

problems out there. But we could be doing a lot better than we're doing right now. We shouldn't be paying 50 percent more, 75 percent more than other countries that are just as healthy as we are. We shouldn't have prescription drugs 77 percent higher in costs than ours. And we shouldn't have people who are working really hard every day without health care or with \$8,000 deductibles, which means they basically don't have health insurance unless they get in an accident or they get really sick.

That just doesn't make sense. And the stories I get are heartbreaking, all across the country, from people who are just having a really tough time, and it's going to get tougher. So we've got to have the courage to be willing to change things. I know that sometimes people have lost confidence in the country's ability to bring about changes, but I think this is one of those times where we've really got to step up to the plate, and it will, ultimately, make Medicare

stronger, as well as the whole health care system stronger.

So thank you very much, everybody.

Mr. Cuthbert. One of the most difficult parts of working on an effort like health care reform is to keep in touch and keep up to date. May we suggest a web site: healthactionnow.org, that's healthactionnow—all one word—dot org. It will tell you how to get in touch with your Congressman and the people who are debating this whole issue and tell you how to keep involved until the very end, which we hope is soon.

Mr. President, Mr. CEO, Madam President, and everybody here and at home on the tele-town hall, we thank you all for participating. Keep up the good work, and we'll talk with you again. I'm Mike Cuthbert in Washington. Have a good day.

NOTE: The President spoke at 1:40 p.m. at AARP Headquarters.

Statement on the 56th Anniversary of National Korean War Armistice Day July 28, 2009

The freedom, security, and prosperity that we enjoy as a nation exists only because of the heroic and selfless sacrifices of America's service men and women. Today we owe special remembrance to the veterans of the Korean war and especially the United States and Allied

combatants who made the ultimate sacrifice in Korea. For their courageous actions in pursuit of freedom and democracy for the Korean Peninsula, these dedicated men and women deserve our unending respect and gratitude.

Remarks at a Town Hall Meeting and a Question-and-Answer Session in Raleigh, North Carolina July 29, 2009

The President. Hello, North Carolina. Thank you so much. Thank you. All right, please, everybody, have a seat. Have a seat. I am so excited to be back in Raleigh, to be back in North Carolina. This is a community and a State that has been so good to me. And I know that part of the reason is because I travel with one of your homeboys, Reggie Love. But I hope it's more than that.

A couple of people I want to acknowledge very quickly. First of all, I just want to thank Sara Coleman for the wonderful introduction. Give her a great round of applause. She brought

me a cupcake factory T-shirt, but no cupcakes. *[Laughter]* I mean, I know I've been talking about health care a lot, but I think cupcakes are good for your health—*[laughter]*—so next time.

I also want to acknowledge the Broughton High School Jazz Ensemble. I want to thank Gardner Taylor for the invocation, Tom Gill for the Pledge of Allegiance, Chelsea Cole for the national anthem, Del Burns, our Wake County Public Schools superintendent. I want to thank Stephen Mares, the Broughton High School principal.

I want to thank your own Governor, Bev Perdue, who is here. Unfortunately, Senator Kay Hagan, Senator Richard Burr, and Congressman Brad Miller can't be here because they're all working hard in Washington. Give them a big round of applause. We also have the Raleigh mayor, Charles Meeker, is here. Where's Charles? There he is right here. We've got the speaker of the house right here. Give them a big round of applause. I hear that the former Governor, Jim Hunt, is in the hallway. All right? There are a lot of elected officials. I'm starting to get into trouble—[*laughter*]*—*so I'm going to stop there and just say thank you to all of them for their outstanding service.

It is not only great to be back in Raleigh, it is also nice to get out of Washington. [*Laughter*] With all the noise and the fussing and the fighting that goes on, it's pretty easy for the voices of everyday people to get lost and for folks to forget why they're there.

So when I took office in January, I asked to receive 10 letters—to see 10 letters from people across the country every day. They're just selected by the mailroom. We get about 40,000 letters a day; they send me about 10 a day, and I read through them. And they're—some of them are heartbreaking, people talking about the tough times they're going through; some of them are inspiring. Most of the letters these days are about one thing, and that's the economy. So this is a town hall meeting, but before I take your questions, I want to spend a few minutes just talking about where we are and where we need to go on the economy.

I don't know whether you've seen the latest cover of Newsweek magazine on the rack at the grocery store, but the cover says, "The Recession is Over." Now, I imagine that you might have found the news a little startling. [*Laughter*] I know I did. Here is what's true: We have stopped the freefall. The market is up, and the financial system is no longer on the verge of collapse; that's true. We're losing jobs at half the rate we were when I took office 6 months ago. We just saw home prices rise for the first time in 3 years. So there's no doubt that things have gotten better.

We may be seeing the beginning of the end of the recession, but that's little comfort if you're one of the folks who've lost their job and haven't found another. Unemployment in North Carolina is over 10 percent today. A lot of small businesses like Sara's are still struggling with falling revenue and rising costs. Health care premiums, for example, are rising twice as fast as wages and much more for small businesses, something that I'll talk about a little bit later. So we know the tough times aren't over. But we also know that without the steps we had—have already taken, our troubled economy, and the pain it's inflicting on North Carolina families, would be much worse.

