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land. I would urge you to read it. But it won't surprise any of you because you know how the system works today.

Again, I implore you to take this debate to Congress, get beyond the rhetoric, get beyond the ideology, talk to people in the Congress about the American people and how the American health care system affects them. That is the only way we can work through the real problems as opposed to the imagined one.

One distinguished Member of the House of Representatives who represents a district with a wonderful teaching hospital and who has been required by virtue of his membership—his constituency—to become an expert on health policy over the years, read our plan the other day, and he said, ''It's the only one that really takes account of so many different problems that most people don't even know about. But I have no idea how to get my colleagues in the Congress to take this issue seriously and spend all the time it would take to absorb it all.''

You can do that. Every Member of Congress has a lot of hospitals in his or her district. Every Member of Congress basically cares a lot about health care. And you can come to this debate with a perspective that is not ideological, not partisan, has no ax to grind, doesn't care who wins except the American people and the American health care system. That's what you can bring to this debate.

So I would ask you, at a time when some say we just need a little tinkering and others say there are ideological barriers to changing it, I just want to say that Dick Davidson, your president, in my view, said it as well as it could be said last December. He said, ''Comprehensive reform is what the American people are asking us to do. To do nothing, or worse, to fall back on simplistic solutions, only postpones and complicates our task.'' And that's the truth.

Let us stand together for the health care of the American people. We have a chance finally for the first time in decades to do this right. You know what needs to be done. I pledge to you an open door, a listening ear, a firm partnership. Let's go out there and solve this problem for the American people.

Thank you very much, and God bless you.

NOTE: The President spoke at 10:18 a.m. at the Washington Hilton. In his remarks, he referred to Dick Davidson, president, American Hospital Association, and Carolyn Roberts, chairman-elect, American Hospital Association Board of Trustees.

Remarks to the National Governors' Association

February 1, 1994

Thank you very much. If anyone ever asks you what do Carroll Campbell and Bill Clinton have in common, you could say they have the same throat disease. [*Laughter*] He's doing better today than he was yesterday. I'm doing slightly worse. The good news is, you get a shorter speech.

I want to thank you all for being here and for your common concerns. Yesterday we had a good meeting and especially, I thought, a very good discussion about the problem of crime in our country and the crime bill, the necessity to put more well-trained police officers on our streets and to take repeat violent criminals off the streets forever but also the necessity to be smart about the crime bill, to do things that make sense to you and to your law enforcement officials.

Today, I want to talk a little bit about two other fundamental challenges that we face: health care reform and welfare reform. They are linked inextricably to each other. And in order to meet these challenges, we will have to have an open and honest partnership both in passing the laws and, perhaps even more important, in implementing them.

We began our partnership, at least with me in this new job, about a year ago today when we had a very long and fruitful meeting at the White House. I think it ran in excess of 3 hours. That meeting resulted, among other things, in the approval of every major waiver for State health care reform that you have requested. There have been 5 of them and about 90 smaller waivers to enable different changes to be made at the State level. In addition to that, we've now granted waivers to nine States in the area of welfare reform.

I do believe the States are the laboratories of democracy. I do believe that where people are charged with solving the real problems of real people, reality and truth in politics

often is more likely to give way to making progress.

Last August you all said, Democrats and Republicans alike, that our health care system is in crisis. In the last several days we've had a big linguistic battle in Washington about whether we have a crisis or a serious problem. I think it's better, since we're at the Governors' meeting, to focus on the facts. We do have a system, unlike any other in the advanced countries in the world, in which insurance companies decide who's covered and who isn't, what the cost of insurance is, and what's covered in specific policies. We do have a system in which the number of uninsured people is going up significantly. We do have a system in which more and more Americans, therefore, who have insurance are at risk of losing it if they get sick or if their job goes away.

We clearly have a system, as our SBA Director Erskine Bowles, from North Carolina, never tires of telling me, where small businesses have premiums that, on average, are 35 percent higher than large businesses or Government. We have a system in which State budgets have been extraordinarily burdened by the exploding costs of their Medicaid match, so that last year, for the first time ever, States spent more money on health care than on State-funded higher education.

We have a system in which the lowest estimate of uncompensated care burdens on hospitals is $25 billion a year; in which 58 million Americans, according to the Medical Association, are without coverage at some time during the year; in which 81 million Americans have a preexisting condition, which means either that their premiums are higher or that they can't get insurance or that they can't ever change jobs, which is an enormous burden in a system in which labor mobility is, I am convinced, the key to personal and family prosperity as we move toward the 21st century.

