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Grandy, Fred (R-IA)

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Iowa - 6th District

6 Fred Grandy (R)

Of Sioux City — Elected 1986



Born: June 29, 1948, Sioux City, Iowa.
Education: Harvard U., B.A. 1970.
Occupation: Actor; congressional aide.
Family: Wife, Catherine Mann; three children.
Religion: Episcopalian.
Political Career: No previous office.
Capitol Office: 418 Cannon Bldg. 20515; 225-5476.

In Washington: Grandy has distinguished himself as one of the most able of the younger generation of House Republicans. Should he choose to make a career out of it, he could rise to a position of considerable influence in the House. He has a good place to start the climb: a seat on the Ways and Means Committee that he got at the beginning of his third term.

A onetime congressional aide, Grandy already had a working knowledge of the House when he arrived in 1987. In his first two terms, he primarily focused on the Agriculture Committee, where he earned a reputation for intelligence, incisiveness and homework. He was named to the House-Senate conference committee on the 1987 farm-credit bill, the most important agriculture legislation of the 100th Congress. He was also a co-author of the Drought Assistance Act of 1988.

Grandy does not react to farm issues reflexively. Where the majority of Agriculture Committee members are committed to getting the most for the farmers in their districts, Grandy casts an eye toward the programs' cost, seeing growing reluctance among House members to support generous farm payouts.

When the committee considered a disaster-relief bill in 1989, Grandy won approval of an amendment that limited outlays to the amount of money saved by the government that year because of the adverse weather. With the drought raising commodity prices, the government paid less in farm price and income supports. Only such savings could be used for disaster payments.

During work on the 1990 farm bill, members from states that grow soybeans and oilseeds (such as sunflowers) sought new subsidies. But Grandy warned that the added cost would never fly on the House floor. He proposed that any additional subsidies be paid by taking money from other crops' subsidies. "We cannot spend more than we have, or we will be decimated on the floor," he said. But his "zero-sum" approach to subsidies was not approved.

Grandy began working on enacting groundwater-protection legislation in his first term; he was one of the GOP floor managers for the groundwater-research bill that passed the House in 1987. The bill died in the Senate. Frustrated over what he saw as the Department of Agriculture's inaction on the issue, he introduced a sweeping bill in 1989 to specify how the department should coordinate groundwater policy. Some groundwater-control language became law in the 1990 farm bill. Grandy was a member of the House-Senate conference committee that worked out the details of that bill.

In the middle of 1989, Grandy was appointed to the House ethics committee. Ethics is generally considered a thankless assignment; Grandy's place there demonstrates his willingness to do some heavy lifting for GOP leaders.

In his two terms on Education and Labor, Grandy was usually allied with the committee's more combative conservative Republicans against such labor-endorsed initiatives as mandatory parental leave. He regularly earns high marks from business organizations and low scores from organized labor.

One Education and Labor fight that led Grandy to break with committee conservatives was the effort to restrict the funding discretion of the National Endowment for the Arts. Conservatives urged restricting — or abolishing — the NEA following an uproar over projects by grant recipients that some members considered obscene or sacrilegious. Defending the NEA, Grandy said, "I defy anyone in this chamber to find me a federal agency that has a better record of success." He added that conservative groups lobbying for restrictions "do not necessarily speak for all of the families of America."

The NEA debate was but one example of how difficult Grandy is to typecast ideologically. An opponent of abortion, Grandy votes with his party more often than the average Republican. But he was one of only 17 House Republicans to oppose a constitutional amendment to ban flag desecration in 1990. Less than a week after that vote, he chastised delegates at his state's GOP convention after they backed a flag-burning amendment. "You can't trash the First Amendment to protect our flag," he said.

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Iowa 6

Northwest — Sioux City

Northwestern Iowa's flat, rich soil makes it one of the most agriculturally productive areas of the nation, with consistently impressive yields for both corn and soybeans. But as farming has become a more costly, technologically complex business, many small-scale farmers have sold their land to agribusiness operations, eliminating jobs and causing migration from the district. Of the 23 counties in the 6th, every county lost population in the last decade.

Some of the more industrialized pockets of the district were hit hard by the 1982 recession and have yet to recover; Emmet County, in the north-central part, saw its unemployment soar to 16 percent that year, the result of meatpacking plant closings.

There are troubles in the rural counties as well. In the western part of the district, where farmers expanded considerably in the 1970s, some counties have seen scores of farms go on the market with no purchasers.

Sioux City, western Iowa's largest city (population 80,000), is the political core of the 6th. An old meatpacking town on the Missouri River, Sioux City has grown into an urban center with a massive downtown urban renewal project that includes a regional shopping center. The city ran into troubles a bit earlier than its neighbors, due to the closing of a large Zenith electronics plant in 1978. Since then, its condition has stabilized with the influx of some small industries.

The city and surrounding Woodbury County have about a fifth of the district's population and generally vote Republican.

Notwithstanding Grandy's easy reelections, his district is becoming somewhat less enamored of the national Republican Party. Democratic nominee Michael S. Dukakis won 15 of the district's 23 counties in 1988, but still lost the district by a tenth of a percentage point. Four years earlier, Ronald Reagan carried the district comfortably, but even he lost Cerro Gordo County, the second most populous in the 6th. Mason City, the county seat, is a producer of ice machines and building materials and a processor of meat and dairy products. It is also the town that inspired Meredith Willson, a native son, to write "The Music Man."

Population: 485,491. White 479,511 (99%), Black 1,621 (0.3%), Other 2,510 (1%). Spanish origin 3,319 (1%). 18 and over 348,641 (72%), 65 and over 74,259 (15%). Median age: 32.

A former actor, Grandy is known to TV trivia buffs as "Gopher Smith," the bumbling and likable ship's purser on the "Love Boat" series, which made Grandy famous. As Grandy has gained acceptance as a serious player on Capitol Hill, most members have allowed Grandy to progress beyond sitcom. But a few of his colleagues still dwell on the past.

According to *The Des Moines Register*, during Agriculture Committee consideration of a Grandy amendment to the farm bill, North Carolina Democrat Charlie Rose remarked that his state's senior senator, Jesse Helms, would consider Grandy's idea a "communist plot." "No pun intended," Rose said, "but this Love Boat should be stopped at the dock."

Grandy was not amused. "I assure you this proposal contains no homoerotic content," he said, alluding to Helms' efforts to muzzle the NEA. "Don't you speak about my senator like that," said Rose, his voice rising. "I'll tell him you said that," Grandy replied. He ended up withdrawing his amendment, however.

At Home: Grandy left college divided between ambitions in government and theater. He first chose the former, becoming a legislative aide and speechwriter to Wiley Mayne, then the GOP representative for northwest Iowa. But show business beckoned. Grandy was soon appearing in off-Broadway productions and films, and in 1975 his run with "Love Boat" began.

As that commercial success wound down, Grandy looked again to Washington. The road to Congress lay through Sioux City, where luck gave him a shot at an open seat in 1986.

When Grandy first started running for Congress in 1985, his bid was viewed as just a curiosity. An actor from California who had left Iowa as a young teenager, he returned to an area where he had never even voted to take on popular six-term Rep. Berkley Bedell (who had defeated Mayne in 1974). But early in 1986, Bedell decided not to run.

Left in the lurch, Democrats nominated Clayton Hodgson, Bedell's longtime chief agricultural aide in the district. Despite his late start and low name recognition, Hodgson had strengths Grandy lacked: a solid agricultural background, lifelong residency in the state and strong support from Bedell.

But Grandy proved surprisingly successful at deflecting carpetbagger charges and jokes about his show business career. An articulate graduate of Exeter and Harvard, Grandy set

out early to, as he put it, "make people understand that there is a long-pants version of Fred Grandy, not just Gopher Smith in short pants." He worked hard to master issues of importance to Iowa, and built a large campaign treasury.

While Hodgson stressed that he was an Iowan and Grandy was not, Grandy noted that his father's name still graced an insurance company in Sioux City, the 6th's largest city. He criticized his former home state of California as a "superficial environment." Grandy praised Iowa's sense of community and thanked residents for welcoming him back.

Ideological differences between the candidates were largely overshadowed by questions of background and style, but they did exist. Grandy tried to have the best of both worlds, appearing with President Reagan at the signing of the 1985 farm bill, but taking care not to defend the administration's agricultural policies. To troubled farmers he stressed the need to expand exports, with federal subsidies if necessary. Hodgson called Grandy's farm proposals "a welfare check for farmers" and pushed for production controls.

Grandy's victory was far from overwhelming. He carried only 11 of 23 counties in the district. But those who expected him to fall in his first re-election bid were soon surprised by both the job he did in Washington and his high-profile presence back home.

Democrats had thought Grandy vulnerable for his vote on contra aid and for the time he had spent campaigning for other GOP candidates or visiting in California. But the party was unable to field a strong candidate.

Their nominee was 30-year-old lawyer David O'Brien of Sioux Falls. Although he had excellent political contacts in the district, O'Brien was far outspent, and made no headway with his attacks on Grandy for being less attuned to the district than Bedell. Grandy easily carried every county and won by an even larger margin two years later.

Committees

Standards of Official Conduct (2nd of 7 Republicans)

Ways & Means (13th of 13 Republicans)
Human Resources; Select Revenue Measures

Elections

1990 General		
Fred Grandy (R)	112,333	(72%)
Mike D. Earll (D)	44,063	(28%)
1988 General		
Fred Grandy (R)	125,859	(64%)
Dave O'Brien (D)	69,614	(36%)

Previous Winning Percentage: **1986** (51%)

District Vote For President

	1988	1984	1980	1976
D	99,116 (50%)	90,257 (42%)	75,202 (34%)	96,880 (45%)
R	99,214 (50%)	121,665 (57%)	125,915 (57%)	114,986 (53%)
I			16,232 (7%)	

Campaign Finance

	Receipts	Receipts from PACs	Expenditures
1990			
Grandy (R)	$409,067	$251,675 (62%)	$322,563
Earll (D)	$44,250	$17,350 (39%)	$42,597
1988			
Grandy (R)	$527,487	$294,944 (56%)	$523,108
O'Brien (D)	$174,475	$74,825 (43%)	$175,951

Key Votes

1991	
Authorize use of force against Iraq	Y
1990	
Support constitutional amendment on flag desecration	N
Pass family and medical leave bill over Bush veto	N
Reduce SDI funding	Y
Allow abortions in overseas military facilities	N
Approve budget summit plan for spending and taxing	Y
Approve civil rights bill	N
1989	
Halt production of B-2 stealth bomber at 13 planes	Y
Oppose capital gains tax cut	N
Approve federal abortion funding in rape or incest cases	N
Approve pay raise and revision of ethics rules	N
Pass Democratic minimum wage plan over Bush veto	N

Voting Studies

	Presidential Support		Party Unity		Conservative Coalition	
Year	S	O	S	O	S	O
1990	63	37	81	17	76	22
1989	74	26	86	13	90	10
1988	52	43	70	27	87	11
1987	63	37	77	20	86	14

