

11/22/93
Health Care Forum w/ Dr. Koop, Atlanta

PHOTOCOPY
PRESERVATION

THE WHITE HOUSE

Office of the Press Secretary
(Atlanta, Georgia)

For Internal Use

November 22, 1993

REMARKS BY THE FIRST LADY

Georgia Baptist Medical Center
Atlanta, Georgia

1:30 P.M. EST

DR. C. EVERETT KOOP: Thank you very much. Before I introduce Hillary Rodham Clinton to you, I want to express my personal admiration and gratitude to her for her leadership of the President's health care reform effort.

She has brought to this assignment exemplary energy, unflinching diligence, breadth of vision, attention to detail, care and compassion. But I'm sure that these words are not new to her. Ever since the Clinton health care plan became public -- and especially since her highly lauded testimony before Congress -- accolades have certainly come her way. And although the compliments for her accomplishment in producing a comprehensive reform plan are very well deserved, the -- of much of what was said bothered me little -- about how no First Lady had ever done such a thing before, all this oohing and aahing. These folks missed the point and they missed the person.

It is my understanding that Hillary Rodham Clinton has presented this health care reform to the nation not as the First Lady, but as the American citizen whom the President decided he could best entrust with this task that he placed at the very top of his domestic agenda. Now, I'm not saying that being a Friend of Bill hurt her any in this process. (Laughter.) After all, presidents have always turned to trusted friends to fill important positions. But I imagine that in this case, Mrs. Clinton received that assignment as much in spite of her being the First Lady as because of it.

A highly educated woman, an accomplished attorney, a proven manager, a thoughtful analyst, a champion of children and the disenfranchised in our society, Hillary Clinton didn't surprise anyone who knew her by producing a reform plan of such breadth and

MORE

depth. That kind of accomplishment was simply to be expected from her.

I also admire her and the President for their repeated statements that the plan they have offered is open to debate and amendment. And they welcome suggestions to improve it. And although the plan is complex, even complicated, I especially admire its breadth and I thank you, Mrs. Clinton, for raising all of the issues so that no matter what finally emerges from the national debate and the legislative process, you have forced us to deal with all of the issues -- medical, financial, legal, public and private, as well as those of our own personal responsibility for our own health.

No matter what any single one of us here today thinks about some of the plan's particular points, we all owe you our gratitude and our admiration for placing the issues and the ethical imperative for health care reform so squarely and clearly before us.

Thank you. (Applause.)

MRS. CLINTON: Thank you. Thank you very much, Dr. Koop. I am very grateful for Dr. Koop's willingness to travel around with me and go to meetings to talk particularly with physicians about health care reform. This is an area of long-time interest to him and I am very grateful for his leadership.

I want to thank David Harrel* and all who are associated with the Georgia Baptist Medical Center for hosting this event and for all the work that went into this. I want to thank the Georgia State Medical Association and Dr. Will*, and the Medical Association of Georgia and Dr. Vandevere* for your being willing to sponsor this event. It is an especially important occasion when all of the physicians join together to engage in a conversation, as I hope we will do this afternoon, about the necessity for and the direction of the reform of our health care system.

I agree with the comments that both of the doctors made in their opening remarks, both in terms of the need for change and, as Dr. Koop said, the ethical imperative to reach universal coverage to provide high quality health care to all Americans. And I agree, too, that this will be a process that can only be successful if we are honest with one another, if we look at the facts and get the best possible evidence and then make the judgments that will most secure what is best about the American health care system while fixing what does not work.

I want to briefly describe for you what the framework for this system is and commend to you this book, which will be available and already is in bookstores and libraries around the

MORE

country, which briefly describes the President's health care security reform plan. I've had a number of physicians who have read it who have said to me that it's helped to clarify some of their concerns, and that they found that some things they feared were clearly not what we intend. So I would hope it will be widely circulated and discussed throughout the state of Georgia.

When the President made his presentation to Congress, he outlined the six principles that underlie his vision of health care reform. Those six principles, we think, should guide the debate over the next month. And I want to review them and fill in some of the details as to what we mean by each of them.

