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REMARKS BY THE FIRST LADY  
AT NEWSPAPER ASSOCIATION OF AMERICA  
SAN FRANCISCO, CA

MRS. CLINTON: Thank you very much. Thank you very much, Frank, and I'm delighted to be here at this event. I'm here because I sat next to Frank at the Grid Iron and he lobbied me throughout the entire dinner to be here and to have an opportunity to visit with you and he made it so inviting that before I knew what I'd done -- as I bet many of you in dealing with Frank have experienced -- I said yes, and so here I am.

I do have to, as they say in your trade, set the record straight. The real story about Harvard Law School is that I was very seriously thinking about attending there. In fact, I had been accepted and went to a reception where a young man I knew there introduced me to one of the most distinguished professors on the law school faculty, someone who looked like the character in the old movie and TV series Paperchase, introduced me by saying, professor so and so, this is Hilary Rodham, she's been accepted here and by our closest competitor and is trying to make up her mind. This man looked down at me and he said, well, first of all, we don't have any competitors and secondly, we do not need anymore women. So I thought that he must know what he was talking about.

I am so pleased to have a chance to come and visit with you about health care and then to take time to answer some of your questions. I would like a chance, if I could, to briefly describe where we are in this great historic debate about health care. I was speaking with Lou and Frank at lunch and talking about how we have been making progress and we are very optimistic about the outcome, but it is a complicated and challenging time for the Congress, for the country and for you who have the responsibility for covering what this historic debate is all about. It is something that takes an enormous amount of coverage because everyone I've learned as I began to work on this has an opinion about health care, every one of the 250 million Americans who have

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either been sick or tried to avoid getting sick. So we have personal experiences that we bring to this debate. So what I would like to do is describe the underlying principles in the President's approach and which are really serving as both the touchstones and the reaction points in the debate in Congress and maybe give you a little insight into why we made some of the decisions that we did make because as I follow the coverage, I see how uneven it is, which is often due to the very demanding efforts that are being undertaken to try to cover all that is happening and to try to make sense of it.

Let me start with the first and most important principle. That is that every American should be guaranteed private insurance. This is an important distinction that some have lost in the debate because what the President has talked about is private insurance. There is a strong argument that can be made, and some of the papers you represent because I follow this editorially, have come out in favor -- not many, but some -- of a single payer system that would substitute for the private insurance market and the private investment in that private insurance a government-paid, health care system. We have one of those already which people often overlook. That is what Medicare is. Medicare is a single payer, government-financed health care system. When people at meetings often stand up and say, why is the President supporting a government-health care system, explain the President is for private insurance for every American and then I often ask, but do you know about Medicare. The person always says yes, and I say, well, do you know how Medicare is paid for. In most instances, even in audiences that are predominantly made up of medical professionals, people do not know how we pay for Medicare. It is paid for, as I'm sure you do know, from a payroll contribution by both employers and employees. So it is government-financed but it is not government-run. No one tells a Medicare recipient what doctor to go to. Medicare pays the bill up to the point that Medicare coverage extends, but it is not a government-run health care system in the way people often think of such a beast. So I want to make that distinction at the very beginning.

The President wants privately-guaranteed insurance for every American with comprehensive benefits and a set of benefits that would be available no matter who you were, where you lived or whom you worked for, and benefits that would emphasize preventive health care because we began to insure against acute and catastrophic medical problems back

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in the late 1930s and that became the norm. So we would not insure very often for the prenatal care or the well-child care, or the immunization, or the mammogram or the other diagnostic tests. We would insure if you ended up in the emergency room and you got really sick. We want to begin to promote wellness by having people be insured for preventive services which they then take advantage of in order to remain healthier as opposed to seeking health care at the most expensive time. So privately-guaranteed insurance with comprehensive benefits, not a government-run system, keeping the insurance market, but beginning to try to provide more opportunities for real competition and consumer choice.