So let's look at the facts. When my administration came into office, we were facing the worst economy of our lifetimes. We were losing an average of 700,000 jobs per month. It was nearly impossible to take out a home loan or an auto loan or a student loan and loans for small business to buy inventory and make payroll. And economists across the ideological spectrum, conservatives and liberals, were fearing the second coming of a great depression.

Now, at the time, there were some who thought that doing nothing was somehow an option. I disagreed. We knew that some action was required. We knew that ending our immediate economic crisis would require ending the housing crisis, where it began, or at least slowing down the pace of foreclosures. And that's why we took unprecedented action to stem the spread of foreclosures by helping responsible homeowners stay in their homes and pay their mortgages. We didn't stop every foreclosure, we couldn't help every single homeowner who had gotten overextended, but folks who could make their payments with a little bit of help, we were able to keep them in their homes.

Ending this immediate crisis also required taking steps to avert the collapse of our financial system, which, as Federal Chairman Bernanke said the other day, was a real possibility. Now, let me just say this about banks. I know it didn't seem fair to many Americans to use tax dollars to stabilize banks that took reckless risks and helped to cause this problem in the

first place. It didn't seem fair to me either. And even though the bank bailout began under the previous administration, and I wasn't always happy with the lack of accountability when it was first begun, I do believe that it was actually necessary to step in, because by unlocking frozen credit markets and opening up loans for families and businesses, we helped stop a recession from becoming a depression. And by the way, taxpayers are already being paid back by the banks, with interest.

We also took steps to help a struggling auto industry emerge from a crisis largely of its own making. Again, some folks thought, why are we doing that? There was a strong argument to let General Motors and Chrysler go under, and I know many of you probably share that view. And if we had been in ordinary times, not teetering on the brink of depression, we might have exercised other options, because if you make a series of bad decisions that undermine your company's viability, the folks back here, they probably wouldn't get bailed out; your company wouldn't be in business. And many folks didn't see why these companies should be treated any differently. But in the midst of a recession, their collapse would have wreaked even worse havoc across our economy.

So I said if GM and Chrysler were willing to do what was necessary to make themselves competitive, and if taxpayers were repaid every dime they put on the line, it was a process worth supporting. We saved hundreds of thousands of jobs as a result, and we expect to get our money back.

Now, even as we worked to address the crisis in our banking sector, in our housing market, in our auto industry—and by the way, there was a flu that came by during that process—[laughter]—we also began attacking our economic crisis on a broader front. Less than 1 month after taking office, we enacted the most sweeping economic recovery package in history. And by the way, we did so without any earmarks or wasteful pork barrel projects, pet projects that we've become accustomed to. Not one was in there.

Now, there was a lot of misinformation about the Recovery Act or the stimulus, whatever you want to call it. So let me just lay out the facts,

because I think some folks are confused. As I was driving in, everybody was—there were some folks cheering, and then there were some folks with signs. [Laughter] So I hope they're paying attention, because I want to make sure everybody understands exactly what the Recovery Act was all about.

To date, roughly a quarter of the Recovery Act's funding has been committed, over 30,000 projects have been approved, thousands have been posted online as part of an effort to uphold the highest standards of transparency and accountability when it comes to our economic Recovery Act.

Now, the Recovery Act is divided into three parts. And I know a lot of people think, "Oh, this is just blowing up government and wasting money." Let me describe exactly where this money went, just so if your friends or neighbors talk to you, you can give them the right information.

One-third of the entire Recovery Act is for tax relief for you, for families and small businesses—one-third of it. Ninety-five percent of you got a tax cut. You may not notice it—[laughter]—because it's appearing in your paycheck on a weekly basis—every time you get a paycheck, as opposed to you getting a lump sum. Because it turned out that by spreading it out, it had more of a potential to stimulate the economy. That's what the economists advised us to do. But a third of it is going to tax breaks to individuals and small businesses. That's money in your pocket to buy cupcakes and other necessities of life. [Laughter]

So for Americans struggling to pay rising bills with shrinking wages, we have kept a campaign promise to put a middle class tax cut in the pockets of 95 percent of working families. That began showing up in your paycheck about 3 months ago. We also cut taxes for small businesses on the investments that they make.

So just remember this: One-third of it—if you think about the recovery, it was a little under \$800 billion—a third of it went to tax cuts. And all those folks who are complaining about growing government and all that stuff, we are actually cutting your taxes, giving your money back so you can spend it. That's a third.

Another third of the money in the Recovery Act is for emergency relief that is helping folks who have borne the brunt of this recession. For Americans who were laid off, we expanded unemployment benefits, a measure that's already made a difference for 12 million Americans. So we extended unemployment insurance; that's made a difference in 12 million Americans, including 300,000 folks here in North Carolina who would have been cut off from unemployment insurance if we hadn't extended it.