Interest Group Ratings

Year	ADA	ACU	AFL-CIO	CCUS
1990	28	42	0	86
1989	25	64	8	100
1988	40	64	57	86
1987	20	57	19	80

U.S. CONGRESS

SENATE 2 R
HOUSE 2 D, 3 R

LEGISLATURE

Senate 18 D, 22 R
House 63 D, 62 R

ELECTIONS

1988 Presidential Vote
Bush
Dukakis

1984 Presidential Vote
Reagan
Mondale

1980 Presidential Vote
Reagan
Carter
Anderson

Turnout rate in 1988
Turnout rate in 1988
Turnout rate in 1990
(as percentage of voting a

POPULATION AND C

1980 population
1990 population
(32nd in the nation)
Percent change 1980-199(

DEMOGRAPHIC BRE

White
Black
Asian or Pacific Islander
(Hispanic origin)

Urban
Rural
Born in state
Foreign-born

MAJOR CITIES

Wichita
Kansas City
Topeka
Overland Park
Lawrence

AREA AND LAND

Area

Farm
Forest
Federally owned

: are many lines: dotted state boundaries on
vn the Great Plains, the more jagged and
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r. And just before you get to the Missouri
een the regions, the city of Council Bluffs,
ral Grenville Dodge lobbied Illinois lawyer
railroad; Lincoln got it through Congress in
Bluffs became its eastern terminus when it
th a war in between.
he southwestern part of Iowa that makes up
unties near Des Moines are classic corn and
ancestrally Republican, the falling prices of
northwest counties, around the small farm
ser to wheat country, though crop patterns
so are some of the nearby rural Catholic
ffs rai e more beef and fewer hogs, they are
avily Republican. Beyond the range of Des
ines Register & Tribune, they are in the
a World-Herald.
Republican Jim Ross Lightfoot, easily the
e was one of only 28 House members to vote
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vn as Jim Ross) helped him win with 51%
rcentages; he beat the 1990 anti-incumbent
leadership budget summit package and to

a folksy campaigner but an able politician;
he worked to require child safety seats on
ge for pilots from 60 to 65. He got a bill
r in Council Bluffs to commemorate the
arted for the West from the Council Bluffs
ropriations Committee, filling the seat left
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ntire southern tier of the state (with the
ner) and extends north enough to include
henandoah just falls within the new district
rict.

n. 7.8% 1980–1990. 98.8% White. Voting age

.....	100,734	(52%)
.....	92,323	(47%)

Rep. Jim Ross Lightfoot (R)



Elected 1984; b. Sep. 27, 1938, Sioux City; home, Shenandoah; Roman Catholic; married (Nancy).

Career: Army, 1955–56; Mgr., farm equipment manufacturing co., 1970–76; Corsicana City Comm., 1974–76; Farm editor, KMA Radio, 1976–84.

Offices: 1222 LHOB 20515, 202-225-3806. Also 501 W. Lowell, Shenandoah 51601, 712-246-1984; 105 Pearl, Council Bluffs 51503, 712-325-5572; 220 W. Salem, Indianola 50125, 515-961-0591; and Warden Plaza, Ste. 7, Ft. Dodge 50501, 515-955-5319.

Committees: *Appropriations* (22d of 22 R): Military Construction; Treasury, Postal Service and General Government.

Group Ratings

	ADA	ACLU	COPE	CFA	LCV	ACU	NTLC	NSI	COC	CEI
1990	6	4	11	39	13	92	100	90	93	69
1989	5	—	13	38	10	79	—	—	90	74

National Journal Ratings

	1989 LIB — 1989 CONS	1990 LIB — 1990 CONS
Economic	0% — 91%	11% — 87%
Social	8% — 89%	0% — 89%
Foreign	27% — 73%	12% — 79%

Key Votes

1.Eastern Strike Board	AGN	5.Rape/Incest Abort $	AGN	9.Cut SDI Funds	FOR
2.Override Wage Veto	AGN	6.Flag Amendment	FOR	10.Freeze Salvador Aid	AGN
3.Bal Budget Amend	FOR	7.1990 Civil Rights Act	AGN	11.Urge Test Ban Talks	AGN
4.Tax Rich/Incrs Med	AGN	8.Cap Pun/Race Discrm	AGN	12.Suspend Angola Aid	AGN

Election Results

1990 general	Jim Ross Lightfoot (R).....	99,978	(68%)	($418,134)
	Rod Powell (D).....	47,022	(32%)	($63,591)
1990 primary	Jim Ross Lightfoot (R), unopposed			
1988 general	Jim Ross Lightfoot (R).....	117,761	(64%)	($4[illegible]0,730)
	Gene Freund (D).....	66,599	(36%)	($115,[illegible]01)

SIXTH DISTRICT

One of the oldest market towns on the Great Plains is Sioux City, nestled below and running up the bluffs above the Missouri River. Although still the largest city on the Plains west of Des Moines and north of Omaha, Sioux City has not grown much in the last five decades. Its economy is now obsolete, and so is some of the city itself: the waterfront, once raucous with boatmen and stockyards workers, is now quiet; stockyards have been replaced by IBP's modern (and low-wage) factory across the river in Nebraska; downtown stores have been replaced by shopping malls at the edge of town where people still drive for 100 miles to spend the day doing the season's shopping. In different form, Sioux City is still the main commercial center of the

fertile plains of northwestern Iowa, and the leading city of Iowa's 6th Congressional District. The district's counties on the gently rolling landscape are an ethnic melange: Irish Catholics in Palo Alto (one of the nation's bellwether counties until it voted for Walter Mondale in 1984), Dutch in Sioux (the most heavily Republican county in Iowa), and the descendants of the English lords who built huge cattle ranches around Le Mars in Plymouth County.

The congressman from the 6th District, Fred Grandy, is a politician better known in the rest of the country as the actor who for 10 years played "Gopher" on "The Love Boat." His background before then is even more interesting. Born in Sioux City, he went away to boarding school after his parents died, and became friends with David Eisenhower. He went on to Harvard and then when faced with the option of going to night law school, he decided that "what I really wanted to do was act. Eventually, I split the difference and went into politics." After college, Grandy went to work for the 6th District's Republican congressman, Wiley Mayne.

When Grandy returned to Iowa, he need to convince voters that he was something more than a celebrity. He convinced them, and observers of the House as well. His 1986 race was a tough one: he ran as a Republican in a state that felt its farm economy had been devastated by Reagan economic policies, against a protege of a popular incumbent, Democrat Berkley Bedell, who was retiring for health reasons. The Democrats licked their chops at the prospect of campaigning against a Hollywood actor; but Grandy had two secret weapons: brains and hard work. He studied the minutiae of farm programs, until he could discuss at length farm credit, Payment-In-Kind (PIK), set-asides, target prices, price supports, groundwater contamination—you name it. He won 68% in the 1986 Republican primary and prevailed in the general by a 51%–49% margin.

In the House, Grandy has managed to please just about everybody, starting off with the Iowa press, which got a catchy story when he helped farmer Arlo Van Veldhuizen save his favorite cow, Old Mama, from slaughter under the Whole Herd Buyout Program. More importantly, he used his seat on the Agriculture Committee to work on details of the 1987 farm credit bailout and, after persevering three years, got a groundwater research program written into the 1990 farm bill (with the help of Ag Chairman Kika de la Garza). But he avoided extremes of Farm Belt demagoguery, insisting on not expanding the cost of the 1990 farm bill lest it be beaten on the floor, even if that meant cutting money from other commodities to pay for soybeans. Grandy has pleased many Republicans by supporting party positions, even on votes unpopular in the district: he was on occasion the only Iowa House member to support contra aid, for instance; he argued vehemently against the Democrats' mandatory family leave program; he voted against the controversial Civil Rights Restoration Act; he voted to uphold the textile trade restriction veto. He won applause from Washington's liberals for stands on other issues: he came out against restrictions on funding for the National Endowment for the Arts, voted on the Ethics Committee for a reprimand but opposed a censure of Barney Frank, spoke out loudly against the flag-burning amendment after initially backing it. He calls himself a "knee-jerk moderate."

Grandy's charm and self-deprecating humor have served him well, at home where he conducts dozens of town meetings throughout the district, and on Capitol Hill where he won a seat on the Ways and Means Committee in December 1990 (thus opening his Ag spot for Iowa Republican freshman Jim Nussle). In 1988, against a scion of a well-known Sioux City family, he won 64% of the vote; in anti-incumbent 1990 he won 72%. Looking ahead, he sees a "point of diminishing returns . . . somewhere around six or seven terms."

Grandy's district and veteran Jim Leach's were probably the two least affected by Iowa's redistricting plan. Grandy retains the Northwest corner of the state, although he picks up a few counties closer to its center.

The People: Pop. 1990: 448,516; Pop. 1980: 485,491; dn. 7.6% 1980–1990. 97.8% White, 1.1% Hispanic origin. Voting age. pop.: 327,417.

1988 Presidential Vote:

Bush (R)	99,214	(50%)
Dukakis (D)	99,116	(50%)

Rep. Fred Grandy (R)



Elected 1986; b. Jun. 29, 1948, Sioux City; home, Sioux City; Harvard U., B.A. 1970; Episcopalian; married (Catherine).

Career: Asst. to U.S. Rep. Wiley Mayne, 1970–71; Entertainer, 1971–85.

Offices: 418 CHOB 20515, 202-225-5476. Also 508 Pierce St., Sioux City 51101, 712-252-3733; 211 N. Delaware, Rm. 307, Mason City 50401, 515-424-0233; and 14 W. 5th St., Spencer 51301, 712-262-6480.

Committees: *Standards of Official Conduct* (2d of 7 R). *Ways and Means* (13th of 13 R): Select Revenue Measures; Human Resources.

Group Ratings

	ADA	ACLU	COPE	CFA	LCV	ACU	NTLC	NSI	COC	CEI
1990	28	22	22	50	25	42	100	70	86	55
1989	25	—	29	38	20	64	—	—	100	68

National Journal Ratings

	1989 LIB — 1989 CONS	1990 LIB — 1990 CONS
Economic	22% — 74%	13% — 86%
Social	18% — 80%	34% — 64%
Foreign	41% — 58%	46% — 53%

Key Votes

1.Eastern Strike Board	AGN	5.Rape/Incest Abort $	AGN	9.Cut SDI Funds	FOR
2.Override Wage Veto	AGN	6.Flag Amendment	AGN	10.Freeze Salvador Aid	FOR
3.Bal Budget Amend	FOR	7.1990 Civil Rights Act	AGN	11.Urge Test Ban Talks	AGN
4.Tax Rich/Incrs Med	AGN	8.Cap Pun/Race Discrm	AGN	12.Suspend Angola Aid	FOR

Election Results

1990 general	Fred Grandy (R)	112,333	(72%)	($322,563)
	Mike D. Earll (D)	44,063	(28%)	($42,597)
1990 primary	Fred Grandy (R), unopposed			
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	Dave O'Brien (D)	69,614	(36%)	($175,951)

AM-
May 11

FRED GRANDY
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

SIXTH DISTRICT
IOWA

April 13, 1993

Ira Magaziner
Senior Advisor for Policy Development
Executive Office of the President
Domestic Policy Council
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20506

Dear Ira:

As the honorary host of the Sioux City Washington Conference and Steak dinner, I would like to request your participation in a health care reform panel discussion being sponsored by the Sioux City Chamber of Commerce. Cabinet Members, Senators, and Representatives have consistently joined Sioux City elected officials and business community leaders in this 39-year-old tradition.