The first and most important is security. What we mean by health security is that every American is entitled to guaranteed insurance that can never be taken away, that can move from job to job and across state lines, that is not made more expensive because of a pre-existing condition or the inevitability of aging; but instead is available as a matter of right and that that right carries with it a comprehensive set of benefits. So that health care insurance is not just for the catastrophe, but is also available for primary and preventive health care, as well.

We have outlined -- and you will see the list in this book -- of what we think those benefits should be. And we do stress primary and preventive health care. But we include all of the other kinds of services that are available in good insurance policies now and we include mental health benefits. We have costed out every benefit that is in the comprehensive benefit package. Unlike some other plans, we believe it is very important to provide comprehensive benefits and not merely major medical or catastrophic coverage. We think that changing the behaviors of patients, of having consumers understand the relationship between preventive care and being responsible for that for themselves will not only alter the kinds of care that patients receive earlier, but will in the long run save us money with respect to more tertiary care as opposed to providing primary care when we can do so in a cost-effective manner.

Now, security can only come if we do have a base level of benefits in this comprehensive benefits package that can never be taken away. I doubt that I need, with this audience, to share the kinds of stories that I have heard on a regular basis over the past month. But I think it is important to remind our selves what universal coverage really means. It means that you will no longer have to worry about admitting or not admitting someone because of coverage. It means that you will not have to look a family in the eye and tell them that you're not sure that they'll be able to get all of the services that you, as their physician, would want to have them have. It means that you will not have to worry when you send an

MORE

elderly patient out the door with a prescription that the prescription will be filled. Because in addition to a comprehensive benefits package for the under-65 population, we are including prescription drugs and long-term care, particularly home-health and community based long-term care for the Medicare eligible population.

Security will mean that those of you who do uncompensated care will no longer have to worry about the cost that that presents to your practice. Security will mean taking the Medicaid recipient and integrating that person into the universal health care coverage system and eliminating the disparities between the different forms of funding.

So the most important principle for the President and, we believe, for the country is to ensure health security.

The second principle is simplicity. How do we simplify this system? And I have to say that whenever someone says to me that the President's plan seems complicated, I ask them if they will to describe our current health care system -- how it works, who gets coverage, what kinds of policies are out there in the insurance market, who is eligible for them, what the payment stream is, who pays for the bookkeeping and the overhead that goes into coding the bills and sending them out to fiscal intermediaries and others who then evaluate them and send them on for payment. I don't think we could devise a more complicated system than the one we currently have in this country. The challenge is to simplify the system, to strip from it the costs unrelated to patient care, to give back to each of you who practice the authority and the discretion to make decisions without the interference of insurance companies or government bureaucrats. What you now are facing in today's system is decreasing autonomy, decreasing independence and increasing costs. The average physician in private practice today is spending nearly 50 percent of your gross income on costs that are related to achieving reimbursement for your services.

I don't know how many of you have added clerical and bookkeeping help, but I know that the average hospital in the last ten years has hired four clerical and administrative workers for every physician. We know that the system is much too costly and much too heavily bureaucratic now. Our goal is to change that.

The third principle is savings. And what we mean by savings is that although it is true that our population differs in certain respects from other populations -- and Dr. Vandever* enumerated some of those differences particularly with relation to violence, teenage pregnancy, substance abuse -- it is also true that if you hold constant for demographic differences and compare medical costs around our country, there are disparities that cannot be

MORE

explained by anything other than practice styles and other expenditures unrelated to patient outcome or quality. We see that most clearly when we look in the Medicare system, where you are more able to compare apples to apples. It is very difficult to get good reliable cost figures out of the private insurance system because of their diffusion in the way that they cost and the kinds of forms that they use and the way that they evaluate those costs. But within the Medicare system we now know that you can look at regional disparities and determine that patients with the same kind of problems in the same age group are being cared for at costs two to three times higher in some regions of the country than in others. And in all the work that has been done trying to determine what are the salient differences, it comes down to the kinds of issues that we are trying to address when we talk about savings.

Dr. Koop has used the number \$200 billion to describe what he sees as unnecessary costs in our current system. And we have looked at the research that has been done around the country, and particularly in association with Dr. Koop and his colleagues at the Dartmouth Medical School that have gone behind the practices and the decision-making to determine what makes a decision to admit a patient for the same ailment to the hospital in one part of our country, whereas in another part that patient is treated by out-patient care and on down the line.