We're making health insurance 65 percent cheaper for families who were relying on COBRA while looking for work. So let me just see a show of hands. How many people know what COBRA is? All right. So you know that if you lose your job, you're allowed to keep your health insurance by paying premiums through COBRA. Here's the problem: If you've lost your job and your premium is \$1,000 right at a time when you've got no job, it's hard to come up with that money, right? So what we did in the recovery package was to say, we're going to give—65 percent of those costs we will pick up so that you can keep your health insurance while you're looking for a job.

And for States who were facing historic budget shortfalls—I was just talking to the Governor and the speaker—we provided assistance that has saved the jobs of tens of thousands of teachers and police officers and firefighters. So that's the second third. I just want to remind everybody: first third, tax cuts; second third was providing emergency relief to families who had lost their jobs, for their insurance, and to support them with unemployment insurance, and States that otherwise would have billions of dollars in shortfalls.

Now, that's two-thirds of the money of the Recovery Act. And if we hadn't put that in place, imagine the situation that people would be going through right now. It would be a lot worse, and the States would be going through a lot tougher times, having to make cuts that they don't want to make.

All right, so this brings us to the last third, and this is where the critics will say, "Okay, well, maybe we agree with the tax cuts, maybe we agree with the assistance to the States and

individuals, but what about that last third, all those investments?" Well, you know what? We decided that the last third should be for short-term and long-term investments that are putting people back to work and building a stronger economy for the future.

And I want you to know this money is not being wasted. We're seeing the results of these investments here in Raleigh and across North Carolina. The Beltline is being resurfaced between Wake Forest Road and Wade Avenue. The Raleigh-Durham Airport is renovating its runways. The city of Raleigh's transit system is building a new operations and maintenance facility. Over 500 people are going to work as part of a summer youth work initiative. Water treatment plants are being renovated throughout the Triangle.

These are the kinds of projects being launched across the country to rebuild crumbling roads and highways and bridges and waterways, with the largest new investment in our national infrastructure since Eisenhower built the Interstate Highway System in the 1950s. And that puts people to work right away, but it also creates a long-term, sustainable economic future.

Now, I know that there are some critics in Washington—maybe out there—[laughter]—they say, "Well, you've been too slow getting these projects started." They're saying we should have broken ground on all our highway projects on the first day. Well, that's impossible, especially because I wanted to be sure we did our homework and invested our tax dollars only in those projects that actually created jobs and jump-started our economy.

So we knew that it was going to take a few months before these projects got on line. That takes time, if you're going to do it right. And we've already eliminated wasteful projects that didn't meet this test, because every taxpayer should have the assurance that we're investing their hard-earned tax dollars responsibly.

So just remember, if somebody asks you about the stimulus or the recovery: One-third of it is in your pocket in tax cuts; one-third of it is unemployment insurance relief, help on COBRA, and making sure that States don't have to make cuts that would make things

worse; one-third of it, investments in roads and bridges, putting people back to work. So it will take time to achieve a complete recovery. We're not going to rest until anyone who's looking for work can find a job. But there should be little debate that the steps we took, taken together, have helped stop our economic freefall.

That's the story of the first 6 months. It's cost some money to do this, although I've got to say, when I hear critics talk about out-of-control spending, I start scratching my head. I can't help but remember those same critics contributed to a \$1.3 trillion deficit that I inherited when I took office. I mean, seriously. I'm now President, so I'm responsible for solving it, but I do think we shouldn't have a selective memory—[laughter]—in terms of spending habits. You hand me a \$1.3 trillion bill, and then you're complaining 6 months later because we haven't paid it all back. [Laughter] A debt, by the way, that was partially a result of two tax cuts that went primarily to the wealthiest few Americans and a Medicare drug program that wasn't paid for. These are the same folks who are now complaining about, well, health care, we can't afford health care. You passed the prescription drug plan, didn't pay for it, handed the bill to me. [Laughter]

Now, because of that debt, a lot of people are saying we can't go any further in tackling our problems; we definitely can't do health care, too much debt, too big deficits. Look, I understand the concern about debt. I have to—I'm looking at these spreadsheets every day. We dug ourselves a deep hole. And because of the recovery package that we put together, that has added to it. So we now have problems. We're going to have to tighten our belt. But we can't do it in the middle of the stimulus. We can't do it in the middle—just as the economy is coming out of recession. No economist would recommend that.

And I do understand people who feel like they've had to cut back, so why shouldn't the government have to cut back; why start a new government program now? So let me just explain why the health of the American people and the American economy demands health in-

surance reform. I want to just explain briefly reform, what it will mean for you, and then we'll start taking questions.

First of all, nobody is talking about some government takeover of health care. I'm tired of hearing that. I have been as clear as I can be. Under the reform I've proposed, if you like your doctor, you keep your doctor. If you like your health care plan, you keep your health care plan. These folks need to stop scaring everybody. You know? Nobody is talking about you forcing—to have to change your plans.

But if you're one of the 46 [million]^{*} Americans who don't have coverage today, or you've got that coverage where you've got a \$10,000 deductible, so it's basically house insurance, it's not health insurance—[laughter]—you pay the premiums so you won't lose your house if you get hit by a bus, heaven forbid, then you'll finally be able to get quality, affordable coverage.

