

Remarks and a Question-and-Answer Session With the Association for a Better New York in New York City
May 9, 1994

Thank you very much. Lou, you are certainly richer than I am, but that ain't saying much. [Laughter] If only the people who weren't were compelled to stay here and the rest of you could leave, we could hold this meeting in a closet. [Laughter]

I am delighted to be here. And I thank Senator Moynihan for coming with me, and I'm glad to see the Members of Congress who are here. I see Representative Maloney and Congressman Schumer, but I have been told that Congressmen Nadler, Towns, King, and Serrano are here. They may not be, but that's what I've been told. If they're not, don't be embarrassed. They've heard this speech before. [Laughter] Charles Rangel is on our official delegation, along with the Vice President and Mrs. Gore and the First Lady, to the Inauguration of Nelson Mandela. So that's why he's not here. And I think that my national economic adviser, Bob Rubin, and my Deputy Chief of Staff, Harold Ickes, are also here. I thank them for coming with me. I never like to come to New York alone. [Laughter]

Let me say—Lou Rudin has already mentioned this, but unless you had been there, you cannot imagine what an astonishing thing it was that the House of Representatives passed that ban on assault weapons. And if it hadn't been for Charles Schumer lighting that little candle in the darkness when everybody else said it was dead, it was over, there was no chance, we would never have made it. It was an astonishing thing.

It just shows you that democracy can work, that systems can change, that things can change. But you have to work at it, and you have to be willing to fight those battles that don't always end in a landslide. We won by two votes on this one. That's twice the margin we had on the economic plan last year. [Laughter] But when these things come up, it's important to take the position, stake it out, and try to change. And there are a lot of wonderful stories; I wish we had time to tell them all today.

I'd also like to say I'm glad to be back before this organization. About 8 years ago, I spoke to ABNY when I was the Governor of Arkansas

and I was organizing a group of southern Governors to support the continuing deductibility for State and local income taxes. Remember that? And you had something to do with me coming here.

I remember—I liked that better then, because I was—at home we call that preaching to the saved; everybody agreed with what I was saying. They thought, what is this crazy guy from a little State doing up here taking a position that may be against his own economic interest? I thought it was the right thing to do then in the interest of federalism; I still believe it was the right thing to do. But I remember well that fine day that I had the first opportunity to see this remarkable organization.

Today I want to say a few words about the health care debate in which the Congress is involved and in which many of your Members will play a pivotal role, none more than Senator Moynihan because he's the chairman of the Senate Finance Committee. But I'd like to put it in the context of all the other things that are going on.

We're at one of those rare moments in history in which, while we clearly have serious responsibilities around the world, ones that we have to meet in new and different and innovative ways, we also have an opportunity to look at ourselves very clearly and to try to strengthen ourselves from the grassroots as we move toward the next century; one that I think will be an exciting world of more open trade borders and constantly changing economies; one that will, to be sure, still be full of danger and disappointment but one that can give the American people an astonishing amount of opportunity if we do what it takes to play a leading role and to give all of our people a chance to live up to their full potential.

We can only do that, in my judgment, if we find ways of facing our problems and building our bridges to the rest of the world by being faithful to our traditional values and adapting them to the world toward which we are going, by giving our citizens the freedom they need to make the most of the opportunities they'll find, and demanding that all of us take respon-

sibility for our common future by strengthening our families, our education system, and our system of work, and by rewarding the work of citizens by telling people that if they do what it takes to compete and win, they will have a chance to do just that.

We can't allow our people to be helpless in the faces of the changes that are coming, a world in which the average 18-year-old will literally change work seven or eight times. Giving them the confidence and the capacity to embrace those changes is a big part of my job as President as we move toward the end of this century. We've fought hard for an economic strategy that will create a more stable and more prosperous America, beginning with an understanding that the private sector is the engine of wealth creation and job creation.

Last year, the Congress passed, against enormous opposition and the threat of recurrent gridlock, the largest deficit reduction plan in history. We used honest numbers, and Congress and the President didn't argue over whether I had given them unrealistic budget assumptions. We proposed real cuts, and soon, we will cut our deficit in half.

This year or next year, our deficit in America, as a percentage of our annual income will be smaller than any of the other major industrial countries in the world. That is a huge turnaround from the 1980's.