This is where the idea of beginning to have more buyer control or the alliance -- some call it the purchasing coop, some call it the buyers club -- comes into guaranteeing that such private insurance which carries with it these comprehensive benefits will be available to every American. These are not designed to provide health care, to tell you who your doctor is. They are designed to pool the money available from small business, from individuals in order to maximize the buying power in the marketplace. There are beginning to be such alliances of purchasing cooperatives in a number of States now. California has started one. I was recently reading an article about what was happening with these State alliances in California and for those businesses which have joined the State alliance in California, their premiums will actually be reduced starting July 1st.

The problem is, until we get everybody to pool their bargaining power, their purchasing power, you will always have leakage in the system which enables costs to be shifted onto whoever is not being able to take advantage of those discounts. So although we're beginning to see some alliances and some purchasing coops begin to form in States, there needs to be an effort to have everyone be able to participate in such buying power so the marketplace can be more responsive. This is all meant to be a way of making the private market work better.

There is a very poorly organized market in health insurance. Big business and government get the best deals. If you are members of huge groups, you may also be able to have some advantageous purchasing power but most of the rest of us pick up the slack because we have to pay through our premiums for the uninsured and the underinsured who do

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eventually get help in our system but then the rest of us pay the price for it. That's why you pay \$25 for a Tylenol in the hospital, to pick up the cost that would otherwise be unreimbursed.

The second point is, in order for this to work, there has to be a reformed insurance market. We need an informed insurance market to guarantee this affordable access to private insurance. Under the President's approach, we would outlaw preexisting conditions exclusions. There would no longer be the opportunity to charge one person more than the other because of the first person's health status. We would also eliminate lifetime limits so that if you need health insurance, you don't run out of it when you need it most, and we would end the discrimination against older people, people who begin to be 40 or 50 who are pre-Medicare eligible pay a much higher price for insurance than people in their 20s and 30s. We believe everyone ought to be community-rated the way Blue Cross/Blue Shield used to provide insurance, all of us paying something in order that all of us are insured and once everyone is in the system, you can begin to control and contain costs but you cannot do that until you eliminate the underriding and experienced rating costs that are inherent in the insurance market today.

If you compared the administrative costs of Medicare -- which as I said is a direct government-paid health care system -- with the administrative costs of private insurance, you see what I'm talking about. The administrative costs of Medicare are between 2 and 3 percent. The administrative costs, on average, of private insurance are between 20 and 26 percent. That is not money that goes to provide health care. That is money that goes to determine who should be insured, at what cost, who gets the best deal, who gets the biggest discount. So we literally spend billions and billions of private dollars, yours and mine, on an administrative mechanism that does not deliver one penny of health care.

The third point of the President's approach, which I want to emphasize, is that the President's approach actually guarantees choice of doctor and choice of health plan. This is an important point to me because it is one of the points that has been probably the subject of more misinformation than any other.

In the current insurance marketplace -- many of you

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as employers know this -- you have increasing pressures every year to try to control costs in your insurance plans. One of the ways you try to do that in conjunction with your insurance broker or your benefits people is to try to figure out how you can get the best deal for the dollars you spend. Increasingly, those deals are driven by your willingness to tell your employees which doctors they can use, what hospitals they can use. As it currently stands today, fewer than half the employees in America have choice as to what doctor, hospital or health plan is available to them because, understandably so, their employers have bought plans which provide limitations.

As I travel around the country I hear increasingly from families who say, my employer just switched our plan and my child has been going to the same specialist since birth, now we can't go see that doctor anymore, or I've been told I can't use the children's hospital without paying a whole lot more even though that's the only place that has the treatment my child needs. You probably have heard it from some of your own employees.

We believe the reason you have to get into that decision is in a desperate effort to try to do the best you can for your own people and your own bottom line. If everybody is in a system and everybody is contributing to it, then you can maintain choice for your employees by making them pay the differential between what the standard package would be at the lowest price and whatever else they might choose. Because the overall costs we believe would be lower, that's a choice that would be affordable for the vast majority of working Americans. If we do nothing about the current marketplace, choice will become more and more illusory for most Americans.