But what a lot of chatter out there hasn't focused on is the fact that if you've got health insurance, then the reform we're proposing will also help you because it will provide you more stability and more security. Because the truth is, we have a system today that works well for the insurance industry, but it doesn't always work well for you. So what we need, and what we will have when we pass these reforms, are health insurance consumer protections to make sure that those who have insurance are treated fairly and insurance companies are held accountable.

Let me be specific. We will stop insurance companies from denying you coverage because of your medical history. I've told this story before. I will never forget watching my own mother as she fought cancer in her final days worrying about whether her insurer would claim her illness was a preexisting condition so they could wiggle out of paying for her coverage. How many of you have worried about the same thing? A lot of people have gone through this. Many of you have been denied insurance or heard of someone who was denied insurance because they've got—had a preexisting condition. That will no longer be allowed with reform. Now, we won't allow that. We won't allow that.

* White House correction.

With reform, insurance companies will have to abide by a yearly cap on how much you can be charged for your out-of-pocket expenses. No one in America should go broke because of an illness. We will require insurance companies to cover routine checkups and preventive care, like mammograms and colonoscopies and eye and foot exams for diabetics, so we can avoid chronic illnesses that cost not only lives but money. No longer will insurance companies be allowed to drop or water down coverage for someone who's become seriously ill. That's not right; it's not fair. We will stop insurance companies from placing arbitrary caps on the coverage you can receive in a given year or in a lifetime.

Now, so my point is, whether or not you have health insurance right now, the reforms we seek will bring stability and security that you don't have today, reforms that will become more and more urgent with each passing year. So in the end, the debate about reform boils down to a choice between two approaches. The first is projected to double your health care costs over the next decade, make millions more Americans uninsured, bankrupt State and Federal governments, and allow insurance companies to run roughshod over consumers. That's one option. That's called the status quo. That's what we have right now.

I want everybody to understand this: If we do nothing, I can almost guarantee you your premiums will double over the next 10 years, because that's what they did over the last 10 years. It will go up three times faster than your wages, so a bigger and bigger chunk of your paycheck will be going into health insurance. It will eat into the possibility of you getting a raise on your job, because your employer is going to be looking and saying, "I can't afford to give you a raise because my health care costs just went up 10, 20, 30 percent." And Medicare, which seniors rely on, is going to become more and more vulnerable. On current projections, Medicare will be in the red in less than 10 years.

So that's the status quo. When everybody goes around saying, "Why is Obama taking on health care," that's the answer. That's one option. I don't like that option. You shouldn't ei-

ther. That plan doesn't sound too good. That's the health care system we have right now. So we can either continue with that approach, or we can choose another approach, one that will gradually bring costs down, will improve quality and affordability for every American when it comes to their health care, and will help get our exploding deficits under control. That's the health care system we can bring about with reform.

So back in Washington, there's been a lot of talk about the politics of health care, and who's up and who's down, and what it will mean for my party if this—will my Presidency be damaged severely if we don't pass health care. I keep on saying to people, I've got health care. *[Laughter]* This is not for me.

Here in North Carolina, you know this isn't about politics. This is about people's lives. This is about people's businesses. This is about the future. I want our children and our grandchildren to look back and say this is when we decided to take the politics out of it and start doing something for the future of this country. I'm going to need your help, Raleigh; let's go do it.

Thank you. Thank you. Thank you very much. All right. I was getting fired up there at the end. *[Laughter]* Okay. So this is the town hall portion.

Audience member. [Inaudible]

The President. Sorry, I can't hear you, sir. Sir, I'll be happy to take your question, but—all right, I'll be happy to take your question, but maybe let's do it in an orderly fashion. Thank you, sir; we appreciate you.

Where was I? Here's what we're going to do. We're going to go girl, boy, girl, boy. *[Laughter]* We're going to go around the room. I'm going to try to take as many questions as I can. If you can keep your answers short—or your questions short, I'll try to keep my answers short. And just raise your hand. I won't be able to get to everybody. There are people with microphones in the audience, so if you can wait until somebody with a microphone finds you, that way we'll be able to hear your questions. People with the microphones, can you wave, just so I can see you? All right, there they are.

All right, so I said girl, boy, girl, boy. We'll start with this young lady right here. Here—she's coming with the microphone—the one in the white blouse. And please introduce yourself if you don't mind. Why don't you stand up so everybody can see you?

Shortage of Primary Care Physicians

Q. Okay. I'm so honored to be here, and thank you for taking my question first. Wow, I'm really nervous. I guess I want to ask, as the wife—

The President. What's your name?

Q. My name is Kim.

The President. Hey, Kim.

Q. And I'm here from the Chapel Hill area.

The President. Great.

