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It must not be about rhetoric. It must not be about party. It should be about health care, the human beings of the United States of America.

I just want to tell you one thing. You know, my wife and I have gotten about a million letters from Americans. And when I go places, normally we'll call some of the letter writers and ask them if they'll come meet us, just so the press and the public in communities can see these people. I was in Greensburg, Pennsylvania, the other day, a little town in western Pennsylvania, and I was introduced by two women. One of them's name was Louise. She's not the one on the ad. [*Laughter*] The other one's name was Lynn. One woman was a 62-year-old dairy farmer.

And you know, I grew up in a farming State, once lived on a farm, and that's why I got into politics, I didn't want to work that hard. [*Laughter*] There is nothing more difficult than being a dairy farmer. You've got to do it 7 days a week. You can't tell the cows to stop growing milk. [*Laughter*] It's a very tough thing. At the age of 62 this woman and her husband lost their health insurance. They just simply couldn't afford it anymore. They just kept exploding the price over and over and over again. What are we to say to her, "Here's a country that believes in work, family, and community; it's tough luck for you"? The other woman, the mother of five children, had her husband stand up, we looked at him. We thought they were fine people. They had five kids. She had cancer and is recovering, but you know he lost one job, changed it, lost their insurance. What do we say to them? What I want you to know is it's not just one in six; it can happen to nearly anybody.

I'm trying to get all these people to leave welfare and go to work. They leave welfare, go to work, start paying taxes, lose their health care, and pay taxes for somebody else's health care. What do we say to them? You know, a lot of these people that demonstrate against me at these health care meetings say I'm trying to have socialized medicine and all this bull. It's not true. It's private insurance we're advocating. They think they ought to put Harry Truman on Mount Rushmore. But, now folks, I come from one of those families that was for Harry Truman when he was living. [*Laughter*] And I am telling you, the same crowd used the same arguments against Harry Truman. And they bad-mouthed him, and they said he was rube, and he didn't deserve to be President, even though he had finished the Second World War and led the world in organizing the institutions of the post-cold-war era. They talked about how he was incompetent and in over his head and didn't know what he was doing. And they demeaned him with the same arguments they're using today.

It has always been difficult to change. But we turned this economy around. We're opening up the global economy. We're laying the foundations for peace and security in the 21st century. But if you want us to have money that you pay to the Federal Government to invest in education and training and new technology and hope for the future, we've got to do something to restrain health care costs and to provide health security to all Americans. We have got to do it.

Now, there is one thing you can do to get it done. You can make your voices heard and you can elect these two fine men to the House of Representatives. You can elect Tom Andrews to the Senate. You can elect Joe Brennan to the Governor's office. You can send a message to America that you are on the side of change.

Thank you. And God bless you all.

NOTE: The President spoke at 7:30 p.m. in the Eastland Ballroom at the Sonesta Hotel. In his remarks, he referred to John E. Baldacci, State senator in Maine, and Dennis L. Dutremble, president, Maine senate.

Remarks and a Question-and-Answer Session With the National Governors' Association in Boston, Massachusetts

July 19, 1994

The President. Thank you. Thank you very much. Thank you very much, Governor Campbell. Governor Dean, Governor Weld, thank you for hosting the Governors in your latest expression of bipartisan support, showing up at the Democratic Governors' party last night. That's broadening your base here.

I want to join many others here in saying a word of best wishes to Governor Edgar as he continues his recovery and to say to all of you who are leaving the Governors conference this year who served with me, how much I wish you well and how much I enjoyed serving with you over the years.

I always look forward to this day every year. I feel that I have in many ways come home whenever I come back here. There are many ways in which I miss being a Governor, because Governors are so much less isolated from real life than Presidents. Neighbors stop you on the street and talk about their jobs and businesses, about their children and their parents, and the things that we in Washington call issues take on a very human face. And I must say I have worked hard to try to find ways to keep the human face on the issues with which we all deal.

It was as a Governor that I learned and lived the idea that the purpose of public life is actually to get people together to solve problems, not to posture for the next election with rhetoric. In my time in the NGA I was proud to work in a bipartisan fashion on issues of education and welfare reform, on trade and economic development and, yes, on bipartisan suggestions we Governors had for reducing the Federal deficit.

I ran for President because I did not want us to go into the 21st century without a vision of how we could restore our economy and unite our people, make Government work for ordinary Americans again because I thought that our politics was too burdened by partisan rhetoric and too little concerned with practical progress. In the last year and a half I have set about to implement the vision that I brought to that campaign, one that grew directly out of the experiences I had with most of you around this table. We worked to get our economic house in order, to reverse the trend of exploding deficits and declining investments in America.