I will moderate the panel discussion which will take place on Tuesday, May 11, 1993 from 3:00 p.m. through 4:30 p.m., here in Washington. Joining you on the panel will be a representative from the business community and a member of the Ways and Means Health Subcommittee. I anticipate a point-counterpoint format for the discussion lasting for approximately one hour followed by a short question and answer period.

I hope you can find the time to participate in this panel discussion as health care reform is the one of the most serious issues facing Americans, Iowans being no exception. If you have any questions please feel free to contact Shawn Coughlin with my staff at (202) 225-5476. I look forward to your participation in this important event.

Best Regards,

FRED GRANDY
MEMBER OF CONGRESS

POLITICAL PROFILE

Cong. Fred Grandy is considered one of the most able of the younger generation of House Republicans. His primary focus was on the Agriculture Committee his first two terms; he joined Ways and Means in the third. He has worked hard to earn a reputation for intelligence, incisiveness and homework. His work on the House ethics committee has demonstrated his willingness to do some heavy lifting for GOP leaders. Grandy votes with his party more often than the average Republican, and he usually was allied with the Education and Labor Committee's more combative conservative Republicans opposing labor initiatives such as mandatory parental leave. Grandy also is an opponent of abortion.

Cong. Fred Grandy
(R-IA) 6th

Born:	6\29\48, Sioux City, IA
Education:	Harvard U., B.A.
Military:	None
Prev. Occup:	Actor; congressional aide
Family:	Wife, Catherine Mann; 3 children
Religion:	Episcopalian
Pol. Career:	No previous office
Elected:	1986
Residence:	Sioux City
Committees:	Ways and Means; Standards of Official Conduct

LEGISLATIVE INTERESTS

102nd: Grandy introduced legislation to provide universal access to basic group health coverage and provide incentives to make coverage affordable (H.R. 1230). He cosponsored bills to reform the medical liability system (Archer, H.R. 3037; Kyl, H.R. 3516). He also cosponsored legislation to reform the health insurance market and contain health care costs (Michel, H.R. 5325).

103rd: Cong. Grandy re-introduced his health care reform bill (H.R. 30). He cosponsored legislation to make improvements in the Medicare program (Rostenkowski, H.R. 21), the health care reform bill by the Minority Leader's task force (Michel, H.R. 101), a "microenterprise" bill removing barriers in AFDC that prevent recipients from moving toward self sufficiency (Hall, H.R. 455), and legislation to provide welfare families with the education, training, job search, and work experience needed to prepare them to leave welfare within 2 years (Shaw, H.R. 741).

ADDITIONAL INFORMATION

Grandy has expressed concern about the need for increased funding for immunizations.

REP. FRED GRANDY (IA-05)

His district in Northwest Iowa includes Sioux City and Fort Dodge. As you Grandy used to star in the Love Boat as the ship's purser, Gopher. His tim Hollywood has served Grandy well -- he uses the media as well as you would a former T.V. star. What you may not know is that Grandy also once served Congressional aide, so he knows how the House works. He is perceived as a working moderate voice in the House. He has not visited with the President attended a White House ceremony as of yet. Rep. Grandy sits on the Ways an Committee, and on its Health, and its Human Resources Subcommittees. Grand definitely looking to run for Senate at some point.

Health Bills sponsored 103d Congress

H.R. 30 -- Universal Health Benefits Empowerment and Partnership Act of 1993; Medical and Health Insurance Information Reform Act of 1993; Multiple Employer Welfare Arrangements Enforcement Improvements Act of 1993

Introduced on Tuesday, January 5, 1993, H.R.30 would seek to provide un access to basic group health care benefits coverage. It would seek to elimi barriers and provide incentives in order to make such coverage more afforda would seek to make more efficient the medical and health insurance informat improve enforcement of requirements regarding multiple employer welfare arr The bill's sponsor, Rep. Fred Grandy (R-IA), stated upon introduction that legislation could be described as health care empowerment and access legisl HEAL. Rep. Grandy (R-IA) explained that the "....HEAL blueprint utilizes a stick approach to induce the development and implementation of private sect mechanisms to provide for the universal availability of health care coverag

Specifically, Rep. Grandy (R-IA), stated that this legislation would make care coverage more affordable because: "....the required universal availabi group health coverage would spread the risk and help lower expenses-because must be offered access to employer-based group health coverage; because bas health coverage must be available to other uninsured and COBRA eligibles; a barriers would be removed and 501(c)(9) tax incentives provided to encourag financed multiple employer basic group health plans." This is a comprehensi that contains many incentives to provide for affordable universal health ca coverage.

As of Wednesday, April 7, 1993, no committee hearings or other action ha scheduled for this measure. The bill was referred to the House Committee o and Labor, House Committee on Energy and Commerce and House Committee on Wa Means.

H.R. 719 -- Family and Medical Leave Account Act of 1993

Health Bills cosponsored 103d Congress

H.R. 21 By ROSTENKOWSKI (D-IL) -- Miscellaneous and Technical Medicare Amendments of 1993

H.R. 101 By MICHEL (R-IL) -- Action Now Health Care Reform Act of 1993
H.R. 741 By SHAW (R-FL) -- Responsibility and Empowerment Support Progr
Providing Employment, Child Care, and Traini
Act
H.R. 1272 By PETRI (R-WI) -- Multiple Employer Health Benefits Protecti
Act of 1993
H.J.Res. 94 By JACOBS (D-IN) -- National Organ and Tissue Donor Awarene
Week, Designation

THE WHITE HOUSE

WASHINGTON

TO: U.S. House of Representatives Offices Hon. Fred Grandy 418 Cannon

FR: Task Force on National Health Care Reform

DT: February 23, 1993

RE: Health Care Overview

E

As we proceed with the 103rd Congress, it would be extremely helpful to us if you would provide our office with some background information.

Please provide us with the names, work phone, home phone and fax numbers of the following:

1. D.C. Chief of Staff:

   Craig Tufty
   202-225-5476 voice
   202-225-6929 fax

2. Legislative Director:

   n/a

3. Health Care Legislative Assistant:

   Mr. Shawn Coughlin

   same as Mr. Tufty

4. Press Secretary:

   Charles Robbins
   same as Mr. Tufty

Also, please share any particular concerns of your Representative and your home district as they relate to health care and health care reform.

Please return this form, along with any comments, **via facsimilie to 456-6241** or through the mail to the attention of the **Task Force on National Health Care Reform, Old Executive Office Building, Room 287, Washington, DC 20500.**

Thank you for your attention and cooperation.

NAME Fred Arandy (R-1A)

OFFICE C418

TEL 225-5476

STAFF CONTACT

TEL

COMMITTEES W&M

SUBCOMMITTEE
HTGS

2/16-HEC, IM, JF
Rep. mtgs w. IM
3/18-IM
4/1-IM

BACKGROUND INFORMATION
district has delivery needs/

KEY PEOPLE

PARTICULAR HEALTH INTERESTS
self-employed

ORGANIZATIONAL CONTACTS

TASK FORCE NOTES Rep target
to much money spent in last mos. of life - concern
for self-employed individuals - volunteers with Ira/

FRED GRANDY
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

SIXTH DISTRICT
IOWA

April 13, 1993

Ira Magaziner
Senior Advisor for Policy Development
Executive Office of the President
Domestic Policy Council
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20506

(E)

Marge / —
Melanne / Steve / Alexis FYI
I don't believe
this is our highest
priority. Might
be nice to send
a sub, though...
Thx

Dear Ira:

As the honorary host of the Sioux City Washington Conference and Steak dinner, I would like to request your participation in a health care reform panel discussion being sponsored by the Sioux City Chamber of Commerce. Cabinet Members, Senators, and Representatives have consistently joined Sioux City elected officials and business community leaders in this 39-year-old tradition.

I will moderate the panel discussion which will take place on Tuesday, May 11, 1993 from 3:00 p.m. through 4:30 p.m., here in Washington. Joining you on the panel will be a representative from the business community and a member of the Ways and Means Health Subcommittee. I anticipate a point-counterpoint format for the discussion lasting for approximately one hour followed by a short question and answer period.

I hope you can find the time to participate in this panel discussion as health care reform is the one of the most serious issues facing Americans, Iowans being no exception. If you have any questions please feel free to contact Shawn Coughlin with my staff at (202) 225-5476. I look forward to your participation in this important event.

Best Regards,

FRED GRANDY
MEMBER OF CONGRESS

Wash. Times - 10/7

Health compromise offered by moderates

By J. Jennings Moss
THE WASHINGTON TIMES

A coalition of conservative Democrats and moderate Republicans in the House yesterday offered the latest entry in the health care reform debate, one that's similar to President Clinton's proposal without imposing mandates on employers.

"It is a true bipartisan plan and that is the best place to start reshaping one-seventh of the U.S. economy. We need the collective wisdom of both political parties to help us find the right solutions," said Rep. Jim Cooper, Tennessee Democrat.

Mr. Cooper and Republican Rep. Fred Grandy of Iowa are the chief sponsors of the proposal, known as the Managed Competition Act. To date, 27 Democrats and 19 Republicans are sponsors, making it the only health care reform proposal on the table with significant support from both parties.

"This is not a Democratic bill with Republican support. This is a true merger," Mr. Grandy said.

Its sponsors noted in a news conference that their plan mixes elements of the vision Mr. Clinton outlined Sept. 22 and proposals by House and Senate Republicans.

The proposal makes no requirement that businesses provide health care to their workers or that every American have health insurance. Instead, it allows businesses to join cooperatives so costs to them and their employees would drop.

Mr. Clinton's plan has similar cooperatives, but the administration would require participation by most employers.

The bipartisan plan would replace Medicaid with a system of providing full insurance for all those below the poverty line and give sliding subsidies to those just above it. It also would reform tax laws to limit the amount employers could deduct for health care to encourage them to use efficient health plans.

Sponsors predict the plan would cost $20 billion to $40 billion a year. The lower figure is one-tenth the projected cost of the Clinton plan. Mr. Cooper said the costs would be paid for through savings and not new expenditures.

"Our goal is not to add one penny to the federal deficit," he said.

The bill met with mixed reaction both on and off Capitol Hill.

"Congressman Cooper's plan certainly contributes to the debate in a meaningful way, but it has some serious problems. One of them — it does not have universal coverage," Treasury Secretary Lloyd Bentsen said.

Mr. Bentsen said cost-shifting and higher health care costs would continue and the burden for small business to provide health benefits would remain. He also criticized the tax changes and the fact that the plan does not define what benefits would be offered.

Al From, president of the Democratic Leadership Council — a group of moderate-to-conservative Democrats and a Clinton ally — showed up at the press conference. He said the bill was "powerful evidence to build a bipartisan center-out coalition for health care reform."

But Rep. Jim McDermott, Washington Democrat and the chief sponsor of a bill to make government the sole purchaser of health care, described the bipartisan bill as "the emperor's new clothes" and a "pig in the poke."