The fourth principle is to preserve and improve Medicare. Medicare was a very important step in providing health care for our older Americans and providing a floor, a basic set of services that would be available. There were two omissions that have cost us money and also caused a lot of heartache. One is prescription drugs. Most older Americans are the largest users of medication compared to younger Americans and for many of them, it is often a choice between food and medication at the end of every month. Medication has gotten increasingly expensive, there is no help in buying such prescription drugs unless they have some kind of additional or supplemental policy. We believe by

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providing some help with medication, you not only are removing a lot of the insecurity older people feel, but are doing some that is very cost effective because if you can keep people on the appropriate regimen for medication, you are more likely to keep them out of hospitals. I talk to countless doctors and pharmacists who know, based on their own experience, that when they hand those prescriptions to their older patients and watch that worried look on their faces, or when they're standing at the counter waiting to get them filled at the pharmacy, they know their making choices. They sometimes don't fill all of them and if the doctor gave them two or three that are supposed to work together, they only fill one or they take the bottle which says take 4 a day for 10 days and they say to themselves, I'll take 1 a day and they'll last a lot longer. What happens is about 23 percent of the conditions of older people in hospitals is because of medication-related problems. So providing some help with prescription drugs will actually save us money on hospitalization and other acute care costs.

The other piece we think needs to be there is providing some long-term care options to older Americans and Americans with disabilities. Right now, too many people have to make the choice between either bearing the full responsibility at home with their relatives or being put into a nursing home. It makes so much more sense in terms of human dignity and again, in terms of cost effectiveness to provide some options. If you provide for respite care for the family with the patient with Alzheimer's, they will be able to continue taking care of their loved one at home. If you could provide some support for an adult day care center so that the stroke victim can be taken from home and left at the center during the day while the daughter or the son goes to work and is picked up at night, the family feels better because they are doing what they should, it costs us less than it would if we subsidized that person in a nursing home. So again, we believe there are human and economic reasons for adding those services to Medicare while using Medicare dollars to do it, not new money but the existing funds in Medicare.

The final principle which we have promoted is how do we pay for this, which is through extending employer-employee responsibility to every person in the workplace. If you believe, as we do, that we need to achieve universal health care coverage for every American, and we believe it should be through guaranteed private insurance, then you have

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to look at the existing employer-employee system as the means and the place where health care should be delivered.

I brought with me today because I thought it was so fitting some excerpts from President Nixon's health care plan. I was telling Frank and Lou at lunch I only met President Nixon once. He came to the White House last spring and met with my husband before the President's first visit with Yeltsin. Chelsea and I waited to greet him and we both said hello to him and he was extremely gracious. He talked with Chelsea about her school, which is the same school his daughters attended, and then he talked to me about health care. I, by that time, had learned from reading everything I could about previous proposals that President Nixon, first in 1971 and then in 1974, proposed an employer-employee system and he did it for many of the same reasons that this President is. He did it because, as he pointed out in his address in 1974, "The overall cost of health care has risen. In 1974, it was by more than 20 percent in the last 2-1/2 years. For the average family, it is clear that without adequate insurance, even normal care can be a financial burden while catastrophic illness can mean catastrophic death."

He went on to talk about the Americans who did not have health insurance. In 1974, the number was 25 million; now it is nearly 40 million. He talked about how most health plans do not contain built-in incentives to reduce waste and inefficiency. The extra costs of wasteful practices are passed on, of course, to consumers. And he said, the way to deal with our health care needs in America was to build on what we already had, namely a system in which employers and employees share the responsibility. President Nixon required, under his plan, that every employer would offer all full-time employees a comprehensive health care package which would be jointly financed, starting with employers paying 65 percent of the premium for the first three years and 75 percent thereafter. The Federal Government would provide subsidies to certain employees to ease the burden and would provide subsidies to low wage workers. He also wanted to expand the Medicare program to include prescription drugs.

When I first read that, I thought there really is a wonderful way in which our political system, if you care about the issues that confront you, really transcend partisan politics because much of the same speech that President Nixon gave in 1974 was given by Presidents Johnson and Kennedy,

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President Eisenhower in 1952, 1953 and 1954 talked about a need for national health care; President Truman presented a comprehensive plan; President Roosevelt knew that it was necessary.