Finally, we have a system in which three out of four insurance policies have lifetime limits, which means if you get really sick you might run out of insurance in the middle of the time when you need it most.

Now, those are facts. They can be seen in the million letters, almost, that the First Lady has received since we started this whole effort to deal with health care. On the way in, I was describing briefly to Governor Campbell a letter I got from—or she got from Jo Anne Osteen of Sumter, South Carolina, who owns a small business, works 6 days a week, raised three children by herself with diabetes and arthritis. Although she had diabetes and arthritis, when she wrote us she hadn't been in the hospital one time in the 12 years that she'd been with her insurers. But her insurance rates went up to $306 a month, even though she was only taking home $205 a week from her business. Her doctors told her that the answer was to quit and go on disability. So she wrote, ''Those high premiums are going to force people like me to the welfare and food stamp lines with no insurance. I am a proud American, and I don't want this to happen to me. I have thought about nothing but this problem, and I don't know where to turn.''

Well, I think we ought to heed her call for help. A lot of you do, too, and that's why you've tried to reform your health care systems. After all, this woman has values that keep this country together. They're the ones that built our Nation. And we shouldn't force people like that to consider seriously whether they should go on to public assistance in order to take care of their children.

There's a flip side to this, too, this connection between welfare and health care, which I want to mention. I talked about it a little in the State of the Union Address. But we often say to people they should leave welfare and go to work. And we know that welfare benefits themselves in real dollar terms are lower today than they were 20 years ago in most States. So that the welfare check has almost nothing to do with why people stay on welfare. They stay because of the medical care and because of child care and because they have low skills. But we have this incredible situation in our country where if someone on welfare leaves welfare to take an entry-level job that doesn't have health insurance, as soon as the coverage of the Family Support Act runs out, you have people making low wages paying taxes to pay for health care for people who stayed on welfare and didn't make the same decision they did.

So these two issues are clearly tied together, and we need to see them together

as a part of what it would take to make America a place where people who work hard, play by the rules, and believe in the kind of values that permeate the efforts that all the Governors around this table are making are rewarded for that.

Now, we've made a beginning. Last year, the Congress passed in the context of the budget act a huge increase in the earned-income tax credit which lifts families with children on modest wages out of poverty. When tax bills come due this April, 15 million families with a total of about, we estimate, 50 million Americans, will be lifted beyond the poverty line by getting tax reduction under the earned-income tax credit. That means that there will no longer be an income incentive for people to choose welfare over work.

But the welfare system has a lot of other problems as well. Too often it still rewards values other than family and personal responsibility. Instead of encouraging those to stay together as we should, it often encourages families to break apart. Instead of encouraging children who have children to live with their parents or grandparents, it often encourages them to leave home. Instead of enforcing child support and asking those who bring children into the world to take responsibility for them, it too often ignores—it's too difficult to collect the $34 billion absent parents should be paying to their children.

Perhaps most important—we were talking about this on the way in—an enormous part of this problem is the explosion of births to people who have never been married at all. And there is nothing in the present system, except where the States have taken the initiative to do it, to stop teen pregnancy from occurring in the first place. Even in the Family Support Act of '88, and I want to say more about that because I'm really proud of what we did on it, there was nothing to stop the condition from occurring in the first place.

And we need to devote, as this debate takes place, an enormous amount of attention to some of the decisions that we ought to make, some of them quite politically courageous. Governor Campbell was talking about some of the things they're doing in South Carolina which mirror some of the things we tried to do at home to try to stop these things from occurring in the first place.

This year I have committed, and Senator Moynihan, I think, and Senator Dole probably both talked about this—to offer in the springtime a comprehensive welfare reform bill to restore these values of responsibility and family. We want to help those who are on welfare to get on their feet. We want to help them for up to 2 years with training and child care and other supports. But after that, we need to have a system that says anybody who can work and support themselves and their families must do so, in the private sector where possible, with a community service job if that's the only work available, to make welfare a second chance, not a way of life.

Now, those of us in this room have worked on this issue for years. I was privileged, along with the then-Governor of Delaware, Mike Castle, to be the representatives of the Governors who work with Senator Moynihan and with Congressman Ford and others on the welfare reform effort that became the Family Support Act of 1988. Mike Castle is now in the Congress, having changed jobs with Tom Carpenter. Guess who thinks he got the better deal out of that?

