

the Act, for persons serving intermittently in government service.

(c) The Department of Commerce shall provide the Council with administrative services, facilities, staff, and other support services necessary for the performance of its functions.

Sec. 4. General. (a) Notwithstanding any other Executive order, the functions of the President under the Act that are applicable to the Council, except that of reporting to Congress, shall be performed by the Secretary in accordance with guidelines that have been issued by the Administrator of General Services.

(b) The Council shall exist for a period of two years from the date of this order, unless the Council's charter is subsequently extended prior to the aforementioned date.

(c) Members of the Council and its subcommittee shall not be considered special government employees for any purpose or for purposes of 18 U.S.C. 201–203, 205, 207–209, and 218–219.

William J. Clinton

The White House,
September 15, 1993.

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Remarks in Response to Letters on Health Care

September 16, 1993

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

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

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

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

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

[*At this point, the participants read their letters.*]

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

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

[*The participants read their letters and Hillary Clinton responded.*]

Let me just say one thing about this to try to hammer home what I think is a very important point. All the stories you've heard today have nothing to do with the quality of American health care but everything to do with the system of insurance we have. And in the weeks and months ahead you may hear a lot of stories about that, but the bottom

line is this: If you lived in any other advanced country in the world, you wouldn't have this problem, none of these problems. But it's not a reflection on our doctors, our nurses, our health care providers; it is the system by which we insure against risk. It can be different.

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

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

[The participants read their letters and Tipper Gore responded.]

I wish I could say something to each of you, but I want to hear the other letters. But let me just say one thing to you, Karen. One of the things that really has upset me now that I am at least nominally in charge of the Federal Government—I say nominally—is how many programs, like the Supplemental Security Income program, were designed with the best of intentions, but because we have this crazy little patchwork health care system with a little done here, a little done there, a little done the other place, a system that was designed to help your family is actually wrecking your health care plan—and one that works—and costing the taxpayers more money to boot. That's one of the things that we think, just by rationalizing the system, we can handle.

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

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

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

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

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

Let's go to the next issue that nobody in America understands this, the crisis of American health care, more than small businesses. Small business owners often have the worst

of both worlds. They want very much to cover their employees, but they can't afford the coverage, again because they can't buy into large pools. Their premiums are much, much more expensive. So you have this situation where a lot of small businesses don't cover their employees. Then when they get sick they don't get care until they are real sick, and they show up in the emergency room. Or they provide coverage but the deductibles or the co-pays are astronomical, often as much as \$2,500 a year.

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

[The participants read their letters. Mr. Kregor concluded by thanking his wife for having the courage to support his career change.]

I feel the same way about my wife. *[Laughter]*

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

Most small business people, both employers and employees and people who are self-employed, do have some kind of health insurance. But it often provides inadequate coverage or has astronomical deductibles or, in any case, costs a fortune. You said that your premiums, I think, quadrupled in 3 years, from '89 to '92. Now, during that time the cost of health care was going up at about 2½ times the rate of inflation. But that would not lead to the amount of increase you had. You had that increase because you owned your own business and you were probably in a very small pool of people, probably 100, 200, 300, something like that.

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

instead of 25 percent today. So it is almost certain that your costs would go down. It is certain. Your costs would go down. Under our system, what would happen to you is if you developed your own consulting business, you would become like Mable. You'd have 100 percent deductibility for your premium, and you'd be able to buy into a very large pool, just as if you were an employee in a company that had 5,000 people insuring its own employees.

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

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

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

So that's one of the most controversial parts of this program. But it is true that a lot of small businesses simply could not afford to get into the insurance market today without going broke. That's absolutely true. And since most jobs are being created by people like you who are starting small businesses, we know we can't afford to do that. But it's also true that a lot of big businesses can't afford to hire anybody else and always

work their people overtime or hire part-time workers because they can't afford health insurance premiums because they're paying too much. It's also true that a lot of people who work for employers that have health insurance never get a raise anymore because all of the money is going to the health insurance premiums.

I don't want to pretend that this is all going to be easy, but it seems to me that it is a fair thing to say: Everyone in America should make some contribution to his or her own health insurance. And all employers should make some contribution, but if they have a very low margin, we're going to subsidize them for several years while we work into this system. And if we do that and give you 100 percent deductibility and you 100 percent deductibility and put you in great big pools, then more Americans will live without the kind of blackmail that you just outlined. I think it is the only fair way to work it. It's the only way any other country has solved this problem. And I don't think we can reinvent this wheel.

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

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

[The participants read their letters.]

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

The bottom line on this is that if we change the rules so that no one can be denied insurance coverage because of a preexisting condition, we also have to change the system so

that no business goes broke for giving that insurance coverage. In other words, we can't afford to cut off our nose to spite our face. We have to make it possible.

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

And probably this and the cost issue will probably affect more Americans than any other single issue because a lot of you, even who have talked about other problems, are indirectly affected by this whole job lock issue. Also, it affects everybody in all kinds of different ways. So we must do this. We must do this.

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

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

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

[*The participants read their letters and Vice President Gore responded.*]

Let me say that I hope all of you are familiar with—at least have heard about the Vice President's brilliant report on reinventing Government, and he's given us suggestions that will save the taxpayers \$100 billion over the next 5 years, if we can implement them all, and free up that money to reduce the deficit or invest it in needed programs. But the health care system needs that, too. And our strongest allies in this, I think, will be doctors and nurses.

To illustrate what he said, let me just give you two statistics with this nurse sitting here. The average hospital in America has hired clerical workers at 4 times the rate of health care providers in the last 10 years. Think about it. Another thing: In 1980, the average doctor took home 75 percent of the money that came into his or her clinic. They just took it home. By 1990, that figure had dropped from 75 to 53 cents on the dollar, the rest of it going to paperwork. You wonder why the bills are going up? So this is a huge deal.

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

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

In the months ahead, as we debate health care reform, you will hear numbers and arguments fly across America. I hope that this beginning will help us to remember that fundamentally this is about people, about all of

you that have read your letters, about all of you who wrote us letters who are out here today whose letters couldn't be read. I invite all of you to speak to the members of the press who are here about your stories.

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

Thank you very much.

NOTE: The President spoke at 8:10 a.m. in the Rose Garden at the White House.

Remarks and a Question-and-Answer Session With Small Business Leaders on Health Care

September 16, 1993

The President. Thank you very much. First of all, I want to echo what Erskine Bowles said. I thank you for taking some time off today to come in here and just visit with me about this whole health care issue and about what we're trying to do and about your personal situations and whether we're responding adequately to them.

Let me tell you that one reason we're a little late this morning is that I started the morning—some of you may have seen it on television—I started the morning with about 15 people of the 700,000 people who have written letters since I asked my wife to chair this health care group. Seven hundred thousand Americans have written us about their personal situation. A lot of them were small business people. Some of the people who were there today at our morning meeting in the Rose Garden were small business people. A lot of them were people with sick family members, people who were locked into jobs they could never change, all the things that you know about. But I wanted to leave that group—and we had another 100 people who've written letters who just were asked to come and be in the audience—I wanted