Sometimes it takes us in our country a cycle or two of history to get around to doing what is required. Some have argued like the historian, Arthur Schlesinger, that we run on 30-year cycles and we deal with domestic problems in that cycle by finally confronting them and overcoming partisan or ideological roadblocks. If so, then we certainly are on track. It was 30 years ago that we did Medicare and 30 years before that we did social security. The reasons for confronting health care now fall into a broad number of categories that tell us something about who we are as a nation. Certainly for economic reasons, I hope that you have followed. We spend a large part of our GDP now on health care than we did when President Nixon was in office or President Truman with no end in sight. It's an upward curve.

Some say look at the last year, prices have gone done. That has always happened when a President has proposed health care reform. Those who make cost decisions hold their ground, hold onto prices, and as so as the pressure is off, they go up even more dramatically. At least that has been the history. So there isn't any real reason for us to believe that we will be able to overcome the economic imperative of higher and higher prices in the health care field unless we act.

There is also a reason to do it because it will help us deal with some of our social problems. It is hard to imagine how we can achieve welfare reform for example when one of the reason welfare recipients stay on welfare is because to leave welfare and to go into a minimum wage job is to have health care benefits. We are in this ironic and I think tragic situation in which hardworking Americans, the kind who wait on tables, pump gas and work in small factories, pay taxes to provide health care benefits to welfare recipients that they themselves are not entitled to have.

There is also a moral, ethical dimension. If you have traveled with me as many of you are reporters have over the last year, you would have seen that face-to-face. I've been privileged to hear stories from people who live lives of

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quiet, heroic courage day in and day out. I've seen firsthand the wonders of our health care system which is, without a doubt, the finest in the world, but I've also heard tale after tale of how the way we finance our health care system makes no sense economically or humanly.

So for me, as we continue this debate and as we watch what is happening in Congress, we'll see members of Congress wrestling with these problems and trying honestly to overcome differences to find solutions, I want us to remember the people who stand behind the statistics and the stories because I hope that as we do resolve to deal with our health care crisis, which is real in the lives of millions of Americans, we understand that there, but for the grace of God, go any of us because no one of us has the kind of assurance of health care security that I would like us to have. There are those who are among the richest of Americans who will always be able to achieve what they need with respect to health care but none of the rest of us can say with any certainty that we will have the same health care coverage at the same price covering the same services this time next year.

So if we resolve to provide that level of security to all of us, then we will be saying something about our capacity to solve our problems and to deal with the issues that have too often divided us and putting that us behind and moving forward to build a stronger economy with more productive and secure citizens to face the challenges of the future.

Thank you very much.

Q The Administration's health reform plan envisions an 80-20 percent employer-employee payment split. Would the President sign a 50-50 copayment? What is the highest acceptable employee payment that would be acceptable?

MRS. CLINTON: I can't really tell you that because I don't know what the Congress is going to finally decide. The 80-20 is a little misleading though because with the discounts that are built into the system that are particularly aimed at small employers and particularly those small employers with low wage workers, there will be many firms that, in effect, are paying 50-50. That's not a point that has actually gotten across as clearly as I would like, but the sliding scale will go already from an 80-20 to a 50-

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50 split. The numbers affirm it will be at those various levels of payment schedules which will depend upon how much of a subsidy and how much of a discount will be available. So at this point, we are not prepared to comment on what the President will or will not sign other than to say we think in the President's approach there is a lot of room for firms to get the financial support they need to be able to carry this burden.

Q President Clinton has promised consistently that the new national health plan will not require a general tax increase. The Chairman of the House Ways and Means Committee now says it will take a general tax increase. Which one is right?

MRS. CLINTON: It depends upon how it is structured and it depends on how it is phased in, and it depends upon what is in the package of benefits, and it depends upon whether the Congress would prefer to have a general tax increase instead of an employer mandate. That has always been one of the choices. There are really only three ways to get to universal coverage -- you have some kind of general tax increase, or you have an employer-employee shared responsibility, which is mandated, or you have an individual mandate. There isn't any other way to get there. I don't know exactly what Chairman Rostenkowski is looking at in terms of the makeup of the proposal that he thinks would require a general tax increase but I would guess it would have to be in some way dependent upon his view as to whether or not that was politically more palatable than building on the employer-employee system. I don't really have a comment on that until he finishes and actually presents what he thinks will work.