We never fully implemented that act. You know it, and I know it. So we ought to begin asking ourselves: Did we do a good job then? What progress has been made in the States? There's a lot of evidence that significant progress has been made in the States that have been most aggressive.

Why was it never fully implemented? Partly because Congress never fully funded it, partly because—as you will never hear the end of it, they'll say, "Well, but the States never fully used all the money we came up with. States must not have really cared about this because they never provided the State match to use all the funds." You know why the States never provided the State match, don't you? You had to spend all your money making the Medicaid match, which was not optional, it was mandatory, and building prison cells. That's where we spent all of our new money in the 1980's and the early nineties.

So I point this out not to do any finger-pointing but just to say one of the things we need to do is to go back and look at that

bill, see what's good about it, figure out what will be necessary to change so that the States can take full advantage of that bill, because it had incentives to work, it had supports for families. It was never fully implemented because you had to spend all your money on mandatory explosions and medical costs and building prison cells, many of which were also mandated by the Federal courts, not the Congress. So we need to begin there.

We also need to know that—to recognize again—though I will say that we estimate that about one in five, just under one in five people who get back on welfare after they get off do so for a health-related reason. Because so many people on welfare, virtually everyone has younger children, the loss of the health care coverage for the younger children for people who leave welfare is an enormous disincentive to get off of it.

That's why I think that a year ago in the winter meeting, the Governors hit the nail on the head when they said the kinds of structural changes that must occur in the health care system can't be effective until every legal resident of America has health insurance. I believe that the health care solution and the welfare solution are inextricably linked.

Let me say just a few words about health care. I'm encouraged by what I understand was said by the speakers before I got here today. And again, I wish I could keep you in constant session here. You seem to have a leveling effect on the political rhetoric of the Nation's Capital. Guaranteed private insurance for every American is the only way we'll ever be able to control the cost of this system, simplify it, and provide the American people with security of health benefits that can never be taken away. Unless we do that, too many will continue to get their care in emergency rooms, which will add billions of dollars to the health care bill. Too many will continue to not have certain things covered. Too many, for example, will be part of the Americans who add an estimated $21 billion to our health care bills every year because they can't afford medicine that would keep them out of hospitals, so they wind up going to the hospitals and costing the American people much more. We certainly won't be able to simplify the system and reduce the unnecessary bureaucracy.

One of the things that I challenge all the folks to do who believe that the beginning of health care reform is to tax the benefits of middle class workers who have generous health care packages, is to say: How can we do that? How can we start with that when we know we have a system where we spend 10 percent more on paperwork, bureaucracy, and insurance premiums than any other nation in the world? And these things have nothing to do with health care. We just have a system that is organized so that we spend a dime on the dollar more on paperwork than any other country in the world, paperwork in the insurance office, paperwork in the hospitals, paperwork in the doctor's office.

I just left the American Hospital Association, and they have said, clearly, the only way you'll ever fix this is to have a system that provides basic coverage to everybody, so that you can have a single claims form which will be imposed on the patients, single claims form for the hospitals, single claims form for the doctors. It is imperative that we do that.

There was a study in the New England Journal of Medicine a year or so ago: two hospitals, one in the United States, one in Canada, same number of beds, same rate of occupancy, same general mix of treatment, one of them had 200 people in their clerical department, the other had 6. Now, I don't advocate going to the single-payer system for other reasons; there are other problems in the Canadian system. And it is the second most expensive in the world. I think managed competition will work better. But it is clear that we cannot justify, in my view, taking something away from the working people of this country before we clean up the administrative costs of the present system.

I also will say without full coverage, I don't see any way to avoid the conclusion that States will continue to bear a disproportionate burden of skyrocketing health care costs. The Lewin study showed that States would pay less under our approach than if we just left things the way they are and that health care would improve.

I still believe in the requirement for employers to cover their employees. First of all, that's the way most people get their health

insurance today. Under our approach people would have a choice in their health care program. There's been a lot of discussion about this. Let's go beyond the rhetoric to the reality today.

Today, fifty-five percent of all employers and 40 percent of all employees who are covered with health insurance through the workplace have no choice in the health care plan or the doctors they get, they are selected by the employer, today. Under our plan, every employee would have to get at least three choices once a year, one of which would be just picking your doctor and having fee-for-service medicine.