Q. As the wife of a family physician, we see people not only coming into that specialty less and less often but also leaving that specialty because it's so, so hard as a young family to make that work: long hours, not great reimbursement, not great pay, with huge amounts of debt when you come out of medical school. So what are you thinking of to entice more people to come into that specialty? Because you can insure every person in America and if there's not a physician there to see that person, you still don't have health care. So what are you going to do to entice people to come—

The President. This is a great question. And so let me—just so everybody understands what we're talking about here, it used to be that the most common type of doctor was the family physician. You'd go in, and they knew you, and they knew your family. And every once in a while, you'd go to a specialist, but basically you were dealing with a family doctor. Increasingly, the economics of being a primary care physician or a family doctor is a bad deal for a lot of medical students, because they come out with hundreds of thousands of dollars of debt.

But it turns out that a primary care physician, as Kim just pointed out, their reimbursement rates are lower; the system doesn't reimburse for things like preventive care. If they stop one of their patients from smoking, they don't get reimbursed for that, but they do get reimbursed if they're a surgeon and they have to open up somebody's chest. Now, actually that first part

of it is probably more valuable to the person's health and to the society as a whole, but if it's not rewarded, then fewer and fewer people go into that branch of medicine.

If we pass health reform, when we pass health reform, then what we're going to—and more people now have access to the system, it is going to be vital that we increase the number of primary care physicians. The best way for us to do it is twofold. One is to change how we reimburse, changes in the delivery system. So what we're trying to do is we're trying to say, in all these systems, insurance companies, they should reimburse for preventive care. If a health system is making sure that a diabetic is taking their meds or monitoring their diet, they should get reimbursed for that, not just getting reimbursed for the \$30,000 foot amputation after somebody gets into real medical trouble. So one thing to do is to change reimbursement so that the incomes of primary care physicians are more comparable with specialists.

The second thing is to provide scholarships and financial incentives for young medical students who are willing to go into the primary care field. If you combine those two things—[applause]—if we combine those two things, then we can change, I think, the incentives for a lot of doctors so that we get more and more primary care physicians.

All right? Okay. It's a man's turn. All right, this gentleman right here. We've got to find a mike for you.

Medicare and Medicaid

Q. Thank you, Mr. President. My brother is—he has a family of four and two children. His daughter is a disabled child, MS, and he receives Medicaid. He managed—he works a job—he managed to save \$3,000, and at this point, Medicaid stopped all benefits helping him. And I want to know, does your health care plan include reforms for the Medicaid system and these kind of injustices?

The President. Well, it's—we have reforms for Medicare and Medicaid in terms of the delivery system. Now, what you're referring to is benefit levels and how they're calculated, and that has not been the central focus of the reform initiatives we've been putting forward.

We're going to have to examine some of those benefit mechanisms. I have to tell you, though, it's always a little bit tricky because, on the one hand, you're right that your brother should be able to save up some money for emergencies or for a college fund or what have you and not suddenly lose all their—the Medicaid benefits. On the other hand, we've got to make sure that Medicaid isn't used by people who could afford to pay for health care themselves. So trying to find that balance is always difficult.

Without looking at your brother's particular situation, I could not tell you exactly what needs to be done to modify it. But I do think that both under Medicaid and Medicare, we can make the system more efficient, and we can encourage better practices that will reduce the costs overall, so that would reduce costs for taxpayers and reduce costs for your brother. And that is a goal, I think, that is a win-win for everybody. It's not going to solve all these problems, but it's important.

Okay, I'm going to turn back to one of these small businesses. It's a lady's turn, though, sorry. [*Laughter*] So we got one right here.

Public Health Insurance

Q. Mr. President. Is this on?

The President. Yes.

Q. My name is Patty Briguglio. I own a company called MMI public relations. I have 20 employees, and I provide health care benefits for them. And so I wouldn't blow it, I've written down my question. What current long-term social program created and run by the government should we look to as a model of success and one that we as taxpayers should feel confident that a new government-run health care system would be better than the current system in place? In other words, what are you going to do differently?

The President. Good. Well, let me say this. Just in the health care arena, I'd point to two areas: Medicare and the VA are both government-run health care programs that have very high satisfaction rates. Generally, if you look at surveys, they have actually very high satisfaction rates.

Now, the VA, because it's a self-contained system, meaning that people see patients year

after year, because they're not—it's not dependent on what job they have, they can actually do some things in terms of prevention and wellness and some of the things that I just talked about that have helped to lower their costs and improved quality of care in a pretty impressive way.

Medicare is a different situation, because seniors really like Medicare generally; they appreciate the security that it provides. And by the way, we're in the 44th anniversary of the passage of Medicare. Prior to that, senior citizens were extraordinarily vulnerable. And so it is a successful program.

The problem with Medicare is the same problem that we have with the health care system generally, which is, health care inflation has driven costs up. That's not unique to Medicare. In fact, this is something that's important to know, that health care inflation under Medicare has actually gone down at a—has actually increased at a lower rate than in the private sector. All right?

So let me repeat what I just said, because everybody always says, well, government can't run anything. Medicare costs have gone up more slowly than health care costs in the private sector. So the private insurance that you're getting, you've actually seen your premiums go up faster than Medicare has cost taxpayers, even though seniors have high satisfaction rates with Medicare.