Q No matter how you cut it, health reform seems to mean an inevitably larger role for government. Why should we think government will be anymore efficient than private industry has been?

MRS. CLINTON: Well, let me just make a few points about that. I think my comparison between Medicare administrative costs and private insurance costs suggests that at least with respect to administering delivery of health care benefits, the Medicare Program, despite all of its flaws of which I am very well aware, does not spend as much money on administration as do private insurance companies. We are not trying to eliminate private insurance

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companies but we are trying to create a market in which they have to be more competitive, competing on price and quality.

The way private insurance now competes is by trying to figure out who they can insure that is least likely ever to become sick. That is how you make your money in the insurance business, through underwriting, experience rating, and all of the other risk management strategies that are being undertaken now. So we believe there must be a private insurance market, we believe there must be a mixed system as there currently is today between public and private financing and delivery of health care. Government control has misunderstood what it is we were trying to achieve. Let me just give you one quick example that might help make it even clearer.

You currently pay for the health care benefits for members of Congress and the Administration through your tax dollars. The Federal Government, as the employer of nearly 9 million civilian employees, makes a contribution of 75 percent for the health care benefits. The Federal Government then takes its enormous purchasing power, goes into the private marketplace and solicits health plans. Every year -- and we've now done this and my husband is a Federal employee -- we are given choices. None of them is a government system; none of them have government doctors. Every year during the enrollment period, we sit down with this blizzard of brochures and maybe we go to a session where it's explained and we then make our choice, if we want to choose an HMO, if we want to choose a PPO or some other alphabet soup or we want to have the traditional Blue Cross/Blue Shield plan, it is our choice. All the government does as our employer is maximize our purchasing power so we that we get a better deal than most of you would for the same health plan that is not government run, they are not government doctors. It is using the power of the marketplace. That is the model we want to be able to offer all Americans so that as you join these alliances or these buyers clubs, you would have maximum choice for the least possible dollar. That is why we think this is such a good plan and it is not government medicine or government doctors. That is a misnomer for what it is we are trying to achieve.

Q You spoke Friday of being rezoned, about the need to be more accessible to the national media. Do you envision holding monthly news conferences or taking other specific steps to guarantee greater media access?

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MRS. CLINTON: Well, I don't know. I mentioned at the (inaudible) conference on Friday that I had learned earlier that week about Mrs. Roosevelt having I guess 340-some press conferences during her time in the White House. I really was stunned by that, I had no idea. I knew that she had some but I didn't know they were that numerous and she actually had them nearly every week when she was in residence.

I don't know exactly what I will do but I do intend to fully comply with my rezoning and do what I can to try to provide more opportunities in Washington as well as those I provide as I travel around the country.

Q Based on my viewing of that, you ought to do more of them.

This is from a small newspaper. What do you feel is the most significant difference between Washington Press Corps reporters and those you talk with in small communities as you travel around the country?

MRS. CLINTON: Well, if you all promise to keep what I say just in this room.

I didn't have much experience before the presidential campaign outside of Arkansas with a few exceptions of some national coverage when I was with the Children's Defense Fund or working on national immunization and some of the other volunteer work I did. My first real exposure to both the national press and the broad cross section of both local and regional press really started in the campaign and it's always difficult to know how accurate a picture that might be.

My experience has been that I'm often asked more substantive, more penetrating question about issues by local and regional press. It may be because the reporters that interview me have really taken to heart their preparation and they often come with reams of questions and all kinds of backup material, but I have genuinely enjoyed my encounters with many of your reporters and editorial writers around the country because I often felt that the interests that you brought to the interview were very deeply rooted in what something would mean to your community or to your region of the country.

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The national reporters, particularly in Washington, have a different responsibility perhaps. It is driven mercilessly by the 24-hour news coverage that we are now the victim of and so partly they are constantly on the run. There is a kind of hit and run sense of their questions and that is, I think in large measure because of the circumstances they find themselves in. Certainly from my perspective, I have been extremely impressed by the quality of reporting that I have seen and read as I traveled around the country. I think part of what maybe led to my misimpression of my accessibility is that I tried very hard to be accessible as I travel and have given interviews everywhere, have had press availabilities, have done what I needed to do to make myself available, but there is a different role between the national press and the local-regional press which I think now I have a better understanding of and I'll try to cooperate and work with both. I'm really impressed by what I see going on in the country.