One of the biggest drivers of cost in our system is the way we reimburse for medical care. If you continue to reimburse on a piece-work basis as we currently do both through the government and the indemnity system, then you will continue to see the results of increasing cost, often increasing volume with a desperate attempt by the governments and the insurance companies and the employers to control utilization. That is why you had an explosion of paperwork and bureaucracy as people are trying to second-guess medical decisions to force them into the black box of utilization review in an effort to try to get a handle on the costs in the indemnity system. The indemnity system which pays on a piece-work basis by procedure, by diagnosis is at the root of the system that is out of control in many parts of our country.

The real challenge is how do we begin to contain costs while removing the micro-management from your practices that interfere with good decision-making? And we can look at examples all over our country where we can see that quality is being delivered, income is actually increasing because once you remove the micro-management and the overhead costs, physicians' incomes will not decrease in a better organized delivery system, but we will be spending money more efficiently.

MORE

The fourth principle is choice. And there probably has been as much misinformation about this as any other. I want you to think for a minute -- those of you who practice here in Georgia -- about how many times in the last several years you have had a patient tell you that because an employer has changed insurance companies or the patient has bought a different policy, that patient has been told they can no longer come to you because you're not on the list. They can no longer use the hospital where you have privileges because the hospital is no longer covered in their new policy. The fact is that today doing nothing, your choice as a physician and your patient's choice is decreasing every single day as employers and insurance companies attempt to rein in cost by locking up market share and then telling you and your patient who can practice and where that practice can be performed.

The President's plan actually reverses that. Number one, it takes away from the employer the decision about choice of health plan and gives that to the individual consumer. Secondly, it says that each physician is free to join as many plans as that physician chooses to. There will no longer be any close panels or closed systems that will eliminate willing providers from participating. Number three, we expect there to be an increase in the number of plans in which physicians will choose to practice and certainly from which individuals will be able to make their choices. But there will always be provided in every region a fee for service networks that will be guaranteed to be available to any physician and patient for whom that is their primary choice. So unlike today where we see great pressure to eliminate fee-for-service indemnity coverage in order to control costs, the President's plan guarantees the existence of fee-for-service. And physicians will be permitted to be both members of HMOs or PPOs -- or any other acronym yet to be discovered -- as well as practice within the fee-for-service network. So in fact choice will be increased, not decreased.

The fifth principle is quality. And certainly with quality there cannot be any compromise and everything we do should be aimed at enhancing quality -- I would say both the quality of your practice as well as the quality of the care you are able to deliver. We want to have health plans provide information about quality so that individuals are able to make good judgments. Every physician with whom I have talked privately has told me that in his or her years of practice, he or she has practiced with some people whom they did not think were living up to the highest standards of the medical profession, but that there didn't seem to be any way really for them to intervene or to enhance the quality of that colleague's practice.

What we will asking is that in general information be available so that individuals can make good, sound judgments. But we will also be expecting that physicians in organized delivery systems

MORE

will begin to have more of a stake in the practice of their colleagues and help assist in increasing the quality outcome. And this is related to the malpractice issue. That will be certainly one of the most hotly debated issues in the Congress and there will be substantial malpractice reform as part of health care reform. (Applause.)

The President's plan includes a number of steps that we think will be very important and we especially believe that working with the profession to develop practice guidelines so that you can have the ultimate protection against suit, which is that those guidelines which have been adopted and promulgated by your particular specialty or area of practice have been followed. We think that is the direction we should be moving because we want to protect you the physician from being second-guessed and having to engage in defensive medicine. But we also want to protect the legitimate problem of any person who has a claim. And the best way is to increase the standard of practice of the entire profession and frankly, give more incentives to those of you in the profession to help ensure that your colleagues follow those guidelines. There will be caps on attorneys' fees. There will be a requirement of certificates of merit so that individuals will not get to court without some kind of test of worthiness. But the ultimate answer in our view, is to have practice guidelines adopted in each area of practice that will then serve as the presumption against which it will be unlikely any person -- except in the presence of legitimate negligence -- would have any right to go to court.