Now, having said all that, it's all relative. Medicare still needs to be a lot better and more efficient. And there are examples of how we can make the entire health care system more efficient. We know where these examples are: the Mayo Clinic, the Cleveland Clinic, Geisinger, Kaiser Permanente. There are health systems around the country that actually have costs that are as much as 20 or 30 percent lower than the national average and have higher quality.

And so the question is, why is that? What is it that they're doing differently than other systems? And there are some patterns that start coming into place. For example, number one is that they have a patient-focused practice where instead of worrying about how they're getting—how they're billing—so how many

tests they're ordering or how many procedures they're ordering—all they're focused on is the patient. And they—part of what helps is their doctors are all on salaries, so they don't even know what the economics of any decisions that they're making are.

Then it turns out you also have a group practice so that when you come in, the family physician, your primary care physician, has already coordinated with all the specialists. So instead of having to go to four different doctors and four different tests, you go take one trip and you see all of them all at once, and they all help diagnose you and coordinate your care throughout the process.

They've got health information technologies so that when you take a test, it actually gets forwarded to the next doctor and the next doctor and to the nurse and the pharmacist so that there aren't any errors. So there are a whole range of practical things that they're doing that are improving quality and lowering costs at the same time.

Now, there's no reason that we can't duplicate that in both private and public settings across the board. But in order to do that, we're going to have to change how we reimburse for exams. So we've got to say to doctors and hospitals, we're not going to reimburse you for the number of tests you provided; we're going to reimburse you instead for the quality of the outcome.

Here's another example. Right now we just reimburse hospitals no matter how many times they readmit you. Now, if you took your car to the shop and they fixed it, or you thought they fixed it, and then 2, 3 weeks later you go back in and they're having to do the same thing, you wouldn't feel good about paying twice for the exact same thing that you thought had been fixed. But under Medicare there is no penalty to hospitals for having very high readmission rates compared to their peers. So those are the kinds of things that can be changed.

Now, your broader question may just be, I don't have confidence in government. But as I pointed out—I just want to go back to my original point—Medicare costs have gone up more slowly than private sector health care costs. That is documented.

Cost of Health Care Reform

Q. I'm sorry. If you do say that we know Medicare has this problem, that they're paying for readmittance, why don't we reform that now? That's a government program. Why are we allowing that?

The President. That's exactly what I want to reform. No, no, maybe I'm just—I don't understand your question. That's exactly the changes that we want to make. Those are exactly the changes that we want to make. That's what we're proposing.

And what happens when we propose that is, then people start trying to scare you by saying—I mean, I've got seniors right now who are writing to me—let me address the seniors in the audience. I've been getting letters, people saying, "I hear that you're going to take my Medicare away." I've received letters that say, "I don't want a government-run program, I don't want socialized medicine, and by the way, don't touch my Medicare." [Laughter] No, I do.

Because what's happened is, in this debate, on the one hand, people are worried about change; they're nervous that even though they may not be satisfied with what they have, what we create might be worse. And every proposal that you make, it's very easy to use scare tactics to make people think that you're going to lose your Medicare, we're going to ration your care, et cetera, this is going to cost way too much.

And so part of my job is just to try to get the facts in front of people. I want to make these reforms that you just talked about as part of the overall change in health care. And by the way, here's an important point: You've been hearing these figures that say it's going to cost a trillion dollars for this new health care program, so then of course people think, well, we can't afford that; a trillion dollars, that's a lot of money. First of all, just to keep it in perspective, that's a lot less than we spent on the war in Iraq, but that's—but it's still a lot of money. Two-thirds of the cost to cover everybody in America, two-thirds of it, could actually be paid for by money that's already in the health care system that taxpayers are paying that's being wasted.

So let me give you an example: One hundred and seventy-seven billion dollars over 10 years

is spent on subsidies to insurance companies under something called Medicare Advantage. There's no showing that seniors are healthier using Medicare Advantage than using regular Medicare, but taxpayers, you fork over an additional \$177 billion to them over 10 years. You take that out, that right there helps pay for millions of people who could get coverage.

So we've already identified five to six hundred billion dollars worth of savings that are already being spent by taxpayers that would help pay for the reforms that we're talking about. But you wouldn't know that from watching the news. And by the way, that—so a trillion dollars is over 10 years, so that's \$100 billion a year, 600,000—\$600 billion of it already paid for by money that you're already using—that's already being used, but just not used wisely in the health care system. That's what we're talking about. And for that we can have 40 million people who don't have health insurance getting health insurance.

And small businesses, if you're already paying health insurance—so you're already paying; you would get a tax credit. We're putting \$43 billion on the table to help reduce your costs directly, for your care. So small—95 percent of small businesses would benefit from subsidies, if they're already providing health insurance for their employees.

And if they're not providing health insurance for their employees—the problem is, small businesses typically have a much tougher time getting health insurance, and they pay higher premiums because you've got a smaller pool. You're only 20 people; it's not like some big Fortune 500 company with a thousand people; they can drive a harder bargain. You'll be able now to join and access health care through a health care exchange that we set up so that you're able to be part of a pool that can leverage lower prices.