Wash. Times - 10/7

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(2)

Bipartisan Group Offers Health Plan in 'Middle'

■ Insurance: Proposed House measure would not require small firms to pay premiums and rejects goal of 'universal coverage.' Critics call it right wing.

By KAREN TUMULTY and MARLENE CIMONS
TIMES STAFF WRITERS

WASHINGTON—Staking out new ground in the debate over health care, a group of conservative Democrats and moderate Republicans in the House offered a reform proposal Wednesday that they described as "squarely in the middle."

The measure is similar to President Clinton's in many respects but rejects his proposal to require employers to pay the lion's share of their workers' health insurance premiums and his plan to impose federal controls on health costs.

Supporters of the proposal, led by Reps. Jim Cooper (D-Tenn.) and Fred Grandy (R-Iowa), also contend that the President's goal of "universal coverage" is not realistic and aim instead for the more modest "universal access" to medical care by making it more affordable for small businesses and offering government subsidies to the poor.

In related developments, chief White House economist Laura D'Andrea Tyson told a press conference that the Administration's health care plan could cost jobs in some parts of the economy, and Health and Human Services Secretary Donna Shalala said that preventive medicine is a major goal of the President's plan.

Rep. Cooper said that his bill, which has 27 Democratic and 19 Republican co-sponsors, is far closer to the theory of "managed competition" that underpins both Clinton's plan and that of the leading GOP alternative, which has been advanced by Sen. John H. Chafee (R-R.I.).

Sens. John B. Breaux (D-La.) and Dave Durenberger (R-Minn.) are expected to offer a similar proposal in the Senate.

The concept is based on the idea that consumers, by pooling their purchasing power into giant alliances, can gain enough clout in their search for low-cost, high-quality insurance plans to force down health care prices.

"The Administration started with managed competition and went to the left. The Republicans took managed competition and went to the right," Cooper said. "Our bill is squarely in the middle and is the only one with significant bipartisan support."

However, Rep. Henry A. Waxman (D-Los Angeles), a key House subcommittee chairman and crucial Administration ally, contended: "They're really on the right wing of the debate."

Under Cooper's proposal, businesses with fewer than 100 workers would be required to join health-purchasing cooperatives, although they would not have to pay for their employees' benefits. Employees would not be required to buy insurance, although presumably it would be available at lower cost.

By comparison, Clinton's plan would force companies with fewer than 5,000 workers into purchasing cooperatives and force all companies to pay at least 80% of the average cost of health insurance for their workers. Employees also would be required to participate.

Cooper said that his plan would cost significantly less than the President's—$40 billion over the first six years, compared with $350 billion. . . .

Cooper said that his plan would cost significantly less than the President's—$40 billion over the first six years, compared with $350 billion—and would require fewer reductions in the growth of Medicare spending.

Waxman conceded that many lawmakers may find the Cooper-Grandy plan politically attractive.

"A lot of members may think it's appealing, because they don't have to face the business lobbyists [opposing the requirement for worker coverage] or the medical Establishment [opposing the government cost controls]," he said. "They think they can have a vote that's for reform without antagonizing the special interest groups."

However, he insisted that it would not be comprehensive enough to fix the health care problem and assure all Americans of high-quality medicine at lower costs.

Those sentiments were echoed by Consumer Union, which supports the so-called single-payer system. "It [Cooper's bill] is little more than a Band-Aid on a gaping wound. . . . It leaves 25 million consumers out in the cold," said Linda Lipsen, the organization's legislative director.

At a White House briefing on health care, Treasury Secretary Lloyd Bentsen said that the Cooper bill "certainly contributes to the debate" but that it has "some real problems," foremost among them no provision for universal coverage.

But the proposal was heartily endorsed by the nation's largest insurance firms.

"We have seen in the past that price controls don't work and that the heavy hand of government often distorts markets to the detriment of consumers," said the Alliance for Managed Competition, made up of Aetna, Cigna, Metropolitan Life, Prudential and Travelers.

Meanwhile, Tyson, who chairs the White House Council of Economic Advisers, told a press conference that Administration studies show the health care reform plan could reduce U.S. employment, which now totals about 110 million, by 0.5%. But, she said, it also is possible that the plan could increase employment by a similar amount.

And even in the worst-case scenario, she said, the reform package ultimately will make the United States more competitive by lowering costs and creating a healthier work force.

Tyson spoke in response to fears that the health care plan, which would restructure 14% of the economy, could have a wrenching impact on the nation. She said that the plan's impact on employment should not be the only measure by which Americans judge the Clinton program.

There will be a number of intangible economic benefits for businesses and workers that are not easy to fit into economic forecasts and calculations, she said. For example, the program should make it easier for Americans to move from one job to another without fear of losing health insurance, increasing job mobility and allowing workers to better live up to their career potentials.

The program will also reduce incentives for the poor to remain on welfare. Many recipients now turn down low-paying jobs that do not offer health insurance because they can qualify for Medicaid coverage while on welfare.

Health reform should lead to "a more productive, more flexible American work force," Tyson said.

In testimony before the Senate Labor and Human Resources Committee, Secretary Shalala said that the Administration is committed to making prevention the cornerstone of its health reform proposal.

"Our comprehensive benefit package is rich with preventive benefits that we believe will save lives and money," she

The Des Moines Register 11/19/93
White House News Summary Page 5
ENT BY:D. M. REGISTER NEWSROOM: 11-19-93 ;10:15PM ; D. M. LEGISLATIVE ANALYST

The latest in a career full of surprises

In recent years, Fred Grandy has made it clear that he's growing tired of the House and would like to move on.

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — Shortly after noon Wednesday, as all attention in the nation's capital focused on passage of the North American Free Trade Agreement, Rep. Fred Grandy placed a call to his senior Republican colleague in the Iowa delegation, Sen. Charles Grassley.

Grandy said he was thinking about plunging into the race for governor of Iowa, taking on incumbent Republican Terry Branstad in a primary.

A surprised and dismayed Grassley told Grandy he hoped he wouldn't do it.

On Thursday, as word flashed through Washington that Grandy had publicly declared his renewed interest in tackling Branstad, Grassley was still reeling.

"What I hate about it is not just the fact that he's running against a friend of mine," Grassley said. "But I see (Grandy) as a very effective legislator. And now, being on the powerful Ways and Means Committee, he can do so much good in that powerful position for the entire nation that I hate to lose him."

With Grandy's announcement Thursday that he will decide by the end of the year whether to run for governor in 1994, the Sioux City congressman unveiled yet another shocker in a political career that anything predictable.

The first surprise was that he had a political career at all.

Grandy, who was born in Sioux City in 1948, burst upon the political scene in Iowa seven years ago fresh from Hollywood, having played the role of Gopher on the television series "The Love Boat" for the previous 10 years.

His family had strong Iowa roots, but Grandy left the state as a teen-ager to attend prep school at Phillips Exeter Academy in Exeter, N.H., where he roomed for four years with David Eisenhower, grandson of the late president. Grandy went on to Harvard University, graduated magna cum laude in 1970 and went to work as a staff aide to Rep. Wiley Mayne, a Republican from northwest Iowa.

Grandy then departed for New York City to become a professional actor, rejoining an improvisational theater group he had founded at Harvard. After roles on stage and appearances in sitcoms such as "Maude," Grandy found a berth on "The Love Boat."

In 1986, he decided to come home and run for the House seat that was being vacated in the former 6th District in northwest Iowa by Rep. Berkley Bedell, D-Ia., who had defeated Mayne in 1974. A former Bedell aide, Clayton Hodgson, emerged from the Democratic primary as Grandy's opponent.

Beat Carpetbagger Image

Grandy quickly became the most talked-about figure in Iowa politics, and his image as a carpetbagger was the main issue in the district.

With the assistance of television commercials taped by Grassley, and [illegible] Grandy's pocket to his campaign [illegible] Grandy outspent Hodgson [illegible] him by just 2,000 [illegible] closest congressional races.

In the House, he joined the Agriculture Committee and quickly became an expert on the intricacies of farm policy. He worked on ground water protection and health-care reform.

While Grandy's voting record was more toward the conservative than the moderate portion of the spectrum — for example, he has consistently opposed abortion rights — he gained a reputation as a maverick when he took on the right wing of the state Republican Party.

By the early 1990s, it was clear that Grandy — labeled a "rising star" in Congress by the respected National Journal — was growing tired of the House and was eager to move on. In late 1991, he and Mann bought a new $240,000 house in Sioux City and moved their full-time residence there, in what was viewed as the first step toward a statewide political bid, either for governor or as a challenger to Sen. Tom Harkin, D-Ia., in 1996.

Experienced Frustration

With the election of President Clinton, the health-care debate moved to the front burner, and Grandy gained notice as the co-sponsor of a moderate alternative to the president's plan.

But he expressed frustration at working as a minority member of the House, and as a member of a Republican caucus growing ever more conservative.

On Thursday, Grandy again indicated he is tiring of life as a minority congressman as he thinks about entering the race for governor. "I don't to be sitting replenishing my safe after year and wondering why I'm enjoying the

THE REGISTER

FRED GRANDY

AGE: 45
Born June 29, 1948, in Sioux City, Ia.

EDUCATION: Graduate of Phillips Exeter Academy, Exeter, N.H., 1966. Bachelor of arts degree, Harvard University, Cambridge, Mass., 1970.

EMPLOYMENT: Legislative aide and speech writer for U.S. Rep. Wiley Mayne, R-Ia., 1970-1971. Stage and television actor, 1971-1985. Beginning in 1975, portrayed "Gopher" on the television series "The Love Boat." Elected to the U.S. House in 1986. Member of the Ways and Means Committee. Ranking Republican on the House Committee on Standards of Official Conduct, known as the ethics committee. Most recently re-elected in 1992, unopposed.

PERSONAL: Married to Catherine Mann, a novelist. They have a daughter, Monica Mann Grandy. Grandy also has two children from his first marriage, Marya and Charlie.

RELIGION: Episcopalian.

1992 CONGRESSIONAL RATINGS FROM INTEREST GROUPS

American Civil Liberties Union	13%
AFL-CIO Committee on Political Education	25%
Consumer Federation of America	27%
American Conservative Union	88%
National Tax-Limitation Committee	75%
Chamber of Commerce of the United States	

SOURCE FOR RATINGS: The Almanac of American Politics.

Grandy Stuns Iowa GOP With Plans To Bid for Governor

Rep. Fred Grandy (R) sent the Iowa Republican party into a frenzy last week when he said he is likely to mount a primary challenge to Gov. **Terry Branstad** (R) next year.

Grandy, a Ways and Means Committee member who is in his fourth term representing Sioux City and northwestern Iowa, said he would make a final decision about the race by the end of the year but told the Des Moines Register that he is leaning toward challenging Branstad.

Grandy, who broke into politics in the wake of his popularity as "Gopher" on TV's "The Love Boat," said the major factor in his decision is his belief that Branstad has been in office too long and is vulnerable to Democratic challengers.

"If the Republican party doesn't step up to this issue and say it's probably true that the emperor has no clothes, we may be setting ourselves up for a defeat in the governor's office," Grandy said.

Branstad said he has no plans to abandon his campaign for a fourth four-year term. A poll taken by KCCI-TV in Des Moines in early October showed that Grandy and Branstad would run virtually even in a primary contest. The survey showed Grandy at 45 percent and Branstad at 41 percent.