If the Congress adopts the budget before it now, and it's passing at a record rate, 100 Federal programs will be eliminated, 200 others will be cut, and we will have 3 years of declining deficits for the first time since Harry S. Truman was President of the United States. That is one of the reasons, along with the enormous changes which have been made in the private sector in this country, that consumer confidence is up, investment is up, productivity is up, and inflation is down.

Last week, we learned that last month our economy produced over a quarter of a million new jobs and has produced about a million in the first 4 months of this year. Over the last 15 months, the economy has produced about 3 million new jobs, nearly all of them in the private sector, again, a rather marked departure from the experience of the last few years when a very significant percentage of the jobs were created by Government.

Now, we know that there are still a lot of problems. There are still a lot of people who

want work, who don't have it. There are still a lot of sections of the country that are lagging behind. But we are moving in the right direction.

Last year, the Congress also, working with me, gave us what most experts said was the most productive first year of the Presidency, either since Lyndon Johnson's first year or Eisenhower's first year, depending on how they count in Washington; I can never quite keep up with it. But anyway, we had a good year. We passed the Family and Medical Leave Act after 7 years of gridlock. We passed the Brady bill after 7 years of gridlock. And it is already beginning to save lives. It is beginning to have an impact.

We dramatically expanded a provision of the Tax Code called the earned-income tax credit, which is designed to lower taxes for working people with children who hover right at or just above the poverty line. It is, in many ways, the biggest incentive we have for people to stay off welfare and stay at work, by saying that the tax system will not tax you into poverty, instead, it will reward your willingness to work.

We have a lot to do in the area of education and training. But already this year the Congress has passed two of the three legs of our comprehensive education program: first, the Goals 2000 bill, which gives us national education standards written into the law of the United States for the first time in the history of the Republic, supported by grassroots reforms and all kinds of incentives to achieve them in our public schools; and the school-to-work legislation, which will begin to establish a network in America of education and training for people who do not wish to go on to 4-year colleges but must have some further training after they leave high school in order to be competitive in the global economy and get good jobs with growing incomes.

Still to be done is changing the unemployment system into a reemployment system. Most of you who are employers pay an unemployment tax for a system that's been out of date for some time now, a system that assumes that when people lose their jobs they're just laid off temporarily and they'll be called back. So the unemployment taxes provide a pool of money to support people at a lower level than their wage but a sustainable level until they are called back. But the truth is most people are not called back to their old jobs today. And so we need to transform this system from an

unemployment system to one that begins immediately to retrain and replace people for new jobs in the economy.

Finally, something that Senator Moynihan has worked on a long time, we have to complete the work of welfare reform. In the end we are going to have to end the system as we know it. We are going to have to say, we'll provide education and training, we'll have a fair Tax Code, we'll have health care coverage for your kids. Once we do all these things, the system itself should come to an end at some point, and people should be provided work opportunities which take precedence over welfare.

One other thing I have to say, since we've all clapped for Congressman Schumer, is the crime bill has not passed yet. It's passed the House and it's passed the Senate, but they haven't agreed on a bill. And it is a very big deal for New York. The crime bill will have another 100,000 police officers. You have already seen in this city the evidence that crime can go down if you have neighborhood policing with real connections to the community. This 100,000 police officers will help to do this. It provides more funds for States for punishment and for alternative forms of punishment and more funds for prevention. And now it will provide the assault weapons ban. But it has not passed yet. And it is very important that we keep up the pressure to get the two sides, the Senate and the House, together to make an agreement, get the bill out quickly, and pass it as quickly as possible so that we can begin to show the benefits to the American people on the streets where they live. All these things are now in progress.

As proud as I am of all this, I have to tell you that it will not be enough to help us to deal with our present problems or seize our future opportunities, in my judgment, unless we deal with the health care situation in America, a crisis that has engulfed millions of people and stories that my wife and I have heard in letters and personal encounters, one that threatens the future stability of the Federal budget, one that threatens these fine teaching institutions you have here in New York and indeed the whole very fabric of our American community.