The economic plan the Congress adopted last year contained $255 billion in spending cuts, tax cuts for 15 billion working families, made 90 percent of the small businesses in American eligible for tax cuts, increased taxes on the wealthiest 1.5 percent of our people, reduced the Federal payroll by a quarter million, and will give us—along with this year's budget which eliminated over 100 Government programs, cuts 200 others, and takes the payroll deduction to 272,000, meaning that in 1999 the Federal Government will be below 2 million for the first time since John Kennedy was President—these two budgets will give us 3 years of deficit reduction in a row for the first time since Harry Truman was the President of the United States.

In the aftermath of that, our economy has produced 3.8 million jobs in 18 months; the unemployment rate is down 1.7 percent. In 1993 we had the largest number of new businesses incorporated in America in any year since the end of World War II. In the first quarter of this year, it was the first time in 16 years we'd gone for a quarter without a bank failure in America. So I believe that we are moving in the right direction.

I want to thank the Governors, in particular, for your continued and consistent support for expanding trade, for NAFTA which is working superbly, by the way. Our trade to Mexico is growing dramatically. Mexico's trade to us is growing as well, but our trade to Mexico is growing more rapidly than that with any other country. We have already sold 5 times more automobiles to Mexico this year than last year.

I thank you for your statement of support on GATT. We must muster through the bipartisan majority we need in Congress to ratify the GATT this year. It will create a half million high-wage jobs in America between now and the end of the decade.

I thank you for your support of the Asian-Pacific initiative we began in Seattle, Washington, last year. And I was with Governor Chiles yesterday in Florida to meet with the committee on the Summit of the Americas which we will have with all the democratic governments in this hemisphere in South America at the end of this year.

These are things which will make a huge difference in our economic future. There are many of you who have also helped us to invest more in defense conversion and new technology, saving the space station, trying to move from a defense to a domestic economy, trying to develop technologies which clean the environment and produce jobs at the same time.

I want to especially thank you also for the work we have been able to do, probably the most in education and training that's been done in any single year in the last 30 years. And the Governors, on a bipartisan basis, have supported that. We have expanded and reformed the Head Start program, increased immunizations, passed the Goals 2000 bill which ratifies your national education goals in Federal law with bipartisan support, passed the school-to-work bill, which will support your efforts to help young people who leave high school and don't go on to 4-year colleges but do need 2 years of further education and training. We also have reformed the student loan laws which will make 20 million young Americans eligible for lower interest and better repayment schedules under the student loan program of the United States.

And finally, we have still pending in the Congress this year the reemployment bill which will change the whole focus of the unemployment systems in ways that will benefit the economy of every State represented around these tables because for too long our unemployment system has been just that. It has paid people while they exhausted their unemployment on the assumption they would be called back to their old jobs when as a practical matter few of them, one in five Americans, are called back to their old jobs these days. They need to begin immediately retraining for the new jobs of the future. That's what the reemployment system will do. And I look forward to working with you on that, the last leg in this revolution in the lifetime learning system of the United States.

Let me just mention a couple of other issues, if I might, before moving to health care. The Governors have been concerned, some of us almost obsessed, with the question of welfare reform for many years now. Our State was one of the first States selected to be a demonstration project for a lot of these ideas way back in 1980, in the last year of the Carter administration.

The work the Governors did together on the Family Support Act of 1988 is still the best example of anything that's been done in the welfare reform area. Now we are seeking to go beyond that. Many of you with your State initiatives—we have granted several welfare waivers and expect to grant some more, and with the debate about to start in the Congress, I just want to say a couple of words about it. It is important that we pass a new welfare reform bill that builds on what we did in 1988 and what those of you who have worked hard to do right in your States are doing. It is important that we dramatically increase the national efforts to do what you need the National Government to do, including adopting some national rules on tough enforcement of child support. Some of you have done remarkable things there, but if we have some national systems we can do a much better job in collecting billions and billions of dollars in overdue child support, the absence of which drives people into welfare.

It is important that we provide maximum leeway for continuing State experimentation. I have said over and over again to members of both parties in the Congress, no one understands how to fully solve this riddle. So, whatever we do in the national welfare reform legislation, it is imperative that we still leave the States some room to continue to experiment.

Finally, I hope that all of us will support the notion that there ought to be some period after which we end welfare as we know it. Yesterday I was in Florida, and I shook hands with a lot of people who came to this reception. We were talking about the Summit of the Americas, after which these two young women who were born in another country, I think—they spoke English with very pronounced accents—but they were working at the hotel. They said they were American citizens. They wanted to know if they could have their picture taken with the President, and they wanted to tell me something about the welfare system, these two young women that were working at the hotel. And both of them said, "Take all that money and spend it on child care and training and incentives and whatever, but make all those folks go to work if they can go to work," two people at the hotel, just spontaneous.

So, I say to you, we need to act on that. Both Houses have had hearings: there's a great deal of bipartisan support. I think we have a chance to do it. We have some chance to do it this year, although no one really

thinks we can. If we don't, we certainly ought to pass it early next year.