Republican party officials in Iowa were furious that Grandy would force a primary contest.

"He should be a little more patient," said Steve Roberts, a Republican National Committeeman from the state. "I think it's going to be disruptive, and I think it's going to hurt the party."



Photo by Maureen Keating

Saying he believes the incumbent has been in office too long, Grandy is now likely to take the unusual step of challenging a sitting governor in a primary.

And Iowa Sen. Chuck Grassley (R) said, "I have told Congressman Grandy that I intend to back Governor Branstad, and I have urged Congressman Grandy not to run."

Democratic state Attorney General **Bonnie Campbell** is already challenging Branstad, and former **Rep. Dave Nagle** (D) is weighing a decision to enter the Democratic gubernatorial primary or run for his old House seat again.

"I love it," Nagle said of Grandy's potential candidacy, according to the Register. "There's no question in my mind that he'd win a primary. There's no question he'd be a much tougher opponent in a general election than Branstad."

— Craig Winneker

PHOTOCOPY
PRESERVATION

9/20 GRANDY

PM-IA--Health Reform-GOP, Bjt,590
Iowa Republicans Slow to Attack Clinton's Health Plan
DES MOINES, Iowa (AP) They have criticisms of President Clinton's health reform package but Iowa Republicans say they'll avoid partisan attacks.

``I think Republicans have to be part of this debate and part of the solution,'' said Rep. Fred Grandy, R-Iowa, who has helped craft a GOP alternative plan announced last week.

``Most people realize the stakes are far too high to turn this into a personal and partisan debate.''

In a marked shift from the bitter tone of the budget debate earlier this year, several Iowa Republicans vowed to make the health care debate a constructive, bipartisan conversation.

``There is an agreement among all of us that we have got to do something that gives universal coverage and brings costs down,'' said Sen. Charles Grassley.

Rep. Jim Nussle, one of the delegation's most partisan members, had praise for the president and his wife, Hillary Rodham Clinton, head of the task force that assembled the president's plan.

``They have been thoughtful about our concerns,'' Nussle said. ``Maybe I'm still naive about this, but I think he's got an opportunity to fix this, and I think he'll try. This isn't something that necessarily should be partisan. It's too important to start from that angle.''

Rep. Jim Leach agreed. ``It's my view this is no time for ideological naysaying,'' he said. He said the president's plan is ``worthy of respect'' but that he is not ready to make endorsements.

The president will formally introduce his plan this week, but the White House has released the outline of Clinton's idea. Every American citizen would be covered by health insurance, with employers picking up 80 percent of the cost. Employers with fewer than 50 workers would pay discounted rates. The self-employed could deduct 100 percent of premium costs from taxable income.

The president would pay for his plan with a higher cigarette tax, and perhaps more taxes on liquor. Medicare would continue to run as a separate system.

Some Republicans are critical. Rep. Jim Ross Lightfoot said he is not sure there needs to be health care reform legislation. If it comes about, he said, it should get a test run in one or two states first.

He said he is particularly upset about the impact the plan would have on rural hospitals. ``Ninety percent of them will go dark they can't survive under the Clinton plan,'' he said, because of cuts that would be made in the growth of Medicare spending.

The GOP alternative, endorsed by Nussle and Grandy and about 100 others, would require employers to offer a basic insurance plan without any requirement to help pay premiums. Grandy said it took a lot of persuasion to get his colleagues to back the idea, and that he felt like a ``skunk at a picnic'' when he first proposed it.

The two Democrats in Iowa's congressional delegation said they have concerns about Clinton's plan. Sen. Tom Harkin said he is pleased that the plan would pay for many areas of preventive care, such as mammograms and immunizations, but he said not enough is done to address fraud and abuse. He also said rural hospitals could suffer because of caps on Medicare spending.

Rep. Neal Smith said he is also worried about levying price controls on the health-care system.

ramsprdmr

SENT BY:D. M. REGISTER NEWSROOM: 1- 7-94 ;10:05PM ; D. M. REGISTER NEWS- 4566485:# 4

The Des Moines Register
1/8/94
White House
News Summary
Page 3

PLS PUT UNDER GRANDY, LEACH, HARKIN, GRASSLEY

...continued page 4, 1

Iowans want health-care overhaul, not just tinkering, Ray says

By TOM CARNEY
Register Staff Writer

Former Gov. Robert Ray, now president of Blue Cross and Blue Shield of Iowa, wondered aloud in a Des Moines speech Friday what Iowans will think of reports that legislators plan to bypass comprehensive state health reform this year.

In a speech at the Marriott Hotel to more than 100 participants in a conference sponsored by the Mount Pleasant-based Public Interest Institute, Ray said Iowans, like people around the country, want an overhaul of the health-care system, not just tinkering.

"Can you imagine what they must think of legislators who say 'Not this year?'" he asked. "For politicians to turn their backs on public opinion is a very dangerous thing."

Ray, who is chairman of the National Leadership Commission on Health Care Reform and a promoter of reform on the state level, was commenting on reports Iowa legislators don't believe major health-care reform — including guaranteed access to health care for everyone — will pass in the next legislative session.

He gave examples of particular Iowans who are suffering from high medical costs and insurance rates and lack of coverage.

"We like to talk about change," he said, "but we really don't want it."

He said it's clear the public wants reform, however, and although people don't want the government to run the health-care system, they believe the government "has to help fix it."

Ray, a Republican, said he doesn't agree with all aspects of the reform proposal of President Bill Clinton, but "you've got to give the guy credit" for taking on a big, complicated national problem.

He expressed distaste for interest groups that pick the Clinton plan apart without analyzing it to determine which parts are worth keeping and which aren't.

"We should look at all the proposals and find ways we can support change," he said. "It's time to lay down our weapons and pick up our tools."

in veterans' care.

"I wouldn't be surprised if, by the time this is over, both the Merchant Marine Committee and the ethics committee have a hand in it," said Rep. Fred Grandy, R-Iowa.

It is impossible to know exactly which part of the plan will be handled by which committee until the White House translates the president's plan into formal legislative language. That will not be sent to Congress until two or three weeks after Clinton's speech, according to Ira Magaziner, a top White House adviser on the issue. Adding to the confusion, the plan would set up entities Congress has never considered before — such as insurance purchasing alliances — so no one is certain what path they will take through Congress.

Especially in the House, where committee barons are more turf-conscious than in the Senate, decisions about how the bill is channeled through the committee system could have serious consequences for the pace and outcome of the debate.

For example, the Labor committees of both chambers are more likely to produce legislation with a liberal bent than other panels. They might produce more stringent employer mandates than if that part of the plan went to another committee.

Turf fights could slow progress. Clinton's plan touches on subjects that traditionally have been the source of conflicts between House committees: Ways and Means has a history of squabbling with Energy and Commerce over Medicare jurisdiction; Education and Labor has often fought with Ways and Means over ERISA.

The situation is simpler in the Senate, where the Finance Committee has clear jurisdiction over most of the bill.

Leadership Role

The process cries out for strong leadership to see that the pieces reported by different committees come together into a coherent policy.

"You want to do this in a way that ensures you have a bill where the individual parts add up to a healthy whole," said Rep. Ron Wyden, D-Ore.

House and Senate leaders plan no formal mechanism to guide the process. But aides said the leadership will meet soon with committee chairmen to set the framework and timetable for action.

Many of the top congressional leaders have expertise on health issues. Senate Majority Leader George J. Mitchell, D-Maine, is a member of the Finance Committee and was chairman of its Health Subcommittee the last time Congress passed a major revision of federal health benefits: the 1988 measure providing catastrophic coverage for Medicare recipients. That law was repealed one year later, under fire from elderly people who did not want to pay more for benefits.

Senate Minority Leader Bob Dole, R-Kan., is a former chairman of the Finance Committee who was active in the debate on catastrophic coverage.

House Majority Leader Richard A. Gephardt, D-Mo., was a longtime member of the Ways and Means Committee. Ironically, Gephardt first made his mark in health care by leading the opposition to the last Democratic president who tried to propose major changes in the medical system: In 1979, Gephardt helped kill President Jimmy Carter's hospital cost control plan.

Timetable for Action

No official timetable for action has been set, but no one expects Congress to complete work on the health-care plan this year. At best, most members predict that committees might complete hearings by year's end.

"We want a national discussion; we don't want to railroad this thing through," said Magaziner. "We hope it can get passed early next year; we certainly hope by next spring."

Many on Capitol Hill think that timetable is optimistic and do not expect final action before mid-1994.

"This is obviously going to take some time and care," said Wyden.

House Minority Leader Robert H. Michel, R-Ill., said many members were chastened by their experience with catastrophic health insurance. "Members are going to remember that and say, 'I don't want to go through that again.' "

Republican Players

It is clear that debate on this issue will be very different in tone from the bitterly partisan fight over Clinton's economic program earlier this year. For months, Republicans sat on the sidelines, immovable in their opposition to tax increases and all but irrelevant to shaping the bill.

Not this time. Separate groups of House and Senate Republicans during the week of Sept. 13 unveiled their own plans to change health care. Despite differences over key points like employer mandates, White House officials said they expect eventually to find common ground with many Republicans. *(GOP plans, p. 2456)*

"We think a coalition will come together of moderate Republicans, liberal Democrats and moderate Democrats that will pass the bill," Magaziner said.

However, what Republicans gain in influence they may lose in unity because their party is deeply divided over health policy. On one side are Republicans allied with Chafee, a moderate who has proposed a plan cosponsored by 22 other Senate Republicans. Like Clinton's plan, it would set up regional health insurance purchasing alliances, but it would make participation in them voluntary.

On the other side are conservative Republicans — led by Sen. Phil Gramm, R-Texas and including most House Republicans — who favor more modest changes in the existing system. Some conservatives say Chafee's approach is so similar to Clinton's that they call it "Hillary II."

But Gramm said he viewed the divisions among Republicans as a sign of lively intellectual debate.

"People are really thinking about this," Gramm said. "People are searching their minds and hearts." ■

Turf

President Clinton's health plan will be handled by many committees. Following are the major players and their jurisdictions. (Other panels such as the Veterans and Post Office committees may handle peripheral issues.)

HOUSE COMMITTEES

Ways and Means
Taxes; Medicare; tax provisions of the Employee Retirement Income Security Act (ERISA), which governs employee benefits.

Energy and Commerce
Medicaid; Medicare payments for doctors; public health; biomedical research, medical education.

Education and Labor
Labor standards including ERISA.

Judiciary
Malpractice, antitrust laws.

SENATE COMMITTEES

Finance
Taxes; Medicaid; Medicare; tax provisions of ERISA.

Labor and Human Resources
Labor standards including ERISA; public health; biomedical research, medical education.

Judiciary
Malpractice, antitrust laws.

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Health premiums drop for some

Blue Cross President Robert Ray says the rate cuts don't signal the end to high costs.

By TOM CARNEY
REGISTER STAFF WRITER

Here's a surprising switch: Health insurance rates for many Iowans stayed the same or decreased during the past year — and some people will see their rates drop this year.