I wish I could just share with you any number of the unbelievable numbers of letters that I have received from middle class America and sometimes upper middle class Americans who lost their health insurance or who have a child

with diabetes or the mother had an early breast cancer or the father had an early stroke, and they've got a preexisting condition and they can never change jobs again, or the number of small businesses who tried so hard to cover their employees, but their premiums went up 35 percent and 40 percent a year.

I can tell you this: This budget I sent to the Congress—to give you an idea of the budget implications of the health care crisis—the budget I sent to the Congress cuts defense quite a lot. I think it cuts it as much as it should, and I hope it won't be cut another dollar right now with the challenges we face in the Pacific and elsewhere. But defense has been brought down dramatically since 1987.

This budget cuts overall discretionary domestic spending for the first time since 1969. We still spend money, more money on Head Start, on education programs, on women's health programs, on medical research, on education and training, and on new technology. Why? Because we eliminate 100 programs and cut 200 others. So we increase spending on the things we should, but overall domestic, discretionary spending is cut in the budget I sent to the Congress, for the first time since 1969. And still, if we adopt this budget in 1996 or '97, the deficit will start to go up again. Why? One reason only: Because health care costs in the Government's programs, Medicaid for poor people, Medicare for the elderly, are going up at 2 and 3 times the rate of inflation. So that, by the end of this decade, you will have pared down the defense system as much as it can possibly be pared down, you will have cut domestic spending, in many of our eyes, more than it should be cut, given the level of public investment we need in infrastructure and other things, and we will still have a rising deficit only because the only thing that will be going up in this budget is Medicare and Medicaid.

And at the same time, we find more and more of our finest teaching hospitals having more and more budget problems because people are being forced by their employers into managed care networks, and they're pulling out of more expensive care. And more and more folks are showing up at the door without health care coverage, uncompensated. This system eventually is going to cost everybody.

Now, the institutions of health care in this city, as Senator Moynihan never tires of telling me are the finest in the world. And New York-

ers have set standards for expanding coverage and for returning insurance to what it was meant to be: a fair deal at a fair price. I know that Governor Cuomo, especially, has worked very hard at the State level to control costs by keeping people healthy, not just by treating them when they're sick. A lot of things have been done. But it is clear, I believe, to everyone who studies this problem that until we find a way to provide health care security for all of our people and to ask everyone to bear a fair share of personal responsibility for the cost of health care, we are not going to be able to deal adequately with the institutional problems that we face.

What I have recommended is a system which is the most conservative change I think we can make, building on what we have: asking all employers who do not presently cover their employees or who have very limited coverage to pay a fair share of their employees' health care coverage and asking the employees to pay some as well. I think that is a fair thing to do.

I just left one of your distinguished retail operations here, a big food chain headed by Mr. Jack Futterman, who is here. He joined with Doug Dority, the president of the United Food and Commercial Workers, today to advocate our requirement, our proposed requirement, that all employers who don't cover their employees at least made some contribution to their employees' health care and that employees also make some contribution.

If we don't do something to provide universal coverage, if we don't do something to have a system in which everyone has health security, you're going to see more and more and more of the present problems. Today in America, 100,000 employees a month lose their health care coverage for good. Today in America, millions of people, 81 million Americans to be exact, 81 million in a country of 255 million, live in a family where someone has had a pre-existing condition. And what that often means is that the person either can't get health insurance or the person is locked into the job they're in because they can never change jobs. Because if you change jobs and go to another job, the new employer won't be able to cover you. This is going to become a bigger problem as big employers downsize and more and more new jobs are created by smaller employers. The structural changes in the American economy are

going to accelerate this problem of providing affordable health insurance.

So what are we going to do to change it? Many of the people who are opposed to this say, "Well, you're going to break small business if you require them to pay anything." The truth is most small businesses pay something for health insurance, but their premiums, on average, are 35 percent higher than larger business or Government. They're getting hurt by it.

The truth is, if you have a chain of food stores, like the one I visited today, and they cover their employees, they're at a competitive disadvantage to people who don't. But many do it anyway. And it isn't just the 39 million Americans who don't have health insurance; it's all the other people who are at risk of losing theirs.

If you think about it, very few people in American today have absolute security that they can never lose their health insurance, very few people. You have to either work for Government because you think Government will be there until the end of time and you think you'll always have that job, which may not be predictable because governments are downsizing, too, now, or you have to work for a company that is not only big and strong but one you're convinced will never downsize or at least won't downsize on you.