Let me mention now the crime bill. This crime bill is the most important anticrime legislation ever considered by the Congress. It has broad bipartisan support. There are one or two areas of continuing disagreement, but let me mention what's important about it. It puts 100,000 police on the street over the next 5 years. That's a 20 percent increase. There's been a 300 percent increase in violent crime in the last 30 years and a 10 percent increase in the number of policemen in America. It shouldn't surprise anybody that we have problems dealing with this. We now know that violent crime has shifted downward along the age scale and that people between the ages of 12 and 17 are 5 times more likely to suffer from violent crime than older people. We need community policing. It is in many ways the most important part of the crime bill.

The crime bill has tougher punishment, including the ''Three strikes and you're out'' law. It bans assault weapons but protects hunting weapons in an innovative and I think very important piece of Federal legislation. It provides more money for prisons, but it also provides billions for prevention.

I must take some exception to what the Republican leader of the Senate said earlier here today on this issue. The prevention money is in there in large measure because the law enforcement officials of the country told us it ought to be in there. It is in there because the people who go out and put their lives on the line every day said to us over and over and over again, ''You've got to give these kids something to say yes to as well as something to say no to. If they do something terrible and you have to put them away for a long time, fine. But if you can prevent that through summer jobs, through job training, through midnight basketball, through more people in the Boys Clubs, through these things which work, to give kids who live in neighborhoods that are burdened by the lack of family structure, community structure, and the structure of work, do it. Give them something to say yes to again.''

It is a very serious prevention effort. And I think it ought to be supported along with the tougher punishment. And since the law enforcement officials—the law enforcement coordinating committee represents half a million law enforcement officials in this country, I think that we ought to have that kind of support on a bipartisan basis for continuing the prevention initiative as well.

Let me just mention one other subject before I go on to health care. A big part of reinventing Government to me—and you've heard the Vice President use that slogan. We're coming up on our first anniversary of our reinventing Government kickoff, and he and I will be trying to give you a progress report at the end of the summer when we do that. But let me just say that we've done some things that I think are very important. We're paying for this crime bill not with a tax increase but with a savings which will be achieved by reducing the Federal payroll by 272,000 people, taking people out of the Federal bureaucracy and putting them on the streets of our cities and towns. I think that's reinventing Government at its best. We'll give the money to you, and you spend it to keep the American people safer.

We are trying to make agencies work that for too long were political and ineffective, like the Federal Emergency Management Agency—and I was just with the Governors of Georgia, Florida, and Alabama in the aftermath of their terrible floods—and the Small Business Administration, which I think is commonly recognized as probably at its most effective state in its history.

We have tried to deal with the fact that you bear a disproportionate share of the cost of immigration, those of you with high immigrant populations, and we have increased by one third funding to the States for dealing with immigration problems in the last year and a half. I support the modified Glenn-Kempthorne initiative, and I agree with Senator Dole we ought to pass it, we ought to pass it now, and we ought to put the issue of unfunded mandates behind us. I think it's a very important thing to do.

Finally, let me make this statement and ask for your help, I very strongly support the continued issues of comprehensive waivers in the areas of health care and welfare reform. We have issued, by my last count, 21 comprehensive, sweeping waivers, a lot of little ones but 21 very large ones, 15 or 16 in

the welfare area and 5 or 6 in the health care area, in the last year and a half, slightly more than half of them since I last met with you. I received a report before I came here on all the applications that any of you have pending for comprehensive waivers, and I reviewed them, and I have taken a personal interest in trying to push them through.

I, like you, am concerned by the recent court decision on this issue, and I appreciate your response to that. I just want you to know that we need to work together to figure out what to do about the court decision so we can go on with waivers. I am determined not to permit that court decision to become an excuse to slow down the dramatic increase in experimentation we have at the State level in health care and welfare reform. And I ask you for your support in that.

Now, of course the most politically difficult and politically charged issue we are facing today is the issue of health care. It shouldn't be surprising that for 60 years the American people have seen their leaders periodically try to provide coverage to all Americans and to reform the health care system, only to fail. The most encouraging thing perhaps that has happened today so far is the comment that Senator Dole made that now is the time to act, and he is willing to work all through August and September and October to get something done. That is what we ought to do. We ought to do whatever it takes and work however long it takes on whatever days to takes to get something done.

I would like to set this again into some context. You gave me the privilege of coming to speak with you about this last year, and I don't want to be just going over old ground. But I think it's important, when we decide what it is we should do or shouldn't do, to talk again about what the problem is.

First of all, in the United States we are the only country in the world with an advanced economy that doesn't provide functional full coverage, that is, somewhere 96, 97, 98 percent. Social security has 98 percent. You've always got a few people just walking around out there, so it's impossible to have 100 percent coverage of anything. But all other major nations do this. We don't.