This is not something that is impossible to do, but we've got to overcome the understandable skepticism that somehow Washington can never get anything right. I mean, that's the biggest challenge we have right now, is just people sort of generally have skepticism about Washington. And I—look, I understand that. That's why I ran for President, because I was

skeptical about what was happening in Washington.

All right, it's a man's turn. This gentleman right up in front here. He's got a—he looks quite popular. Everybody was pointing at him.

Cost of Prescription Drugs

Q. Thank you very much, Mr. President. My name is Bill Purcell. I'm one of those primary care doctors you were talking about, a pediatrician. I also have a little job in the North Carolina Senate. [Laughter] But I can see in my practice a patient and make a correct diagnosis and prescribe the right medicine, but if a patient can't afford the medicine, they don't get treatment. What can we do about the high cost of prescription drugs in America?

The President. We—since I gave a very long answer on the last one, I'll try to keep this one short. We pay 77 percent more for prescription drugs in America than any other country does—77 percent more than any other country. Now, if you talk to the pharmaceutical industry, they'll say, well, a lot of the research and development is done in this country, and that's how we're developing the great new drugs. That accounts for maybe 25 to 30 percent of the difference in the cost. The rest of it has to do with marketing. It has to do with the fact that, basically, the pharmaceutical industry can get away with it.

And what happened when the prescription drug bill was passed several years ago under Medicare, they specifically prohibited you negotiating—they prohibited Medicare from negotiating with the drug companies for the cheapest available price on drugs, specifically said you cannot negotiate. So what we've said is, in this reform process, we are going to turn that around.

And to the pharmaceutical industry's credit, they have sat down and started negotiating, and they've already said—they've already put \$80 billion in deep discounts and rebates on the table that would help to close the so-called doughnut hole that a lot of seniors are suffering under Medicare. They've already committed to that. That would cut the costs of the doughnut hole in about half. So that's a

significant savings. I think we can obtain more savings.

One other thing that's being debated right now on Capitol Hill, though, that people need to keep an eye on—one of the ways to lower prescription drug costs is to move to generics. And the problem right now is, is that the drug companies want—after they've come up with a drug, they want to keep that patent for 12 years. And there's a debate about can we lower that to 7 years before it goes generic so that people can enjoy lower prices on those drugs.

Those are some of the debates that will be taking place alongside the health care reform debate. But overall, there's no reason why we should not be able to at least pay in the ballpark of what other countries are paying for the exact same drug, and that will be a major focus in this health care reform legislation. All right? It's a woman's turn—young lady right there who's on the rail.

Impact and Cost of Health Care Reform

Q. Good afternoon, Mr. President.

The President. Good afternoon.

Q. First, I wanted to thank you for your Supreme Court nomination—I mean, appointment.

The President. She's going to do well.

Q. And all the hard work that you've been doing on the economy and with the health care reform. I had the opportunity with my family last year to meet you in Bristol, Virginia. My father gave you the cane to help you out doing the health care reform. But my current question is, I consider myself an average American. I worked for a corporate 500 company for 25 years and been unemployed for the past 2 years. And I prepared to teach mathematics in the middle school system in my hometown in Virginia, which I haven't gotten the opportunity to do that yet, but I volunteered in the school system and on your campaign. So my question is, I believe that most average Americans are for the health reform, but they are afraid of change. So what would you say to the average American, what do you believe the impact or the cost impact is to the average person that needs health care?

The President. All right. If you already have health care, if you've already got health insurance, then I can't guarantee that immediately you'll have—your premiums will go—be cut in half, but what I can guarantee is, is that your costs will be lower than if we don't have reform. I believe that strongly.

So the—if we can just get to the point where your premiums are going up as fast as your wages or your profits or your income, that would be a pretty good deal. Most people would take that. And I think that we can start bending the curve on our costs.

I can definitely guarantee, if you've already got health insurance, that you won't be barred from getting health insurance because of a pre-existing condition; you won't lose your health insurance if you change jobs or you lose your job; you'll have more security in the health insurance that you have than you do now. That will be written into the legislation. That will be part of the overall reform process.

I can also say with some certainty that if we pass this health care reform proposal, that not only will millions of Americans who don't have health insurance be getting insurance, but it will be much easier for small-business owners to provide health insurance for their employees and to get health insurance for themselves. Because a lot of small businesses, it's not just a matter of getting insurance for your employees, it's also just finding insurance yourself. If you're self-employed, good luck trying to find insurance right now. And by being able to buy it through a health insurance exchange, you will then be part of a broader group that has leverage over the insurance companies and will be able to get a better deal for you.

So bottom line is, your costs certainly will not go up, and they very well could go down, depending on the kind of insurance that you have right now. And if you've got health insurance, we're not going to ask you to change it.

Now, it is true—just full disclosure here—that, remember, I said two-thirds of this can be paid for through savings in the system already? If we're going to cover everybody, then we've still got to pay for that one-third. And that's not an inconsequential amount. That's somewhere around \$30 billion a year over the

next 10 years. And there are a bunch of different ways of paying for it.