So this is an issue that affects all Americans. If you believe that everyone should have access to health care coverage, as they do in every other advanced economy except ours, there are only a couple of options. You could do what the Canadians do and say, "We'll have a private health care system, but it will be publicly financed." That's what we do with Medicare in America. We have a payroll tax and we pay for the health care of elderly people, and then they pay something for their health care depending on what they can afford to pay. It seems to me that that was the most dramatic change we could make, because that would actually just basically take all private health insurers out of the system, and it would remove the kind of incentives you have in a country like Germany, for example, where employers and employees have a vested interest in trying to continue to keep up the pressure to hold down health care cost increases.

So I rejected that approach. If you're not going to do it that way through taxes, then people have to pay for it who don't have it now.

And there are two ways you could do that. You can continue the system we have now, where employers and employees share the burden and allow those employers who want to cover it all to do so. Or you could pass a law saying anybody that doesn't have coverage now will have to buy himself or herself, the employees, the so-called individual mandate.

There are several problems with that. Number one, it becomes much more expensive in the subsidies you have to provide the low-wage workers, because employers who aren't providing anything don't have to do anything. Number two, it's like automobile liability insurance, it's harder to enforce, and often you don't find out people don't have coverage until they're sick and they need it. And number three, it would leave an enormous incentive, if widely applied throughout the society, for employers who are providing coverage to their employees now, to dump the coverage.

So it seems to me again the responsible thing to do is to extend the system that we have now. Nine out of 10 Americans and 8 out of 10 people in New York with private health insurance have it through their workplace. Eight out of 10 Americans who don't have any insurance have someone in their family who works. Therefore, it seems to me the logical, the most prudent, and the easiest and most easily understood way to cover everybody is to extend these benefits in the workplace and to provide two things to small businesses and self-employed people. One is a system of discounts so they can afford to buy decent coverage. And two is a system in which they can become part of a buying pool so that small businesses and individuals can buy on the same favorable terms that big business and Government can. That is quite simply what we try to do.

Now, we believe if we go to this sort of system and then provide for people to be in big buying groups where they can compete for health care, billions of dollars will be saved just by the end of the decade, that we will not continue to see costs go up at 2 and 3 times the rate of inflation, and that the savings will be broadly and fairly shared. Today, you know, medical inflation has gone down in the last year as it almost always does when we seriously considered reforming health care. But the benefits have flowed disproportionately to those who have access to big, managed care networks and not to those who do not.

So I will say again, it seems to me that this is an issue, for human reasons, for economic reasons, for reasons of our ability to manage the Federal Government's budget, has to be addressed and ought to be addressed this year. This is a thing that is going against the whole thing we want to do in America, which is to promote labor mobility by freezing tens of millions of people in the jobs they're in because of the health care problems of their families.

The system we have now clearly discriminates against small business, when small business is the energy behind most job growth in America. And the system clearly discriminates against you if you're responsible and you provide health care, because of the billions of dollars in cost-shifting. The system is also causing serious problems now or in the future for the great academic health centers of our country, including those here in New York.

For 60 years, Presidents and Congress have grappled with this problem. Richard Nixon proposed an employer requirement to cover health insurance in the early seventies, sponsored by Senator Packwood from Oregon, who is still in the Congress. We have debated this over and over and over again. What is the difference today? The difference today is, any number of medical associations have come out for what we're trying to do. Hundreds of small businesses have stood up against the relentless lobbying of the NFIB against the employer requirement, rooted in part in the fact that the NFIB has a lot of independent insurance agents who are obviously vested in the system we have now.

We have a lot of big business, even retailers, who are now saying the time has come for all Americans to have health care security. It's the only way to control health care costs. It's the only way to have genuine competition. It is the only way to guarantee labor mobility. It is the only way to reward work over welfare.

Just consider this—I'll say this in closing. Senator Moynihan's worked on this welfare issue all these years. Consider this: If you are a person on welfare and you are a person with a limited education and you take a job, chances are you'll get a job at a very modest wage, often in a company that doesn't have health insurance. Then you can begin working, drawing an income, and paying taxes to go to pay for the health care of people who didn't make the decision you did, instead, who stayed on welfare.