So I'm all for choice, but we need to recognize that if we want the benefits of competition and the benefits of choice, we have to move away from the trend that we are setting now. We are moving in the direction of getting the benefits of competition and market power for big business and Government. And some of you have asked for reforms, Governor McWherter, among others, to put Medicaid into a managed competition environment to get the benefits of that. But the problem is some people will get the benefits of that, other people on the other end will lose choice. So if you want to pursue both values at once, we plainly have to change the direction in which we are going. And we have to have a different framework if you wish to have both.

Now, in spite of some of the interesting art work that you've seen in the last couple of weeks, the Washington Post said that our approach would create, and I quote, ''a surprisingly simple world for consumers.'' You make a decision once a year, among at least three plans, based on what you want. I wish we could even have more choice. We haven't figured out how to do that yet. But Federal employees have a great deal, for example, and many of you in States have given your State employees more and more choices. And because you have market power, you can do that, which is why you have to give some framework for the small businesses to have the same market power that big business and Government does.

Now, a lot of this approach builds on what I have seen a lot of you do in the States. Hawaii proved a long time ago that if you did it right, you can have an employer requirement to cover employees without bankrupting small business but providing better coverage, stronger work force, and lowering health care costs because of the way the market can be organized. The Governor of Hawaii has spoken eloquently about this. You can say, ''Well, Hawaii is geographically isolated and, besides that, we all like to go there and surf and play golf or whatever.'' Well, that's why we want to do it for the whole country instead of just impose it on one State or another.

We learned from Minnesota that health care cost targets can be set and met through strong leadership, market-forces competition, and high quality. And I might say, Governor Carlson, that the Mayo Clinic stands—if there were no other example in this country, and there are—but if you just take that one example, it is a sterling and a stunning rebuke to those who say you cannot provide the world's highest class health care and control costs.

We learned from the example of Washington State and of Florida and most recently of Maryland that you can pool businesses and families together to change the David-and-Goliath equation, and then small businesses and families can get affordable health insurance that covers the things which need to be covered. We learn from Pennsylvania—we learn two things from Pennsylvania. The first thing is that the Governor of Pennsylvania proves that you can do anything in the health care system. We also learn that better tracking of costs and outcomes improves the quality and lowers the cost. This is an amazing thing they did, and our approach encompasses this. Whatever the Congress does, this should be a part of it. Pennsylvania actually took the time to study and report on the cost of different procedures in different hospitals in different parts of the State and then measured the cost against the results, proving that there was not a necessary connection in many areas between cost and quality and changing the whole environment in terms of what consumers then could ask for and get. This sounds like a simple thing, but in a system this complicated this information, available in a way that people can act on it, is a rarity, not the rule, in American health care.

So I believe that if we at the Federal level can learn from these things and finally solve this problem in a comprehensive way, we will go a long way toward dealing with the welfare reform issue, and we will lay to rest one of the biggest problems for American families and for the long-term stability of our society.

Now, what normally happens around here is that everybody gives their speeches, and then we have Washington-style reform where we tinker at the edges, expand the Medicaid program a little more. That's what we've been doing for years, you know, just kind of backing toward universal coverage by expanding Medicaid mandates. And then at the same time, we try to ratchet down the Federal spending a little more and pass some other incremental reforms. You know what's going to happen? We do that, more mandates on you and less money for you to pay. That's what's going to happen. More State money put into a system that is fundamentally broken, without enough security, where someone else is making the fundamental policy decisions.

I talked to you a few moments ago about Jo Anne Osteen from Sumter, South Carolina. She wrote us last June, struggling to hang on to both her small business and her insurance. She had to make a choice, and she chose her business and lost her coverage. After decades and decades, it's time to solve that woman's problem, because her problem is our problem. And her problem is now the State government's problem.

We really can do things around here when we put our minds to it. We've got the deficit going down instead of up. We all got together, some of you mentioned it yesterday, in a bipartisan and Federal, State way and passed NAFTA when it was given up for dead. That enabled us to get a GATT agreement which was stalled for 7 years. Congress passed the Brady bill after a 7-year stall. We actually can do things around here when people work at it and they keep pushing us to make a decision and they keep us all in the right frame of mind and they keep us thinking about real things. You cannot escape the real world and the rhetoric. You can't do it because you're too close to your folks.

Here, we communicate most often with the American people through an array of intermediaries. And most times, too many times people can't get to us with their real problems. So there is always a danger here that the policy apparatus will just slip the tracks and that we'll forget what this is about.

Yesterday, Families USA issued this report, which I urge you all to get and read. It just takes 10 typical health care situations that actually happen to real Americans and identifies how those things would be dealt with under the major bills pending before Congress. In other words, it's not about politics and rhetoric and theory, it's about real lives.