I've suggested that we could pay for it just by reducing the itemized deductions for people who make over \$250,000 a year, like myself. And that right there would pay for it. There are other suggestions that are out there, and we are still debating those in Washington. The one thing that I've said is we're not going have middle class folks bear that burden. They can't afford it right now.

So for the average American, you stand to gain significantly if you don't have health insurance. If you do have health insurance, you will have more security. And if you're a small business, you will be in a better position to provide health insurance for yourself and your employees over the long term.

All right, I've got time for one more question. And this gentleman right here has been waiting a long time.

Congressional Review of Health Care Legislation

Q. How are you doing, Mr. President?

The President. Good.

Q. Thank you for everything you're doing and dealing with, from my heart.

The President. Thank you.

Q. This is more a political question than a technical question. I wondered—I hear a lot, especially the opposition, complaining that they don't have time to read these thousands of pages from your health care plan. And I was wondering, on the one hand, we've been in this—all this has existed for a long time; what difference does a couple of months, so we allow them to read it? And we just, you know, we just don't hear that anymore.

The President. Good. Well, let me just say this about, sort of, the politics of health care reform. First of all, this bill, even in the best case scenario, will not be signed—we won't even vote on it probably until the end of September or the middle of October. We're just trying to get it—all these different bills out of committee. So that means that any one of these Senators, if they want to take this bill home with them during the August recess,

they would have more than enough time to read it.

So, second point: We've been debating this for 40 years now. So some of the folks are—sincerely want to get it right, and we want to give them enough time to get it right. We don't want to just do it quickly; we want to do it right. But some folks who specifically said on the other side, the more we can delay, the better chance we have of killing the bill, because what happens in Washington is the longer it takes, the more the special interests can start getting in there and trying to knock it down. But—

Q. [Inaudible]

The President. Well, we did give them a deadline, and, sort of, we missed that deadline, but that's okay. We are—here is my promise—and by the way, I've been keeping my promises since I got into office. We will not sign—I will not sign a health care bill that is not deficit neutral, that is not paid for. I will not sign a bill that does not have all the reforms that we need to lower health care inflation over the long term. We will not sign a bill that isn't right for the American people.

Q. Public option, public option.

The President. I'm for the public option.

So I just want everybody to know, Congress will have time to read the bill. They will have time to debate the bill. When we—they will have all of August to review the various legislative proposals. When we come back in September, I will be available to answer any question that Members of Congress have. If they want to come over to the White House and go over line by line what's going on, I will be happy to do that.

We are not trying to hide the ball here. We're trying to get this done. But the American people can't wait any longer. They want action this year. I want action this year. And with your help, we're going to make it happen, North Carolina.

Thank you very much, everybody. God bless you.

NOTE: The President spoke at 12:05 p.m. at Broughton High School. In his remarks, he referred to Personal Aide to the President

Reginald L. Love; Sara Coleman, owner, Cupcake Shoppe Bakery, who introduced the President; Rev. Gardner C. Taylor, senior pastor emeritus, Concord Baptist Church of Christ in Brooklyn, NY; Tom E. Gill III, incoming junior

class president, and Chelsea M. Cole, student, Broughton High School; Joe Hockney, speaker, North Carolina State House of Representatives; and Supreme Court Associate Justice-designate Sonia M. Sotomayor.

Statement on Congressional Action on Health Care Reform Legislation *July 29, 2009*

I want to thank the Members of both the Senate and House of Representatives for continuing their work on health reform to provide more stability and security for Americans who have insurance and quality, affordable coverage for those who don't. I'm especially grateful that

so many Members, including some Blue Dogs on the Energy and Commerce Committee, are working so hard to find common ground. Those efforts are extraordinarily constructive in strengthening this legislation and bringing down its cost.

Statement on House of Representatives Passage of Food Safety Legislation *July 30, 2009*

Today the House of Representatives passed H.R. 2749, the "Food Safety Enhancement Act of 2009," legislation that will raise food safety standards, allow the FDA to issue mandatory recalls of harmful products, and enhance our oversight of imported food.

This action represents a major step forward in modernizing our food safety system and protecting Americans from food-borne illness. Those are the goals of the Food Safety Working Group I convened in March and charged with making recommendations to improve our food

safety system. And that is why we announced a new rule to control Salmonella contamination in eggs and are working to reduce the presence of harmful pathogens such as E. coli in meat and produce, strengthen our capacity to trace the source of outbreaks, and update our emergency operations procedures.

I commend the House of Representatives for its action today and look forward to working with the Senate to enact critical food safety legislation.

Statement on a Discussion With Professor Henry Louis Gates, Jr., and Sergeant James Crowley *July 30, 2009*

I am thankful to Professor Gates and Sergeant Crowley for joining me at the White House this evening for a friendly, thoughtful conversation. Even before we sat down for the beer, I learned that the two gentlemen spent some time together listening to one another,

which is a testament to them. I have always believed that what brings us together is stronger than what pulls us apart. I am confident that has happened here tonight, and I am hopeful that all of us are able to draw this positive lesson from this episode.