Insurance company officials say there are a couple of reasons for the change from soaring premiums. For one, hospital admissions are down. For another, more people are using more efficient managed-care plans.

INSIDE
Iowans want health-care overhaul, Robert Ray says. Page 3A

The cut in premiums is true for most Iowa Farm Bureau members, who are insured by Blue Cross and Blue Shield of Iowa. The insurance company lowered its Farm Bureau rates by an average of nearly 5 percent for the first six months of this year, says Blue Cross and Blue Shield spokeswoman Mary Ellis.

Blue Cross also has promised customers of its Medicare supplemental insurance — the coverage people older than 65 buy to help pay the difference between their medical bills and what the federal health-care plan pays — that their rates won't be raised in the coming year.

What's more, says Ellis, health insurance premium rates for groups increased less and less throughout 1993. In the last three months, group rate increases have averaged less than 3 percent and have not increased at all in the last month.

That compares with increases during the first part of 1993 of 8 percent to 9 percent and increases in 1992 of 15 percent or more.

Until now, Ellis said, rates for Farm Bureau, one of Blue Cross and Blue Shield's oldest and biggest customers, hadn't dropped since the early 1980s.

Blue Cross and Blue Shield contracts with many groups, including many businesses, expire at various times during the year. The company insures about a million Iowans. Ellis had no information on rate variations for individual customers.

A similar trend is reported by The Principal Financial Group, which in-

INSURE Please turn to Page 3A

INSURANCE FACTS

- Blue Cross and Blue Shield of Iowa has lowered its health insurance rates for most Farm Bureau members an average of nearly 5 percent for the first six months of this year.
- It has promised customers of its Medicare supplemental insurance their rates won't be raised in 1994.
- Blue Cross of Iowa group rates generally dropped during 1993. In the past three months, group rate increases have averaged less than 3 percent and have not increased in the past month.
- Principal Financial Group made few or no changes in its average health insurance rates in 1993.

DIS DIST IN GRANDY, LEACH, HARKIN, GRASSLEY

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Some Iowans see no rise in health insurance rates

INSURE

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sures over 283,000 Iowans.

Principal spokesman William Roach said there was little or no change in his company's average health insurance rates during 1993.

That "general trend" is likely to continue this year for Principal customers, Roach said.

Blue Cross and Blue Shield's Ellis said a drop in use of health-care services is the main reason for the rate decreases. The total time spent by insured patients in the hospital, as opposed to receiving outpatient care, declined 10 percent in 1993 from the previous year, for instance.

Roach said officials at his firm credit many insurance buyers' switch from traditional insurance to "managed care" plans, such as HMOs, which often cut costs by making deals with health-care providers like doctors and hospitals.

The apparent stabilization of rates applies to both traditional insurance and managed-care plans, both company representatives said. And the unchanged or reduced rates are not offset by increased deductibles or co-payments.

Blue Cross and Blue Shield of Iowa President Robert Ray, a former Iowa governor and an advocate of health-care reform, noted the rate trend in a speech Friday but said it doesn't spell the end of skyrocketing health-care costs.

Saying the federal government predicts cost increases that will amount to four times the rate of inflation, he said people shouldn't be "lulled into thinking we're not going to have a problem in the future. And we're not coping with it."

Regarding the reduced Blue Cross and Blue Shield rates for Farm Bureau customers, the insurance company sent Farm Bureau members a letter in November referring to a promise made in May that "if actual health-care trends decreased, we would reflect that in the Farm Bureau member's rates in January 1994."

The letter said a review of the group's use of health care showed that it had been "lower than originally forecast," prompting a lowering of rates through June 30.

Blue Cross and Blue Shield sent another letter to customers of its Protection Plus plan, the Medicare supplemental insurance. It promises no rate increases through December of this year "unless there are unforeseen changes to the Medicare program or related supplement regulations."

2/2

Administration's Brochures on Health Bill Stir Controversy

By Michael Weisskopf
Washington Post Staff Writer

The Small Business Administration recently published 200,000 glossy brochures to sell skeptical merchants on the "business benefits" of President Clinton's health care reform bill.

Ten thousand copies were given to the Democratic National Committee, which is actively lobbying for Clinton's bill. After Republican lawmakers complained about publicly funded materials being supplied to a partisan group, the DNC was billed.

The SBA outlay of $82,000 apparently falls within the narrow statutory limits on executive branch lobbying with appropriated funds. But the pamphlet is unusually political for the SBA, critics said, and illustrates the hard-sell tactics of an administration and its allies determined to avoid the mistakes of the budget battle and not allow the opposition to dominate the health care debate.

Some opponents had only to enter the debate to prompt a sharp response. For days after the Oct. 6 introduction by Rep. Jim Cooper (D-Tenn.) of a bill that relies more heavily on market forces than Clinton's, White House officials phoned reporters in Tennessee and denounced the measure. One official called it "ghetto-ization" of health care.

About the same time, a DNC staffer called New York radio station WLTW to question the source and financing of an ad critical of Clinton's plan, informed sources said.

"This isn't a political campaign anymore," said Cooper, referring to the lobbying tactics. "This is about governing the country."

Rep. Fred Grandy (R-Iowa), chief cosponsor of the Cooper bill, noted the disparity between the "smiling face and extended hand" of the Clinton team in public and the "mischief and malevolence off-campus."

"If they keep this up, the only thing they'll succeed in doing is peeling away any Republican support from a compromise," he said.

The SBA brochures, produced a week after Clinton unveiled his plan to Congress on Sept. 22, were aimed at one of the earliest and strongest critics of the Clinton plan—small businesses. They oppose the provision that employers pick up 80 percent of the health insurance costs of their workers. Even with government discounts for small employers, many merchants fear the economic impact.

Printed in red, white and blue, the brochure opens with a letter from Clinton, warning that "the special interests who benefit from the current system will try to drown out your voice and keep us on a road that will only increase your costs and decrease America's competitiveness."

He urged all Americans to "speak out."

The pamphlet described his plan, listed the "benefits for businesses" and the "additional benefits for small business" and ended with the kind of questions asked by businesses. Answers reflected the sometimes controversial reasoning of the administration.

According to SBA spokesman Michael Stamler, the 10-page brochures were intended to "dispel suspicion" by fully explaining the plan and its likely impact on business. "There was a lot of panic in the land," he said. "We printed these brochures and sent them out so folks would see what these issues were."

Stamler called the brochure "educational."

But no mention was made of the five other health care plans in Congress, and Stamler could not recall a similarly promotional SBA brochure on pending legislation. In past administrations, the agency was under pressure from Congress to avoid anything more than factual presentations, a former top official recalled.

Federal agencies are prohibited by congressional act from using appropriations for "publicity or propaganda" designed to influence pending legislation. But the General Accounting Office has interpreted the ban to apply only to efforts to get the public to lobby Congress on a specific bill.

"As long as you stop short of saying explicitly, 'Call your congressman,' it's okay," said Barry Bedrick, associate general counsel for the GAO.

Republicans, nevertheless, have strongly criticized the SBA. In an Oct. 18 letter to Clinton, 62 GOP House members called the brochure "misleading" and guaranteed to become "completely obsolete" once the plan moves through Congress.

Sen. Pete V. Domenici (R-N.M.) added in a floor speech last week that sending copies to the DNC proved that the brochures were intended for political uses.

Stamler said it is unclear why copies

See LOBBY, A15, Col. 1

LOBBY, From A11

were given to the DNC. After the GOP complaints, he said, the SBA got a commitment from the DNC to pay a pro-rated share of expenses now estimated at $3,700.

The Commerce Department contributed another $9,200 to the publication costs. The rest, said Stamler, will come from the printing budgets of five SBA divisions. Most of the brochures were distributed to local SBA offices and business groups.

The administration calls to Tennessee newspapers started a day after Cooper introduced his bill. The strongest comments came from White House health care spokesman Kevin Anderson, who was quoted as saying that Cooper's measure "is not even on the same playing field" as Clinton's and would lead to "ghettoization" of health care because of the large number of people who would not be insured in the early years.

Anderson recently left the White House for another job and declined to comment. Another spokesman, Marla Romash, said the calls were a "routine" part of the administration's efforts to communicate directly with papers outside of Washington.

"Some of the junior staffers have taken a hardball approach," said Cooper.

The call by a DNC aide to WLTW radio came Oct. 8, the first day of a consumer-sounding ad that noted "much to worry about" in the Clinton plan. The announcer said the spot was sponsored by the Coalition for Health Insurance Choices (CHIC). It is run by the insurance industry, which opposes parts of Clinton's bill.

The ad closed by stating "major funding" by the industry.

Nevertheless, a DNC radio specialist who identified himself as Noah Shachtman called the station and asked what CHIC is, who funds it, how long the ad would run and how much it cost, sources said.

Shachtman could not be reached. But DNC spokesman Katherine Moore confirmed that he phoned the station. She said the call was "pleasant" and not intended to intimidate.

Moore said the DNC routinely makes such checks. "It's important to know when there are ads up debating an issue we're working on," she said.

tent,'' but the tent was not big enough to include the GOP's dwindling of moderates. They were past tense.

But the political world has finished a complete or is in the White House, social issues are on the agenda again and the moderate Republicans are roaring back, perhaps more articulate, more powerful, more critical than ever.

As Congress prepares to return to Washington, two House Republicans, mostly from New England and the Midwest, are emergi vital swing group the fulcrum of power, almost certainly, in the heal debate but probably in other issues in 1994 and beyond.

''The president can't get anywhere without some bi support on health care,'' says Rep. Fred Grandy of Iowa, one of the le among the moderates. ''And he knows he has to move our way.''

Almost simultaneously, the Clinton White House and Right have come to the conclusion that these lawmakers may hold the ba in the legislative struggles that are now beginning to unfold.

So these moderates, so used to being at the fringe are doing what comes naturally in the corridors of Congress. They are organizing.

First, they met furtively, almost nervously. Then, their strength, they met in the open only occasionally in the beginni then regularly, and then once a week. Finally, they began speaking up.

It was Olympia Snowe, the Maine Republican, who co Clinton administration with the force of this group's arguments and, m important, with the force of its potential impact. Snowe bluntly told Rodham Clinton that the working majority for overhaul of the health-ca system should be moderate Republicans and conservative-to-moderate Dem She even invoked the name seldom heard in the capital these days of Reagan.

''The Democrats tend to appeal to the more liberal party, but the key to the Clinton presidency may be to replicate what did,'' Snowe explains. ''They (the administration) have had a hard tim figuring this out, but this is a more workable coalition than almost a else they can come up with.''

But it's not only the Democrats who will have to c this group. The Republicans have to make adjustments, too.

In his drive for GOP unity, the next minority lead Gingrich of Georgia, must appeal beyond his conservative base. He know has to bring the right more closely in line with moderates in order to coalition with conservative Democrats to defeat Clinton on various soc fiscal issues.

The president won't win an overhaul of the health- he repeats his 1993 budget strategy, where he cast Republicans to the and focused on Democrats, eventually winning by margins that underscor weaknesses rather than his strengths. Clinton needs Republicans, proba or 40 of them in the House.