That is the system we have in America today: Go to work, lose your health care benefits; stay on welfare, keep them; go to work, pay taxes for the people who didn't make the decision you did. That is just one of the incongruities. The only way to fix it, ever, is to provide health care security for all of our people. Every other advanced country in the world does it, and we ought to do it now.

Thank you very much.

[At this point, the President left the room briefly to meet with Vina Drennan, widow of Fire Capt. John Drennan, Jr., who died in the line of duty. After Lou Rudin, president, Association for a Better New York, invited participants to ask questions, the New York State comptroller asked the President how the health care plan would relieve State and local governments of the burden of Medicaid.]

The President. Well, they will do one thing for sure and another thing, maybe. And let me try to be explicit about that. There are—in New York, as nearly as I can tell—I've studied these figures over the last several years for your State; this year I think the Medicaid budget went up something like 15 percent. If our plan passes and Medicaid is folded into the health care system generally—that is, people on Medicaid will go into large purchasing groups, along with folks from small businesses and medium-sized businesses and others, and the working poor, many of whom get Medicaid supplements in this State and others—that's quite a large part of your burden—will be paid for in a completely different way, that is, employers, employees in a Federal discount, then the rate of increase in Medicaid costs will be dramatically less than it is now. So over the next 4 or 5 years you will save quite a lot of money.

In addition to that, the hospitals here who have large Medicaid burdens will be better off because the Medicaid population will be in with the whole population, and the reimbursement rate will be the same for everybody. So that will take a significant burden off the hospitals with high Medicaid costs here.

Now, the other big issue in New York has been, is it fair for New York to have a 50–50 match when Mississippi gets an 80–20 match? Maybe New York should pay more than Mississippi because there are more wealthy people here. But there is also a huge poor population here. In other words, is it fair to have this match rate based overwhelmingly on the,

essentially, the average income of a State, the per capita income? We have a commission that is meeting on that, which is supposed to make a report to us in, I think, 1995, next year, about how to change it. There's no question that the formula should be changed and that States like New York with high per capita incomes but huge numbers of poor people are not treated quite fairly under a formula that only deals with per capita income. And that's going to happen next year.

But we reasoned, and I think properly so, that in order to pass a change in a formula like that, we needed to have an adequate study, we needed to have an alternative, and we needed not to mix it up in the whole question of providing health care coverage for all Americans, which we're having a hard enough time passing as it is.

So we put in this system to review it, come back in '95 and deal with it. So I think that that will also happen. I think you will get some relief there. But just passing the bill will save you a ton of money on Medicaid over the next 5 years.

[A city councilman asked about provisions to help cities deal with the health care needs of illegal aliens.]

The President. Well, as you know, presently, basically undocumented aliens often just become—their health care bills often become the burden for the States of the localities. What we propose to do is not to give undocumented aliens health care security cards, because if we did that we would basically be further rewarding people who get around our immigration laws, but to continue to handle them through the public health units that now do it, while providing a direct funding strain for the public health units to deal with the alien health care costs.

There will be a big debate in the Congress, and one of the things Senator Moynihan and the others who have jurisdiction over this in the committees will have to hash through is exactly how much money should be in the fund for undocumented aliens to go to public health units in New York, in Florida, in California, New Jersey, the States with big burdens.

But under our plan, at least, there is a special fund which recognizes that we are not doing enough to help the States deal with the burden of health care for undocumented aliens.

Q. Mr. President, my name is Joe Califano. Delighted to have you here, Mr. President.

The President. Also, I should say for Joe, we also have comprehensive drug treatment as part of the package of benefits.

Q. That's what I was about to ask you. New York City has one of the toughest substance abuse problems in the country, and what does your bill do for substance abuse?

The President. I think, Joe, I should make two points. One is that our bill, as it's presently written—and this is, again, a big problem for the Congress to deal with, but we thought that one of the reasons our bill is somewhat longer than some of the other bills is that we deal with a lot of other things other folks don't. What's going to happen to the academic health care centers, what's going to happen to the undocumented aliens—all of those things that have been—we believe that there should be a package of benefits which includes primary and preventive benefits and which includes comprehensive alcohol and drug abuse treatment in the benefits. And we believe it will save this society a fortune over the long run. And one of the real hard decisions that Congress will have to make and that we will have to deal with is whether we should continue to be a nation that closes the barn door after the cow's out.

