 1500 private insurance companies and the various government health programs. You face a never-ending set of requirements from peer review organizations, government inspectors, industry regulators, bill coders, and fiscal middlemen. It's ridiculous. Hospitals treat more paper than patients, and the paper drains time and money better spent on providing care.

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Last month the President visited the Children's National Medical Center in Washington. And the administrators there told him that if they could be freed from the paperwork that has nothing to do with quality, nothing to do with patient care, the doctors on that staff could each see 500 more children a year.

Well, we want to free you up to do that as well. Streamlined paperwork requirements will lower your administrative costs and allow you to focus your staffs away from the file cabinets and back to the bedsides of patients. Standard claims forms and electronic data systems will streamline your billing, boost efficiency, and lower overhead.

Health alliances will be organized according to this same principle. You know, people wrongly assume that the proposed health alliances will lead to more bureaucracy, when it is actually difficult to imagine a more bureaucratic and administratively heavy system than the one we have now.

As you have demonstrated in California, health alliances provide more services at lower costs. Your State public employee program is one example, stripping away the middlemen, the underwriters, the marketers, the benefits managers, and directly connecting those who pay for care with the health plans who provide it.

The third principle is savings. As I've traveled around this country meeting health care professionals and listening to their ideas on reform, I have yet to meet one hospital administrator, one doctor, or one nurse who doesn't believe there's tremendous waste in today's health care system and that significant savings are achievable.

I know that many hospitals -- perhaps many of you in this audience -- are concerned that the savings targets in the President's plan are too aggressive. But we have been very careful and conservative in our estimates. And judging by the results in places like your State and other States around the country that have pooled purchasing, have introduced competition, and boosted efficiency in health care delivery, we know our estimates are realistic and can be reached without harming the quality of health care or the facilities that provide it.

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Our main mechanism for slowing the growth of costs comes from increasing the choices and bargaining power of health care consumers. This approach has proven successful in California as groups like the Health Insurance Plan of California and the California Public Employees Systems have offered a wide choice of health plans and have experienced costs increases well below the national average. CALPES has seen cost increases average 1.5 percent this year, about one-seventh the national average.

We want to bring this approach to the rest of the country and couple it with other cost-saving measures, like reducing administrative load, cracking down on fraud, reforming the malpractice laws, and changing reimbursement incentives to reduce unnecessary tests and procedures.

Let me be very clear. We do believe that significant savings will result from these reforms and should bring costs within the targeted growth rates we propose. But we believe that cost control has to be guaranteed, so we proposed reinforcing the competitive forces in the plan with a fail-safe limit on premium increases. These limits, which would only apply to plans that bring growth targets above what is the accepted target, will serve as a reinforced incentive for savings.

We also believe that as long as we control costs in the private sector, we can and should control spending on the public side through the Medicare and Medicaid programs. It is irresponsible public policy to continue to squeeze down on these programs without reforming the whole system.

During the budget debate of last summer, the administration opposed an entitlement cap for this very reason. That kind of a cap would have forced reductions in the Medicare program whether or not we accomplish overall health care reform, controlling private sector health care costs, and whether or not beneficiaries and hospitals could be protected from a decrease in savings or needed revenue.

But we believe that in the context of this whole package we can slow these costs while protecting your institutions and allowing time for the saving targets to be realized. In fact, research conducted in your State indicates that hospitals respond to increased cost pressures with resilience, cutting expenses and increasing efficiency. California hospitals faced strong competitive pressures and

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prospective losses from PPS and actually cut their costs by 4.3 percent.

This plan does not call for cutting spending, neither in Medicare or in private sector, but for slowing the rate at which spending grows. We think that that is achievable and, in the context of overall reform, responsible policy.

Additional principles are choice and quality. Increasing choices is inherent in our shared approach to reform, as is maintaining and improving the high quality of American health care.

You know, all of these issues are so important but can only be achieved if we reorient the way we do things. And that's particularly true about quality. It needs to free you of regulatory micromanagement and provide you with better tools and information for constantly improving outcomes.

And as part of our quality initiative, there is a strong commitment to academic health centers, the vanguard of our health care system, with the promise of increased federal funding, including the support of research conducted at these research institutions.

I'd like to close by talking about the final principle the President set forth as a guidepost for reform, and that is responsibility. This is central to our approach. The health security plan asks all Americans to contribute something to the betterment of our health system.

It ties into everything we've talked about. It asks employers to provide every worker and their families with a health plan that provides comprehensive coverage of their health care needs, including preventive health care. In return, the plan provides small businesses and all low-wage firms federal premium discounts to make the cost of that coverage affordable.

It asks individuals to pay their share in their health care coverage, and it asks doctors and hospitals to reduce the rate of growth in their costs so that health care is affordable. In return, the plan offers them millions of additional paying patients, the virtual elimination of charity care, and a significantly simplified system of administration. It calls for slowing the growth in Medicare

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and increases benefits to Medicare recipients, including coverage of prescription drugs and also beginning a start on long-term care.

For most of us, responsibility has to mean that all of us are in this together, because health care reform is not just about eliminating paperwork and bureaucracy or making the antitrust laws make sense or reaching universal coverage on paper.

It has to mean that health care reform reinstates a sense of compassion, caring, and responsibility into our society. It is about why many of you went into medical school or into the health professions. It is about common sense, practical judgments about our economic priorities. Health reform is about putting our national house in order.

Too many times in the past individuals and interest groups and the government have marched to the edge of health care reform only to cower in fear and shrink away. You and I know the result of this inaction. You see it every day. Our problems have only gotten worse.

Now we have a real chance to fix our health care system once and for all by building on what works and fixing what is wrong, but we need your help to do it. We need your help in your communities. We need your help to bring this message to everyone.

We have witnessed the commitment that you have already shown to health care reform in California. We need that commitment to be spread throughout the country.

I look forward to working together with you as we move in the direction many of you have urged for so long. Together, I know we can and will make this work, and we will be part of contributing to the health and security of this nation into the future.

It is an exciting adventure. But more than that, it is a real challenge, which each of us in our own way must face. Because if we do not provide health security now for all Americans, the system that we take for granted, which serves many of us well, will continue to be under pressure and stress, and we will pay an enormous price for it.

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Thank you for you leadership, and thank you for your commitment to this struggle. And thank you for helping us achieve the ends we all know we must. (Applause)

MODERATOR: Thank you, Mrs. Clinton.

We are looking forward to being in Washington soon as we participate with you in the exciting discussions and the decisions in health care reform. Thank you again.

Could we have the lights turned up, please.

We're going to maybe take just a moment to discuss some questions and then --

(End of tape recording.)

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