Secondly, in spite of the fact that we don't, we spend 40 percent more of our income on health care than anybody else. This year we're at about 14.2 percent of our income going to health care. Canada is at 10; Germany is at 8.5. And Germany, as you know, has a very fine pharmaceutical industry, a very fine research industry, and high-quality health care as well.

Because health care costs have been going up faster than the rate of inflation, they have been eating up an ever larger percentage of both national and State budgets. You know this. A lot of you who served for some time have seen your budgets every year go more and more and more for health care, less and less and less for education and for economic development, for tax relief, for whatever else you might wish to do.

If you look at the chart of the Federal budget, it's absolutely stunning. Now, if you start next year and string it out until the end of the decade, we're pretty flat in all discretionary spending. Defense is coming down, and I would argue it's coming down just as much as it can, and it should not be cut more. And health care costs are exploding. The job of being a Congressman or a Senator within 4 or 5 years will amount to showing up in Washington and writing health care checks and going home unless we do something to reverse these trends.

And yet, in spite of the fact that we're spending much more money, we are the only nation in the world that's going in reverse in coverage. Ten years ago, 88 percent of the American people were covered; today, 83 percent are. Now, you may say, ''Well, that's just one in six. Well, that's good; 83 percent are covered.'' The problem is that 16 percent is a lot of folks, for one thing—17 percent.

Secondly and perhaps more importantly, the number of people who are at risk of losing their coverage is far greater. Who's locked into coverage, who's locked in? If you're on Medicaid or you're very poor, you're locked in. If you have Medicare, you're locked in. If you're in jail, you're locked in; you get coverage. If you're very wealthy, you're locked in because you can buy it. If you're a politician or you work for government, you're locked in; you get it. Almost everybody else is at risk of losing their health care. And keep in mind, you have pushed for lifetime learning, you have, be-

cause you recognize that younger workers are going to change jobs seven times in a lifetime.

Now, how are we going to provide that kind of security? And let me say there is a human face behind this. I don't want class warfare, but let's look at the facts. Over 80 percent of all the people without insurance in America are people who work for a living; they're working people. This morning I had coffee with a man named Jim Bryant and his wife, Mary, and their two children because I read about him in the Boston Globe. He works 60 hours a week and doesn't have any health insurance. And they talked about how much they worked and said they had a good life and all the extra money they had they were putting away for their kids' college education, but they would be ruined if they ever had an illness.

And I asked him if he could afford to pay something, and he said, ''Sure.'' I said, ''Would you like to know how much I pay a month for health care as the President of the United States, or Members of Congress or members of the Federal Government?'' He said, ''Yes.'' I said, ''We pay about $100 a month, and our employer, you, pays $300 a month. And he said, ''I could pay that easy.'' He said, ''I could pay twice that.''

I was in western Pennsylvania, Governor Casey's State. And by the way, I appreciate your support for reform and your attempt to resolve the abortion issue, Governor Casey. But I was in western Pennsylvania, Greensburg, Pennsylvania; two women got up and spoke before me. I don't know if they were Republicans or Democrats, don't have any idea who they voted for. One of them was a dairy farmer, 62 years old. And you know, that's about the hardest farming there is. You've got to work 7 days a week because you can't tell the cows to quit producing milk. Sixty-two years old, they finally had to give up health care at the time she needed it most, this woman did, she and her husband, because they just couldn't afford it anymore.

And then, after that, a woman spoke who was a mother of five children, and she introduced her husband. She had had cancer, and he had had to change jobs and didn't have health insurance. And there are lots of people out there like that. We're talking millions of people, not just a few. And the issue is not just them but it's everybody else that could be in that position.

Now, the reason I'm bringing this up is that it is important to understand what the problem is when you analyze what the solution should be. And the problem is not just that one-sixth of the American people don't have health care and that the costs are running out of control but that many, many more Americans are at risk of losing their health care.

So, the question is, what should we do? I recommended a system of private insurance participated in by everybody, with a break for small business that gives them lower cost and allows them to buy insurance, small business and self-employed people and farmers, in big groups the way governments and big employers do, maintaining consumer choice but with cost constraints like managed care. And then I went around the country and listened to people and listened to you all tell me what you thought was wrong with it. And we came back with modifications that had less bureaucracy, fewer boards and commissions, more flexibility for the States, less burden on small business than we originally proposed, more choices for the American people in health care, and a longer phase-in period because there is always a law of intended consequences in everything.

So everybody in this debate agrees we have to phase this in. No one believes we can do it next year. Everybody believes this has to be a multiyear phase-in. Now, that's what we offered, and you can find that in some form or fashion in the bills which are working their way through the Congress.

Now, what is the alternative? If you want to cover everybody, or nearly everybody, near as I can tell there are only three ways to do it. You can do it the way Canada does and the way we do for seniors through Medicare, by having a tax that does it. That didn't seem to me to be feasible, abolishing all private health insurance and replacing it with a tax, although you could do it for even less money than we're spending today and cover everybody.