Q Some day health care will be done with. Have you talked with the President about what you might do next?

MRS. CLINTON: Well, I thought a very long world tour sounded great.

I really came to the White House and the responsibilities there with a hope that I could be a voice for children and to follow up on the work that I had done for 25 years in the volunteer sector on behalf of children and their needs. When he asked me to do health care, one of the compelling arguments he made to me was that certainly getting children off to a healthy start and ensuring that every child had the same right to health care that we take for granted for our daughter was something that would be very important to me and certainly it has been.

I am very distressed by the continuing deterioration in the quality of life for America's children. Some of you may have seen and even covered the recent Carnegie Corporation report about children ages 0 to 3. If you haven't, I commend it to you. It is not pleasant reading. It basically indicts all of us as responsible adults for neglecting and in other ways advocating our responsibilities to our children, particularly the most vulnerable, defenseless of those among us, the very youngest.

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So I hope that in some way we can begin to pull together all the various strands of what the President is trying to do. There is a linkage in his mind between changing the tax code as it was last year to provide more earned income tax credit for working families so they can actually spend the money on their families and children as opposed to teetering on the brink of poverty and welfare, a linkage with the Brady bill and other efforts, and the crime bill to try to make our streets and neighborhoods safer so children don't have to worry about walking to school or playing in a park, health care, welfare reform to try to break the cycle of dependency. So there are programmatic things I think are important but there's much more at stake in terms of our values and our feelings about what we owe our children, owe them in our own families, in our workplaces, in our communities. I think we need to talk about that.

It's not an either or issue, it's not family values rhetoric versus government programs. It is understanding that children are the result of both their parents' values and society's values. We have to look at the media, we have to look at the messages we send, we have to ask parents to be responsible in ways that really pay attention to their children's needs. So I'm hoping we can think of ways to make that a national commitment and try to begin to undo some of what the Carnegie Corporation says we have done to our children.

Q One last question. From your perspective as a wife, mother and current occupant of the White House fishbowl, has the presidency been worth the effort? What defines this worth to you as an individual?

MRS. CLINTON: It certainly has been different from what I would have expected and I'm not sure even if you read history and you follow the news, and you watch from a distance the people who live there that you ever can fully appreciate what it's going to mean in your own lives as you walk through that door after the inauguration. So it's been different. It has been challenging, it's been a difficult year in the personal way that we lost my father and my mother-in-law, so we've had a lot to go through.

Having said all that and having kind of lived through it, thought about it and tried to understand it better, it is worth it. It's worth it because there is so much that is wonderful and vibrant and exciting about what is

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going on in our country right now. There is such a sense that I feel as I travel around of people beginning to face up to problems, working them through and being willing to take responsibility and maybe take some risks to try to deal with some of the issues that need to be dealt with.

I think we've made some progress. I'm very proud about what's happening with the economy and proud of the responsible budget that was tough to get done but has proven its worth.

So as I go through the days, there are certain many aspects of living in the White House and in the fishbowl that I wish we did not have to live with. I wish there was a way to wave the magic wand and go back to Harry Truman taking his walk or Eleanor Roosevelt riding by herself in her army car through the streets of Washington, but those days I guess are gone.

So part of what my husband and I try to do is to figure out how we can bring to his responsibilities the feelings that we took into the campaign which motivated us largely because we thought there was a need for a different vision of the future and we had to try to rise to the occasion and make this country what it is meant to be.

So for me, it's been worth it, tough but you know my favorite line and my favorite baseball movie that you all read about apparently in some article that was written about me where the coach turns to the Gina Davis figure in A League of Her Own and she has to quit, it's just too hard. He says, "Hard is what makes it great. If it weren't hard, anybody could do it." For me, it is hard. It's hard every single day but I feel like I'm growing and I'm learning and for me, that makes it worth it.

Thank you very much.