Most of them will have to come from the moderates, under-utilized group in the House. One of them is Rep. Jim Leach of Io Bush acolyte who has received such prominence recently with his aggressiveness on Whitewater. The harder he pushes the Clinton on the Arkansas investment imbroglio, the more likely he is to lend them a vote on health care.

Another is Sherwood Boehlert of New York, himself for

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Health Care Plan Isn't Cast in Stone: Experts Find Points of Compromise

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Jan. 21 — Health care experts in Congress and the Clinton Administration have begun to identify areas of possible compromise as they prepare for negotiations over President Clinton's plan to redesign the nation's health care system.

In informal discussions with Congress and in interviews, Administration officials have expressed a willingness to compromise on important details of Mr. Clinton's plan, including cost controls and the structure of purchasing groups through which most Americans would obtain health insurance.

From the time he sent a bill to Congress in October, Mr. Clinton has voiced a general willingness to negotiate on nearly all elements of his proposal except the guarantee of universal health insurance coverage. Congress, which reconvenes on Tuesday, is already pressing the White House to translate that open-ended commitment into compromises on specific issues.

'Open to Discussions'

Lawmakers and Administration officials say it is too early to start making deals or to begin formal negotiations. But through informal discussions they have identified several areas of potential compromise: Federal limits on private health insurance premiums, the structure of insurance purchasing cooperatives, known as alliances, and proposed cuts in the growth of Medicare and Medicaid.

"We are open to discussions in all three areas," Donna E. Shalala, the Secretary of Health and Human Services, said in an interview. "We are well aware that they are likely to be the subject of negotiations."

Similarly, Ira C. Magaziner, the health policy coordinator at the White House, said: "We want to achieve the President's fundamental goals. We are certainly willing to listen to other people's ideas about how to accomplish those goals. There is no perfect solution."

Facing Political Reality

Ms. Shalala said she and the President believed that "we ought to have open minds as we move through discussions with Congress," so long as the final legislation provides a comprehensive package of health benefits for all Americans and curbs medical costs.

The Administration's flexibility is in part a concession to political reality. The White House is responding to criticism that the proposal is too large and unwieldy and vests too much power in the Government. The critics include Democrats like Representative Jim Cooper of Tennessee as well as many Republicans.

The Administration is also trying to rebut the idea that there is no health care crisis and that the need for change is less urgent now because medical inflation sank last year to the lowest level in two decades.

A big reason for the slowing increases in health care prices, economists in and out of the Government say, is the expectation that Congress will pass a bill to increase competition, control costs and promote the use of managed care.

'It's Premature'

There is broad bipartisan support for the President's goal of guaranteeing health benefits for all Americans. But many lawmakers have expressed skepticism about details of his plan, particularly in the areas identified as ripe for negotiation.

Jeffrey L. Eller, a White House spokesman, said "it would not be prudent — in fact, it's premature" — to talk publicly now about possible compromises. Robert O. Boorstin, another White House spokesman, said, "It's not in the interest of the American people for Congress and the Administration to negotiate through the press."

In the first area of negotiation and possible compromise, premium limits, Mr. Clinton has proposed an elaborate scheme for Government regulation of health insurance premiums, under which a Federal agency would set enforceable "premium targets." If spending exceeded the target in one year, payments to doctors and hospitals could be reduced the next year to make up the difference.

Some members of Congress say the premium limits proposed by Mr. Clinton are too tight and must be loosened if Congress retains them at all. Under the Clinton proposal, the growth in per capita premiums would be limited to the percentage increase in the Consumer Price Index, starting in 1999.

Under Mr. Clinton's proposal, most people would obtain coverage through the regional health alliances. All companies with 5,000 or fewer employees would have to participate in these purchasing groups. Each state would be carved up into one or more alliances. No alliance could cross state borders. Each alliance would have exclusive authority to buy care for people living in its territory.

> A White House concession to political reality.

Mr. Magaziner said the purchasing pools needed to be big enough that insurance risks could be spread across a large number of consumers, all paying roughly the same premiums, regardless of whether they had a history of illness or disability. But a Federal health official said there was no magic in the number 5,000, and Mr. Magaziner said, "We are certainly willing to hear other people's ideas" on this and other questions.

Many members of Congress say they want to reduce the size of the alliances proposed by Mr. Clinton, and some Administration officials say they are willing to consider such changes.

Another major question is whether the alliances should be mandatory, as Mr. Clinton wants, or voluntary, as some members of Congress prefer. These lawmakers say they intend to remodel the alliances so that they have less regulatory power than Mr. Clinton wants.

The President proposed dozens of changes in Medicare and Medicaid, the programs for the elderly and the poor, to slow the growth of those programs and to help finance other benefits. Most proposals would limit payments to doctors and hospitals, while some would require beneficiaries to pay more. Some would also provide new benefits to the elderly.

Members of Congress say they are unlikely to accept all the cutbacks proposed by Mr. Clinton. Influential lawmakers from New York and Chicago are resisting proposals to curtail Medicare payments to medical schools and teaching hospitals. Democrats from big cities are balking at Mr. Clinton's proposal to reduce payments to hospitals that serve disproportionate numbers of poor people, saying many such hospitals will need assistance even if their patients have insurance.

Administration officials say they are willing to consider alternatives that produce more modest savings in Medicare.

Mr. Clinton's proposal to require employers to buy health insurance for their workers appears to have substantial support in the House of Representatives. Members of the House Ways and Means Committee predict that their panel will recommend such an employer mandate. In the Senate, by contrast, Administration officials say they worry that supporters of the requirement for employers to pay for health insurance may be outnumbered by Republicans and conservative Democrats who oppose it.

Another vulnerable spot in Mr. Clinton's bill is his proposal for the Federal Government to pay 80 percent of the cost of health insurance for early retirees who would otherwise be covered by their former employers in private industry.

Representative Pete Stark, the California Democrat who is chairman of the Ways and Means Subcommittee on Health, said that would "give away tens of billions of dollars to major corporations for unfunded retiree liabilities." Representative Fred Grandy, Republican of Iowa, said it "creates pernicious incentives" for productive workers to retire early.

WE GO TO YC HEAD

PHOTOCOPY PRESERVATION

BC-GRANDY national editors:TB
Rep. Fred Grandy eyes bigger Iowa game, battling own party in Iowa gover race
(ARCHIVE PHOTO; details below)
(HAS TRIMS)
By Steve Daley
Chicago Tribune
BETTENDORF, Iowa Rep. Fred Grandy, R-Iowa, is in a living room, telling group of prosperous-looking Iowans why he has surprised their incumbent governor with a Republican primary challenge.

Grandy, a.k.a. Gopher on the TV show ``The Love Boat,'' is a four-term G. congressman from Sioux City and a man who's entirely comfortable with his past.

Bright and engaging in a Midwestern blue blazer and rep tie, he is adept at one-on-one politics, talking health care and riverboat gambling with a receptive crowd at Charlie and Bert Brooke's home.

Still, he is in eastern Iowa on this night, far from his home on the state's western border, and you can feel the pull of show business in the room. It's the pull of the nine years Grandy spent aboard the Pacific Princess.

As he usually does, Grandy gets to the sitcom before his audience, controlling the discussion by talking about his first congressional campaign.

``In 1986 I literally walked off a ship, traded my white shorts for long pants and went into grain elevators asking people to vote for me,'' he tells the group, drawing appreciative laughter.

At 45, Fred Grandy is a serious man in a hurry. He's made his presence felt while mired in the Republican minority in the House and has upended Iow politics by confronting Terry Branstad, who shares with New York's Mario Cuo the distinction of being the nation's longest-serving governor, now in pursu of a fourth term.

Members of the Republican establishment are miffed, influential activists in Iowa's Christian Coalition are confused and some old friends have stopped talking to the man they were sure would wait and run against Democratic Sen. Tom Harkin in 1996.

``I don't know how many people the congressmen talked to or consulted before he made his announcement,'' said Ione Dilley, president of the state's Christian Coalition, which exerts a powerful influence on Iowa GOP politics. ``Even our people in his part of the state were a bit surprised.''

Grandy's public posture suggests that old friends and new antagonists will have to get used to his decision to run in the June primary.

(EDITORS: NETX 3 GRAFS OPTIONAL)

Candidate Grandy is nothing at all like the the affable but dimwitted ship's porter who still can be found afloat in the sea of cable TV reruns. If you whiled away the late 1970s and early '80s in front of the home entertainment center, you'd be surprised by Grandy's manner.

There is an edginess to him, a rhetorical confidence and independence perhaps born of his TV celebrity, or his Harvard education, or the fact that he was orphaned as a child.

``I was never a conventional candidate,'' Grandy said. ``I've never been a conventional congressman. I love this sort of risk-taking. If I lose it will be a clear message to fold my sail and go on with my life.''

(END OPTIONAL TRIM)

Almost from the start, Grandy made a strong impression in Washington fighting his way through the sitcom imagery and demonstrating his grasp of the farm issues that are the starting point for any Iowa politico.

``He's nobody's fool,'' House Republican leader Bob Michel of Illinois said early in Grandy's tenure, and over eight years he has made that impression stick.

Grandy was a driving force in unearthing the House Bank scandal and more recently has made himself a player on health care, sitting on the Ways and

Means health subcommittee. There, he's lined up with Rep. Jim Cooper, D-T whose ``managed competition'' bill is drawing support away from President Clinton's plan.

At the same time, Grandy was not averse to going his own way. He irked conservatives with his support of President George Bush's 1990 budget dea his backing of the National Endowment for the Arts and his decision in 19 join just 16 House Republicans in opposing a constitutional amendment to outlaw flag burning.

Back home in Iowa, Grandy sniffs at the idea he is dividing the state Republican Party, which he characterizes as ``already splintered.''

In fact, Grandy sniffs at a great many ideas. He chides his current GOP antagonists as ``the cocktail coalition'' and ``the archbishops'' and contr the state party apparatus.

(EDITORS: NEXT 3 GRAFS OPTIONAL)

He worries that his wife, Catherine Mann, will become a target, in part because she is playing a vocal role in his campaign, in part because she writes what he describes as ``romance novels.''

While he wearies of carting around the Gopher legacy, Grandy points to ancillary benefits of the TV actor's lot.

``My campaigns are all performance-based,'' he said in January. In show business, you learn to think on your feet, and you learn to get up in front people when you're dead tired, and you learn how to deal with rejection, because there's just so much of it, getting hammered by the critics.''

(END OPTIONAL TRIM)

Critics have cropped up in Iowa on the heels of Grandy's latest role as challenger to Branstad, his longtime ally. David Oman, a former co-chairman the Iowa Republican Party, is among those who have criticized Grandy since h announcement.

``Fred spent a year essentially talking to the media, teasing and dropping hints,'' Oman said. ``He trial-ballooned a number of ideas, hoping he would badger the governor into choosing not to run.''

Despite his ire, Oman acknowledges that Grandy's gamble is plausible.

``He makes a terrific first impression,'' Oman said. ``He's smart, quick and clever, and people are interested in knowing more about him because of h TV career.

``What worries me is that we'll see $2 million burned up in a primary wit two strong candidates assaulting each other and the winner will fall across the finish line battered and broke.''

(EDITORS: NEXT 2 GRAFS OPTIONAL)

GOP state chairman Richard Schwarm has the same problem with Grandy, although he picks his words gingerly.