You can do it the way Hawaii does and the way Germany does and the way most of us do it, by just extending the system we have

now and asking employers to pay some portion of their employee health insurance and asking the employees to pick up the rest.

You could ask the employees who don't have insurance to cover their own insurance and give them a break, if they're low-income people, to do it. The problem with that, obviously, is whether you would encourage everybody who is on the margins to dump their employees.

There may be some other way to do it, but I'm not sure what that would be. You could get close to that, maybe, by a system of subsidies to middle class and lower middle class people and by putting all the small businesses, giving them at least a chance to be in buyers' co-ops and doing something like what Governor McWherter and others have done with the Medicaid program to put it in some sort of managed care situation so you can save some money and provide some money to cover others.

But I ask you to look at the evidence. More than 45 States have passed some sort of partial health care reform and insurance reform in the last few years. But State spending has continued to go up, business spending on health care has continued to go up, and coverage has continued to go down. Indeed, in a study I recently saw, only 10 States actually had reduced the number of uninsured people after all their reforms were implemented, and 5 of them only had reduced the number of uninsured working people, mostly States that had provided very generous benefits for people who would move from welfare to work.

So what are we to do? There was a recent Wall Street Journal article which said that even in States that had insurance reforms without universal coverage, ''fewer people have coverage than under the old system.'' Now, why is this? Why is this? Because the system we have encourages waste and inefficiency and irresponsibility. Under the system we have, people who cover their employees pay for those who don't, indirectly, because people who don't have coverage when they get real sick show up at the emergency room, they get health care, and the costs are passed along. Because, under the system we have, without more people in managed competition environments, the more you do, the more you earn, whether it's needed or not. Pennsylvania has had a very valuable reform in this regard by simply publishing the costs of various procedures across the State of Pennsylvania, and the results showing that there is not necessarily a correlation between the most expensive care and the best results care. That's something that can be done everywhere.

And finally, it's very expensive because we're the only country in the world that has 1,500 separate companies writing thousands of different policies so that every doctor's office, every hospital, and every insurance company has to hire a slew of clerical people to figure out who is not covered for what. And we pay for all that. That's 4.2 percent difference in America and Canada. Let me just give you an idea about how much that is: That's about $250 billion a year. That's not chicken feed.

Some of that money is because of medical technology and high quality care; some of that money is because of violence and illness and AIDS; but a lot of that money is pure, old-fashioned inefficiency. And so we have to ask ourselves: What should we do? You have already said no to an alternative proposal that would cap the Federal share of Medicaid, cut Medicare without giving any extra benefits to senior citizens, use money to help the poor, and do nothing for the middle class. I think it is important to take the rhetoric out of this and ask what will work.

I heard again the litany of things that people have said, that we don't want a Government takeover of one-seventh of our economy. No, we don't. That's why I propose doing what Hawaii did. Hawaii is not in control of the health care system, are you, Governor? Private insurance, not a Government takeover.

We don't want job loss. The Congressional Budget Office says there will be job gain if you stop all this cost shifting over a 10-year period. And Hawaii's experience indicates that there will be job gain. We do not want to bankrupt the States, and we don't want to bankrupt the Federal Government. That's why we have to have hard cost estimates. At least we have them on our plan.

Now, I read your proposal, and we have made some changes in our plan to reflect

your proposal, to make it more flexible, respect State initiatives more, have less regulation, don't have mandatory alliances. But the question is, what are we going to do that works?

Just yesterday, the Catholic Health Association released a study conducted by Lewin-VHI which says that if you have insurance reforms and low-income subsidies without having coverage for everybody, middle class people earning between $20,000 and $29,000 a year will wind up paying $484 a year more for their insurance.

Why is that? Because if you require everybody to be covered, and you say they can take it from job to job, but you don't have everyone covered, then more single individuals who think they'll be healthy and live forever won't buy health insurance, more small businesses on the margin will drop it, and the cost will rise for everybody that's left.

So I say to you, you know, it was Senator Chafee, a distinguished Republican Senator from Rhode Island, who said that you can't have these insurance reforms without universal coverage. He said that. I didn't. He said it was difficult to conceive of how you could have a right of people to carry their insurance policies from job to job, to job, unless you had some system in which virtually everybody was covered.

Now, if you look at the Hawaii experience, they have had a program based on employer-employee shared responsibility since 1974, 2 years after it was first proposed by President Nixon and Senator Packwood. They have had it. What's happened? Infant mortality is down by 50 percent. The number of people without insurance has shrunk dramatically. Unemployment has fallen. The cost of living is higher in Hawaii than almost any place in America, with small business premiums at 30 percent below the national average. Why? Because everybody participates, nobody bumps anybody else out of it, and everybody's in big buying pools.