So I ask you to help us do this. You all differ among yourselves; we have some differences with you. That's fine, that's good, that's what this is all about. But I remember in 1987 and 1988, we were struggling to deal with welfare reform. And every Governor in the country wanted to do something about it. And the political rhetoric—the Governors were converging around an issue, but the political rhetoric in Washington was diverging right and left. And we sat around here and talked; we tried to get agreement on a policy position. And Governor Campbell had just left the Congress where he had been the minority leader of the subcommittee that dealt with welfare. And he said to the Democrats and Republicans alike, "Look, I had to go talk to a bunch of people on welfare, and here is the way this works. Here is the intersection of welfare, health care, food stamps, the whole thing."

It was an incredible moment where all of us had to say, this is not about rhetoric, this is about real people. And we went on and passed the Family Support Act, which Senator Moynihan said was the most significant piece of social reform in the welfare area in three decades.

Now, we can do this on health care. I don't believe we can do it unless everybody gets coverage. But we can do it, and you can help us do it if you push the thing together around real problems, real facts, and real issues, and don't let Washington rhetoric pull the country apart. The country needs you, and I hope you'll stay with us until the job is done.

Thank you very much.

NOTE: The President spoke at 11:46 a.m. at the J.W. Marriott. In his remarks, he referred to Gov. Carroll Campbell of South Carolina, Gov. Ned Ray McWherter of Tennessee, and Gov. Arne Carlson of Minnesota.

Remarks Announcing the Nomination of Deval L. Patrick To Be Assistant Attorney General for Civil Rights and an Exchange With Reporters

February 1, 1994

The President. Good afternoon. For tens of millions of Americans the Civil Rights Division of the Department of Justice has historically embodied what is best about our country. It's helped us to keep the promise of our Constitution, to provide to every American equal opportunity and equal protection under the law, regardless of race or gender or disability. Because of our pursuit of equal treatment under the law, we've made a lot of progress in this country in the workplace, in the schools, in the voting booths, and in the courts. But there is still much more to be done. We need a strong and aggressive Civil Rights Division and a strong and compassionate advocate for freedom and fairness at the helm of that Division.

Today I am proud to nominate Deval Patrick to be Assistant Attorney General for Civil Rights. I believe he is uniquely qualified to lead this Division in this decade. He's been chosen because he has distinguished himself as a lawyer whose wise counsel, keen negotiating skills, and mastery at litigation are held in the highest esteem.

He's fought successfully against discrimination and for civil rights for his entire life, both professionally and personally. He understands that the law is a tool to help real people with real problems. He's here with his family today, having come a long way from his childhood on the south side of Chicago through a distinguished academic and professional career of which any American could be proud.

The quest for civil rights gives life to our highest ideals and our deepest hopes. For his entire career Deval Patrick has played a role in that struggle, and he has made a real difference. Therefore, I know he will perform in a very outstanding manner in his new role as Assistant Attorney General for Civil Rights.

Mr. Patrick?

Attorney General? [*Laughter*] I don't know what order he's in.

Mr. Patrick. Stick with me.

The President. That's the idea.

[*At this point, Attorney General Janet Reno and Deval Patrick made brief remarks.*]

Conservative Groups

Q. Mr. President, conservative groups are already attacking Mr. Patrick, the same groups that attacked Lani Guinier, saying that he is the "Stealth Guinier." How are you going to sell this nomination and make sure that your view of his record gets out accurately?

The President. Well, I think that this nomination may be about those groups and whether they're proceeding in good faith. That is, you know, before those groups said, "Well, we don't object to Lani Guinier's career as a lawyer. We just don't agree with her writings about future remedies." So now when they say "Stealth Guinier," what they mean is that both these people have distinguished legal careers in trying to enforce the civil rights laws of the country. I hope that Mr. Patrick would plead guilty to that.

And the truth is, a lot of those people are going to be exposed because they never believed in the civil rights laws; they never believed in equal opportunity; they never lifted a finger to give anybody of a minority race a chance in this country. And this time, if they try that, it's going to be about them, because they won't be able to say it's about somebody's writings, about future remedies. If they attack his record it means just exactly what we've all suspected all along, they don't give a riff about civil rights.

Well, those of us who care about civil rights were elected by the American people to take care of them. That's what we intended to do.

Death Penalty

Q. Mr. President, do you agree with his argument that the death penalty is racially discriminatory against blacks?