The final principle is responsibility! And by responsibility we mean a number of things. We mean that individuals have to be more responsible for their own health care. We mean that they system has to be more responsible in the allocation of resources to ensure that the millions and billions of more dollars that will be going into health care because of reform are used responsibly. And it also means that we have to fund health care responsibly. If you believe, as the President does, that we must reach universal coverage, universal coverage is not only a human and moral and, as Dr. Koop said, ethical imperative, it is also an economic imperative. In the absence of universal coverage, we will continue to have cost shifting. We will continue to have downward pressures on the public programs of Medicare and Medicaid that will make it less and less attractive for many of you to care for those patients which will shift more costs onto the private sector which will result in higher premiums and more intensive efforts by employers to limit the number of doctors and services their employees receive.

So if you believe as we do that we must reach universal coverage, there are only three ways we know of to fund universal coverage. There is the possibility that some have advocated of a

MORE

single-payer system. Replace the entire private investment by a broad-based tax. The President has not accepted that approach.

The second way to reach universal coverage which is being proposed by some of the Republicans in the Senate is through an individual mandate. Like we do with auto insurance, you tell everyone they must have insurance. We applaud that because they, like us, recognize you cannot get to universal coverage -- you can claim you have access, but you cannot get to coverage unless you have both a requirement that people have insurance and you have a system to help those who would otherwise be unable to afford it. We have some questions that we will be discussing with the sponsors of that approach because we would worry very much that the 100 million Americans who currently receive their health care through their employment -- some of them might be dropped from health care coverage by employers who would no longer think it was necessary if those employees had to go out and buy it on their own, which would increase further costs for the system to subsidize those who would be dropped from existing coverage.

For a number of reasons, we have decided to build on what works for most Americans -- the employer/employee system. That system provides coverage for 100 million Americans. Under our plan we have provided subsidies for small businesses and for low-wage individuals and have capped the cost for all of us regardless of the size of the business or our income. We think that by building on the system that has served those of us with insurance well, that has funded the best health care system in the world, but by requiring everyone to participate we will do as little as possible to disrupt the current system.

Let me close by describing for you what it is that we are trying to achieve. It is very close to what members of Congress currently have. Members of Congress have a system in which the federal government pays for 75 percent of their health care and those of us who are federal employees -- all nine million of us -- and the dependents, such as myself, we contribute the remaining percentage. The federal government serves as the collection point. The money is paid out by the federal government. But except we don't want a government system, but we want to be able to do what the federal government has been able to do for members of Congress and other federal employees. It has gone into the marketplace and it has said to insurers, if you want our business, then you have to compete for it. So every year those who are federal employees get a whole range of health plans described to them and they choose the one that they think is best suited for their family. Their employer doesn't choose it for them -- they choose it for them.

MORE

What we are advocating is that in every state a series of purchasing cooperatives, which we call alliances, be set up in which individuals and businesses are able to pay in and then the alliance goes into the marketplace and says, we want you to compete for the business of our consumers. And every year all of us -- every one of us -- is free to pick among the choices. If we prefer a Blue Cross/Blue Shield indemnity plan, if we prefer a network of physicians -- I was earlier in the morning at the Grady* Hospital, if Grady Hospital forms a network or if the Baptist system forms a network, we might prefer to belong to one of those or we might prefer to belong to an HMO that could be run by any one of those entities plus others. But it will be our choice and every year we choose whether to continue or to move on.

We think that that kind of approach will not only remove from the system the unnecessary insurance-related costs, minimize the bureaucracy and get to what is important -- how health care is delivered, who your doctor is, what hospital you will go to when you are sick. This is going to be a great opportunity for America. We've tried health care reform before and if we had chosen to be more efficient and cost-effective and quality-driven in the past, we wouldn't have some of the problems that we're facing now. But I think any of us who have looked at our health system know we have the best in the world but we are in danger of having it undermined by the problems that have been denied or ignored for too long. If we act now, we can have system reform that preserves what is best, fixes what is wrong and puts us on a much more solid footing as we move toward the 21st century. That is what the debate should be about.

Thank you very much. (Applause.)

END

2:05 P.M. EST

MORE