Now, what are we going to do? I will say again, we have to do something that works. We have to do something that works for families like Jim Bryant and his wife and two kids, something that works for the people that are out there in all of your States who are working, who are not.

I was in Columbus, Ohio, the other day, and I talked to a woman who ran a delicatessen. She had 20 full-time employees, 20 part-time employees, and she had had cancer 5 years ago. And she said, ''I'm in the worst of all worlds. I cover my 20 full-time employees, and we pay too much because I'm a small business person and I've got a preexisting condition. And I'm at a disadvantage with all my competitors. But I feel guilty that I don't cover my part-time employees. If you had a system where I could buy insurance at a rate competitive with government and big business and where my competitors had no advantage over me, I would gladly do it.''

So again I say, I am open to any solution to this. And I believe the States ought to be the laboratories of democracy, and I want you to have more flexibility. But at a certain time, I heard Governor Romer's comment earlier, we have to look at the evidence. And so I say, if you imagine what the world will be like when the century turns and we start a new millennium, if you'll imagine what it would be like in America and what you want it to be like and what you've worked so hard for it to be like, you want us to have a competitive economy; you want our deficit to be under control; you want our debt to be a smaller percentage of our income; you want us to have a system of lifetime learning; you want us to have a trading system where we can grow in a world economy.

You do not want every Governor and every President of both parties in the future to spend all their time writing checks where they're paying more every year for the same health care, and they haven't solved a problem which has been solved elsewhere. All I ask in these closing weeks of this debate is that we take the political air out of the balloon and ask ourselves what will work for ordinary Americans.

Now, let me close just by asking every one of you to read this letter that was published in the Boston Globe this morning because one thing I think every Democrat, every Republican, every independent in America agrees is that for people who have it, we have the best health care in the world. We have the finest medical schools, the finest medical centers, the best medical research. Every-

body agrees on that. Senator Dole and I agree on that. Everybody does.

This is a letter from the people who are providing it in this area. They are part of the 100 people who came to the White House the other day representing academic medical centers who said, if you want to keep what is best about American health care, you will have to fix what doesn't work about it. You will have to find a way to cover all Americans because we are being hurt now. We used to pass our costs on to everybody else, but States are controlling their costs. The Federal Government's controlling their costs. These big companies that used to send their employees to our medical center, they're controlling their costs. And we're left holding the bill for all the poor people we have to care for and all the middle class people with horrible problems that show up without insurance. And please give us universal coverage if you want the medical schools of America to continue to work. Read this.

All I have tried to do, folks, is to consult with everybody from Dr. Koop who was President Reagan's Surgeon General to the heads of our biggest medical schools to the heads of our biggest corporations that can't deal with their medical problems to the small businesses that want to buy insurance who can't to come up with something that works. I have no pride of authorship and no pride of details. I just want to do what will work for people like Jim Bryant and his wife and kids. And I think you do too. If we'll keep that attitude, we'll find a solution in the next 3 months to the problem of health care.

Thank you, and God bless you all.

[*At this point, Gov. Carroll Campbell, Jr., of South Carolina opened the floor for questions. Gov. Terry Branstad of Iowa then noted that there was no consensus on employer mandates and asked if a consensus agreement could be reached on reform of the tax system, the medical malpractice system, and the insurance system.*]

The President. Let me—I'm glad you asked the question like you did because it gives me a chance to maybe be a little more direct in what I was trying to say before. If you look at the experience of the States, my answer to you is it depends upon whether in the aggregate, based on the evidence that we have and the best opinion of the medical experts, we increase coverage. And we're moving toward what I think we all want, which is a phased-in deliberate effort to get toward universal.

The evidence is, Governor, that if you do these insurance reforms and you don't do something that you know will increase coverage among working people the impact of the insurance reforms will be to decrease coverage among working people. That is what happened in a number of States in the last 3 years.

We've got 5 million more Americans without insurance coverage now than we had in 1988, and we only have 1.3 million more people living in America. So the rest of them lost their coverage. And most of them were living in States where insurance reforms occurred.

So I will say again, it depends on what else is in there. There may be some way other than an employer mandate to do this. I heard Governor Waihee say that this morning on television. There may be some other way to do this, but the real issue—the test ought to be the test you apply to yourselves. That's the only test I have. Will it do what we say it's going to do? We could pass a bill and all shout hallelujah and get by the November elections. But there will be real consequences to what happens here. And those consequences will be apparent in '95, '96, '97, '98, '99. The answer is, what will happen to the people.

I just think we have to be careful. We have evidence; we know now what happens. A lot of these insurance reforms very much need to be implemented. But if they're not implemented in the right way, they will simply raise the price of insurance for everybody else, causing more single individuals and more marginal small businesses to drop coverage, which will shrink the pool and increase the rates. And the cycle will continue.