You should know—and I didn't get into all this in my speech with you—but our bill is heavily weighted towards primary and preventive health care: mammographies for women whenever the doctor thinks it's appropriate and free from age 50 on—and just things like that, and comprehensive alcohol and drug abuse treatment benefits and any number of other primary preventive care treatment. So that's covered in the basic benefit package.

In addition to that, in this year's budget there is a 12 percent increase in funds for drug education and treatment, even though we're cutting overall spending. And in the crime bill there is a huge increase for drug and alcohol abuse treatment for people who are incarcerated or who can avoid incarceration if one of the conditions of avoidance is being in a treatment program.

Q. For those that don't know, Joe Califano was former Secretary of HEW a few years ago. Joe, thank you.

The President. He's also the head of the Partnership for a Drug-Free America, which is why

I knew the answer to the question before he asked it. [Laughter]

[A participant asked about health care quality and academic health care centers.]

The President. This is a rather complex issue, but I'd like to talk about it in a little bit of detail, because it's so terribly important to New York, if I might. The academic health centers today are mostly, by accident of history, located in large cities. They treat, as part of their ongoing teaching functions, huge numbers of poor people. They also, historically, have treated huge numbers of professionals and others who have wanted to come to them because of the high quality of their care.

They are now getting it coming and going, for the following reasons: The more poverty concentrates in areas where academic health care centers are, the more people they have to treat who basically have no compensation for their care. So that hurts them financially. And then, as you just heard, the more people—more employers put their employees in managed care networks, the more likely those networks are then, the people making those choices, to choose the lowest cost health care option available, which may steer income, again, and opportunity away from the academic health care centers, ultimately undermining quality, ultimately undermining the ability of the United States to train, educate, and provide the finest doctors in the world, as well as ongoing medical research.

This is a huge deal, much bigger than it would appear at the moment. It goes way beyond the number of patients who stream in and out of Sloan-Kettering every year because it has implications for the entire United States and the whole quality and fabric of our health care system.

We seek to do two things in our bill which I think would help. One is, while I strongly support the whole concept of managed competition and managed care, I believe that we should leave more choices, and I think economically we can leave more choices with the employees or the patients, if you will. So under our plan, each health alliance would have to offer every employee at least three choices, although we think that employees—people will be offered more choices. Under the Federal employee health insurance plan, for example, which is a pretty good model, we have probably more than

20 choices. But you would have a range of choices so that it wouldn't be the employer's decision alone. The employer's contribution would be constant, no matter what. The employer wouldn't have to pay more.

But the employee would have the option, at least to enroll in a fee-for-service medicine or enroll in a Sloan-Kettering plan, for example, even if it were a little more expensive, because you could get a wider range of doctors or higher quality or whatever. So we'd have more choices there.

The second thing that we do is to try to provide for a direct fund to the academic health centers in recognition of the fact that you won't get the—there won't be a Medicare disproportion of share payment anymore because everybody will be covered. There's going to have to be a direct fund. And it's sort of like the question this gentlemen asked about undocumented aliens.

There will be a big argument about how much money should be in the fund, but plainly the United States has been supporting academic health care centers directly through medical education subsidies but indirectly through this undocumented—this Medicaid disproportion of share payment. And the time has come for us as a people, I think, to directly support the academic health care centers.

And what I would just say to you, sir, I met with all your counterparts in the Boston area not very long ago, and I told them the same thing. We need to go into the Congress, work this out, figure out what the financial requirements are, and do it.

The American people pay 40 percent more of their income for health care than any other people on Earth. A lot of it is due to the inefficiencies of the system. A part, a small part, is due to the excellence with which we educate doctors. And I think every American is willing to pay it, and we ought to pay it directly. And so I think if we do it right, this health care bill will make your existence more secure in the years ahead.

And the one thing I think you would agree with, if we don't do anything your condition will grow more perilous. So we have to do something, and the right thing to do is to have a direct support mechanism for the academic health care centers.

[A participant asked about people's fear of having to give up a familiar doctor for one chosen by an insurance company.]