I mean, it's almost unbelievable when you look at it that we've gone from 88 percent coverage, backsliding down to 83 percent as a nation. And I will say again, only five States have been able to show in the last 5 years an increase in coverage among the working uninsured. That's no offense to you; I ap-

plaud all of you. I tried to do it, too. I'm not criticizing anybody. I'm just saying at some point we have to look at what the evidence shows. And I don't think we should do something that will not work. But I would not rule out a health bill that didn't have an employer mandate if we knew we were moving toward full coverage and we had some evidence that it would work.

[*Gov. Roy Romer of Colorado advocated a phased-in expansion of the employer based system for health care.*]

The President. Governor Romer, I'm very much in favor of a phase-in. I don't think anybody—you can't mess with something this big unless you do it over a period of years. And the message I got after meeting with a lot of you and with others and people in the Congress is we ought to lengthen the phase-in a little bit; we agreed to do that.

Let me just say one thing to go back to your question and the question Governor Branstad raised, is, there is some reason to believe that if we—and I'm not for unfunded mandates, but one of the things I think we have to do in this bill is, I think that enrollment in these alliances, purchasing alliances, these buying co-ops should be voluntary, but I think every State should have one. And they don't cost very much; California has only got 11 folks working in theirs, but I think we ought to pay the bill for it. I don't think we should have an unfunded mandate, but I think that every State ought to set some network up.

If you look at what's happened in Florida, for example, where—I wish Governor Chiles were here—they have very restrictive rules on who can get in. I believe you have to be in a business with 50 or fewer employees, and I believe you have to have been without insurance for a year, and they still have very heavy subscription.

In the State of California—I don't think Governor—is Governor Wilson here? In the State of California where they had 2,400 businesses enrolled, which is not an enormous number in a State as big as California, but it's not insignificant, they had 40,000 employees in the pool, and every single one of them got the same or better health insurance for lower premium costs.

So we know that there are certain economies of scale that can be achieved here. The question is, will they be offset by the insurance reforms if you don't also do something to increase the pool of the covered people. That's really what we've got to deal with. As you know, I basically agree with you. I know Governor Lowry—and they wrestled with this in Washington—essentially reached the same conclusion. There are lots of adjustments that can be made: You can make adjustments in the benefit package; you can make adjustments in what's the percentage that the employer and the employee should pay.

But the main thing we have to do is to keep increasing the coverage. If you keep sliding back, you're looking at a system now that's headed toward a financial disaster. And in the end, Government will wind up picking up a bigger and bigger share of the bill, which is just what we don't want to happen, I think.

[*Gov. E. Benjamin Nelson of Nebraska thanked the President for his bipartisan comments and requested the maximum amount of flexibility for the States.*]

The President. I am very open to that, Governor Nelson. For one thing, if you look at it, some States—we've got a couple of States besides Hawaii that are already at or above 90 percent, where they can imagine themselves reaching, through various mechanisms, 95 percent, 96 percent, 97 percent coverage.

As I said, I think we have moved in Social Security. We were at 97 percent Social Security for many years. I think we're just by improvements in bookkeeping, up to a little above 98 percent now. So we know we're not going to get right at 100 percent, but we know that you've got to get somewhere in the ballpark of 95 percent or upwards so you stop the cost shifting and you have economies of scale for all of the small businesses that are participating.

But there are differences. The economic realities and the demographic realities are so different from State to State, I think you're going to have to have some more flexibility. And I'm quite open on that, to doing some more on that.

[*Gov. Brereton Jones of Kentucky discussed the need for universal coverage and an employer mandate and the need for these changes to come from the Federal Government.*]

The President. Let me just say—[*Applause*] thank you—the reason I proposed the shared responsibility requirement is the reason—there were two reasons. One is the one mentioned by Governor Romer. It was the natural outgrowth of what we had, and we knew that we could get studies that would show that it would actually lower average costs of small business. We also knew we could afford to subsidize the smallest businesses and the people that were on the lowest profit margins so they could make it. And we knew that if that happened on a national basis, nobody would be at a competitive disadvantage.

I know that these ads that this other health reform group has been running—I didn't even know about it until they were on the air—involving the fast food operations and not covering their workers in America and covering their workers in Japan and Germany have been somewhat controversial, but they make the point, which is that if all your competitors are in the same boat you're in, you don't go broke doing this. They make that point. And so, I did it for that reason.

The second reason I recommended it, is that we had evidence. We had the evidence of Hawaii; we had the evidence of Germany which has a mixed system and which provides high-quality care at a lower cost even than the Canadian system. So, we had evidence. We had a system that could be expanded, and we had evidence. I have never ruled out another option. I just have never seen one I thought would work. And I do believe we have to keep working toward that.

And as I said, I keep saying there ought to be a middle ground here. And I always enjoy reminding Senator Packwood that he and President Nixon recommended the 50–50 employer-employee split in 1972, and I don't believe that the Republican Party has moved that far from its moorings in the last 22 years. So, I'm asking them to come home a little bit, and I still think we can do it.

Q. Mr. President, I didn't mean to ask a question, but I cannot let Governor Jones' statement go unanswered. That is not what Senator Dole said. Senator Dole came in, and he indicated a willingness to move. What he said was he didn't think we could get there all at once, and if we couldn't we shouldn't abandon the effort.

The President. I agree with that.

Q. He didn't want you to think he was against ''all,'' and his statement was, ''I'm not against coverage for all.'' He didn't think we could get there, but he didn't think we should abandon the effort if we didn't get 100 percent at once though. And I didn't think it's fair to him to have it depicted that way, and I wanted to correct that, sir.

The President. Let's look at the political context in which we're operating here, the context in the country and the context in the Congress real quickly. I know I have to quit, but you can help to change the context. If you're Democrat, you can help to change it; if you're Republican, you can help to change it if you want us to get together. Let's be fair now to everybody involved, including the leaders of the other party. Let's look at what everybody's up against.

When I put out my plan, the Health Insurance Association didn't like it because the alliances were mandatory which meant that fewer insurance companies would get to compete for health insurance business and because we had premium caps on there, and they didn't want that. They thought it was too regulatory. So, they put Harry and Louise on television. And we didn't have the money to answer that, and so, after the time they've been on television, everybody else has done all their letter-writing campaign and all that stuff had happened, they made something called the Clinton plan unpopular even though the basic elements still have the support of 60 percent or more of the American people when you strip it away. So, that happened.

Ironically, the Health Insurance Association favors the employer requirement. Who doesn't favor that? The NFIB is against it. They have a lot of insurance agents in their membership, and they have small business people who ideologically don't think they should be required to offer insurance. And the conservative wing of the Republican

Party is against it. That's the context in which we meet and bring it to the Congress.

Now, what do we try to do to offset that. First of all, we made some changes in our plans, made it less bureaucratic, more flexible, more open, and responded to you. I explained that. Secondly, we put together a group of small business people, 29 different large groups with 600,000 small businesses to say "we'd be better off if everybody had to pay and our costs would go down. Please do this."

In other words, what we're trying to do is to get back again to where we can have a debate that's not so politically charged. The problem you have, obviously, in the Congress now is—and the problem and the opportunity—is that under the rules of the United States Senate only the budget can be passed without a filibuster. No other bill can pass the Senate not subject to a filibuster. So that means that if 41 Senators decide that bill X shouldn't come to a vote, it can't come to a vote.

So that's why all the Democrats have been saying all along, we've got to have some sort of bipartisan support here. And again I will say, what I would like us to do is to come back to the principle that we must do what we know will work to provide security, to provide control of costs, to maintain choice and quality. And if we just will be guided by that, we will come up with a bill that the American people will be proud to have us sign without regard to their party.

We have been through a long period here of congressional debate and discussion and everything, and the political atmosphere has been charged and gone up and down. There's a lot of unreality out there. There's been a lot of reality around this table today. If we can bring that back to the Congress, we'll get a good bill, if everybody will just forget about all the rhetoric and do something that will work.

But we must not blind ourselves to what these medical school deans said. I mean there was 100 of them that came to see me. They know what they're doing. They know what works. And we have to do something that works. That's my only bottom line. Let's do not mislead the American people. If we're going to act, let's do something that will leave the people in New Mexico and Utah and Montana better off.

Thank you very much.

NOTE: The President spoke at 11:18 a.m. at the Hynes Convention Center.

Exchange With Reporters in Boston on Health Care

July 19, 1994

Q. Are you now willing to compromise on universal coverage more and on mandates, sir? We're really confused.

The President. Listen, I've always had the olive branch out. I am not willing to do something that doesn't work. Did you all listen to what I said? I said that of the States that have done these modest reforms, only 10 have increased the number of people with insurance. We are losing ground. We must not do something that is a fraud.

I have never said that we had to have the employer mandate, although I think that's the best and fairest way. I do think we have to keep going towards universal coverage. That's what I think we have to do.

Q. But you would accept something less than 100 percent?

The President. Social Security doesn't have 100 percent.

Q. That's the first time we've heard you say that.

The President. Social Security—you cannot physically get 100 percent. There's no way to get 100 percent. Social Security only has 98, and they've just moved from 97 a couple years ago. But I think you have to have a universal coverage goal because if you don't have the idea of trying to essentially have functionally full coverage, whatever that is, it's a very high percentage, then the rest of these reforms will not work.

So my olive branch came because he said he was willing to work every day in August, every day in September, and every day in October, and I liked that.

Q. Maybe he's talking about a filibuster——

The President. All I'm asking you tonight is report this on the merits. Talk about what the doctors said. Talk about what the people said. These doctors, a lot of these doctors