Q. Mr. President, I just want to tell you that his father and his grandfather come from Texarkana. [Laughter]

The President. Is that right? No wonder you asked such a good question. [Laughter] That's a good question. Give him a hand. He asked a good question—[applause].

If the health care plan is not passed, more and more people will give up their doctor. And let me explain why. Most people who have health insurance, as I said, are insured through their place of work. The employers normally choose what health care plan covers the employees. More and more employers are choosing so-called managed care plans, where you make—basically you agree to pay a group of doctors and other medical professionals a flat rate, and they provide all the care they agree to provide during the course of a year.

If you switch from a plan where all the employees just pick their doctor and their hospital to a managed care plan and if that managed care plan only permits the doctors, the hospitals, and the other medical providers to provide care who are enrolled in the plan, then obviously a lot of employees will have to be forced to change. That is happening today.

Today, a little more than half of the American people who are insured at work are insured by plans that give them no choice. We're already at a little more than half. Now, the plan—so that's where we are now. And that trend is growing rapidly as employers try to control health care costs.

Under our plan, at least every person would have access to three different types of plans: let's say a managed care plan, like the one we described, where you might have to give up your doctor but it would be lower cost; a professional organization where a few hundred doctors get together and offer health care; or continuing a fee for service medicine, continuing the old plan you've got, where you'd have to pay a little more, but at least your employer would still make the same contribution and you could pick your own doctor.

So we're trying to do our best to get the benefits of managed care and the cost controls inherent in it, the market controls, and still give people some choices of their doctors. And as

I said, the law requires three different types of plans, but if you look at not only the Federal health plan—California just had a small business buyers co-op that's a lot like what we're trying to set up, where they had 2,300 small businesses with 40,000 employees go in and buy insurance together. And everybody says this is a Government plan; we're just trying to do this for everybody. The State of California hired 13 people to run this plan. And they were able to lower the cost of all the businesses and employees involved and to offer them 15 different choices by simply pooling them together. That's what I want to do.

I want to try to get the benefits of competition but to leave the choice of physician up to the people themselves. And I think that this is the best way to do it. If we do it, it will encourage all these plans to let all doctors provide services who will do it at the right price. That's what I want to do.

The fair thing to do is to say, okay, we'll provide these services, we'll manage this plan, we'll provide these services if you'll pay this amount. Then any doctor who's willing to do it for that price, in my judgment, ought to be able to do it.

[A participant asked about medical care for children in urban areas.]

The President. Thank you. You raise an issue which I think is important to emphasize here, because it will be an issue in New York, and in a different way it's an issue where I come from.

There are two different questions here. One is, have you covered people for the services they need at the time they need it? The second is, even if people have coverage, do they have access? For example, you've got a lot of people living in this city whose first language is not English who are citizens. If we pass this health care plan, how are they to know what their benefits are and how they access them? And how are we going to do that? That's a significant educational problem.

In rural America, one of the things our bill does that I'm very proud of is provide significant incentives for National Health Service Corps doctors. We're going to increase by fivefold the number of those doctors going into rural areas and underserved inner-city areas to get health care out there to people where it exists.

But I am convinced that a lot of our children who come from such difficult family circumstances are going to have to continue to get health care information and some basic health care services in the schools. That's why I've always been a strong supporter of the school-based health clinics. I know that they've become emotionally charged around the whole issue of teen pregnancy, but quite apart from that—you know, when I was a kid, we got our ear tests, we got our shots, we got a lot of things in the schools that don't happen very often any more. So a lot of these services, if you want access to be there, in my judgment, are going to have to be provided either in or quite near schools if we're going to reach these children as we should.

Thank you very much.

[At this point, the President was presented with a gift.]

The President. I want to say one thing: As an ardent basketball fan, Lou made one minor error when he compared the victory of Schumer with the assault weapons with the victory of the Knicks over the Bulls. And it's very important for health care, so I'm going to leave you with this: The Knicks overcame a 15-point deficit and beat the Bulls with fabulous defense. Schumer passed the assault weapons ban by playing offense. We cannot pass health care unless we play offense, and that means people like you have to tell the Members of Congress it's okay for them to play offense and solve this problem.

Thank you very much.

NOTE: The President spoke at 1:07 p.m. in the Trianon Ballroom at the New York Hilton.