``I've learned over time not to be surprised by Fred,'' Schwarm said. ``He's comfortable in his role as an outsider, and he's a risk-taker. He left a successful TV career when it was still going to make a tough run for Congress and now he's jumped into this primary.''

(END OPTIONAL TRIM)

Not surprisingly, Iowa Democrats are pleased by Grandy's decision to run.

``It's a tough sell for Grandy,'' said Phil Roeder, campaign manager for the presumptive Democratic candidate, state Attorney General Bonnie Campbell.

``In a primary, his No. 1 challenge is basically asking Republican voters to admit they've been wrong for 12 years.''

By this summer, Grandy will find himself at the head of the state ticket or being driven from it.

``If I lose, I'm history,'' he said as he left a January Kiwanis luncheon in Des Moines. ``They'll never let me run against Harkin. They'll find some other candidate at their party weenie roast, and I'll get on with my life.''

-END-OF-AUTOBREAK(1)-

-AUTOBREAK(2)-FOLLOWS

**** filed by:KR-F(--) on 01/31/94 at 08:12EST ****

bc-health-pm
LITTLE SUPPORT ON HEALTH

CARE COMING CLINTON'S WAY
By RICHARD WOLF=
USA TODAY=
WASHINGTON When Punxsutawney Phil predicted a long winter Wednesday, he could have been talking about President Clinton's health-care plan.

Despite a blip on the public opinion radar screen last week, caused by an effective State of the Union address, Clinton has quickly run into growing opposition to his complex proposal.

The latest setback came Wednesday: The policy committee of the Business Roundtable, a coalition of 225 corporate executives, endorsed a rival plan favored by moderate Democrats and Republicans.

The group's distinction: the moderates' market-based approach vs. Clinton's government regulation.

The vote followed a ``call to action'' earlier this week by the nation's governors, who lauded Clinton for elevating the issue but endorsed principles closer to the leading alternative, sponsored by Rep. Jim Cooper, D-Tenn.

``This vote is very important,'' said Cooper. Between governors and corporate leaders, ``You're talking about folks who represent, in one form or another, maybe a majority of the folks in the United States.''

Looking ahead, things appear equally grim for Clinton.

Today, the U.S. Chamber of Commerce comes out squarely against the Clinton plan, and the National Association of Manufacturers, which has been critical, meets in Florida. Next week, an equally dubious American Medical Association leadership meets in California.

And key congressional committees are preparing to write their own bills that could leave the Clinton health plan a legislative lion last September looking like a lamb in March.

But don't count Clinton out, says spokesman Jeff Eller: ``The president is a lot more concerned about how the process ends than how it began.''

To his allies' delight, the president is fighting for support from most key interest groups, often against great odds. When they lose, those in the White House tend to put black hats on their opponents.

Their take on Wednesday's secret vote by the Business Roundtable was predictable.

Officials noted the influence of insurance and pharmaceutical companies in the group's policy-making process.

``The insurance and pharmaceutical companies ... called in every chit, twisted every arm,'' said Laura Quinn, spokeswoman for Sen. John Rockefeller, D-W.Va.

Prudential Chairman Robert Winters led the task force that recommended the vote. But Roundtable Chairman John Ong denied it was dominated by health-care and insurance companies.

Until Wednesday, the White House had lobbied hard for the business leaders' neutrality. ``They were twisting their arms,'' said Rep. Fred Grandy, R-Iowa, co-sponsor of the Cooper plan.

All the early posturing and positioning may mean little later on, when the real battle occurs in Congress. But for now, it's the only game in town.

``This is a game of perception,'' said Rep. Mike Synar, D-Okla., a Clinton ally.

MBR
Odz on
Cooper

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**** printed by:WHPR(JEL) on 02/03/94 at 07:25EST ****

White House Loses a Round On Health Vote

Influential Business Group Supports Rival Proposal Despite Lobbying Bid

By Hilary Stout
And David Rogers
Staff Reporters of The Wall Street Journal

WASHINGTON – Despite vigorous White House lobbying, an influential business group voted to support a health-care bill the administration opposes.

The policy committee of the Business Roundtable, an organization of chief executives of some of the nation's largest corporations, voted to back "as the starting point" for health-care reform a bill authored by Rep. Jim Cooper (D., Tenn.) and Sen. John Breaux (D., La.). The bill has been publicly criticized by Hillary Rodham Clinton and other administration officials, partly because it wouldn't meet the administration's goal of guaranteeing health coverage to every American.

Roundtable officials wouldn't disclose the vote tally, but a White House official said it was 46-14 in favor of the Cooper plan. That suggests that more than two weeks of intensive White House arm-twisting urging Roundtable members to refrain from publicly backing any particular piece of legislation failed to sway even a single vote to the president's side. In telephone conference calls among Roundtable members Jan. 13 and 14, the group's policy committee had voted 45-14 to adopt a resolution supporting the Cooper-Breaux bill.

The Cooper bill would provide tax incentives to help individuals buy health insurance, while the Clinton plan would require employers to help buy coverage for their workers. In addition, the Cooper bill would seek to stimulate market forces to hold down medical prices; the administration plan would do the same but it would limit insurance premiums if market forces fail.

Hours before the vote yesterday, administration officials, including Mrs. Clinton, were still making calls to the executives.

The policy committee was acting on a recommendation from the group's health-care task force, headed by Robert Winters, chairman of Prudential Insurance Co. of America. The task force includes, among others, a number of insurance firms and pharmaceutical companies.

The Roundtable's chairman, John Ong, chief executive officer of B.F. Goodrich Co., said the group wasn't endorsing the Cooper bill fully, but he said it would be the best approach because it "fosters competition which yields a better health-care product for the consumer at a lower price." The Clinton bill, he said, would rely too much on government regulation.

Administration officials expressed displeasure, but not surprise, after the vote. "We think it was a mistake, and we regret their decision," said Jeff Eller, a White House spokesman. "We will continue to seek constructive dialogue with members of the Business Roundtable and businesses throughout America. The president is a lot more concerned about the way this process ends than how it begins."

Mr. Cooper, however, was delighted. "I thought maybe the momentum had shifted against us," he said. Along with statements this week by the National Governors Association, the Roundtable endorsement will hinder White House efforts to win approval of the so-called employer man-

Continued From Page A3

date, Mr. Cooper predicted.

Earlier, Mr.Cooper clashed during a hearing with House Energy and Commerce Committee Chairman John Dingell (D., Mich.) and Rep. Henry Waxman (D., Calif.), chairman of the panel's health subcommittee.

Alternately brash and thin-skinned, he snapped at Mr. Dingell: "I look forward to questioning the chairman on his bills in the future." And the Tennesseean's penchant for cliches clearly exasperated his older colleagues. "I'm a New Democrat," Mr. Cooper said proudly in one exchange – to which Mr. Waxman answered: "You're a young Democrat."

The major focus of the hearing was the Cooper plan's proposed cap on corporate deductions for employee health benefits – a tax change that would yield substantial revenue while serving as an incentive to control future health costs. Budget estimates indicate the cap would save the Treasury as much as $79 billion over five years. Some of this would pay for subsidies for low-income people, but about two-thirds would pay for a new tax deduction to help people pay for health coverage.

The idea borrows from one advanced by early proponents of the managed competition school of health-care reform, who proposed that workers be taxed on any benefits above a basic level. The goal would be to use the tax code to discourage excessively generous health expenditures, but the initial idea of more income taxes was unacceptable to many conservatives.

The Cooper deduction scheme avoids this problem by taking tax deductions away from corporations rather than individuals. But it would tend to favor the wealthy because benefits redistributed in the form of a new deduction would be worth more to higher-income individuals.

Rep. Fred Grandy (R., Iowa), a member of the House Ways and Means Committee and lead co-sponsor of the Cooper bill, acknowledged it may be necessary to make adjustments in the proposed individual deduction. And Rep. James Greenwood (R., Pa.), an important swing vote on the Energy and Commerce panel, argued for a more generous definition of what basic benefit costs corporations could deduct.

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(ATTN: National editors) (Includes optional trims)
Unlikely Duo Pose Threat to Clinton's Health Reform Plan (Washn)
By Karen Tumulty= (c) 1994, Los Angeles Times=

WASHINGTON They would seem an unlikely pair to have emerged, for the moment at least, as the chief threat to President Clinton's health care reform plan.

One is a relatively junior and largely unknown Tennessee Democrat who aspires to the Senate seat once held by Vice President Al Gore. The other, though rapidly becoming an accomplished legislator, is best known to the nation as a character in a television sitcom who bumbled around the deck of a cruise ship in short pants and knee socks.

Reps. Jim Cooper, D-Tenn., and Fred Grandy, R-Iowa, are the driving force behind a health plan that is now the only one in Congress commanding significant support on both sides of the aisle. And with the endorsement of their approach by the Business Roundtable and a tacit embrace by the nation's governors, Cooper and Grandy have left the backers of Clinton's plan scrambling to regain their momentum.

How long Cooper and Grandy will stay out in front remains to be seen. To a significant degree, their current support is coming from groups more interested in using them to derail the Clinton plan than in writing the Cooper-Grandy blueprint for health care into law.

The political appeal of their plan widely known as ``Clinton lite'' lies largely in what it does not contain: strict cost controls or any mandate that employers provide insurance for their workers. Especially among the business interests that are already lobbying hard on health care, those two features of the Clinton plan are its most controversial.

But they are also its chief tools for achieving the president's twin goals of health coverage for every American and cost containment. The cost containment element in the Cooper-Grandy plan is less stringent than Clinton's, and it makes no claim to assuring health care for all.

Moreover, opponents of the ``lite'' approach are stepping up their fire.

Cooper in particular is finding himself the object of blistering criticism within his own party for his decision to challenge the most important domestic initiative of the first Democratic president in 12 years.

``He's being used by the Republicans and all the special interest groups that want to defeat the president. I don't know that he sees it. I'll give him the benefit of the doubt,'' said Rep. Henry A. Waxman, D-Calif., the powerful chairman of the House Energy and Commerce health subcommittee on which Cooper ranks fifth from the bottom in seniority.

``He's enjoying this national attention, but it's also in his Senate campaign's self interest to go out and do a lot of fund-raising with those interest groups,'' Waxman added.

``I think he's had his best day,'' added Sen. John D. Rockefeller IV, D-W.Va. ``To some extent, Jim Cooper is a creation of the media. ... He's just declared himself to be the alternative, and the press has bought it.''

Conversely, others contend the two lawmakers and their plan which also has a handful of Democratic and Republican sponsors in the Senate are a rare breath of bipartisanship in an institution where most major issues are decided along party lines.

``They're real heroes,'' said Rep. Bill Thomas, R-Calif., ranking Republican on the Ways and Means health subcommittee where Grandy sits. Although Thomas supports a competing health proposal, he described Cooper and Grandy as ``doughboys who threw themselves on the barbed wire so that others could crawl through.''

Only five months ago, Grandy noted in an interview Thursday, they were just two more lawmakers peddling ideas for health care reform that no one was taking particularly seriously.

Explaining how the partnership developed, Grandy, whose career prior to Congress included a nine-year stint playing Gopher on ``Love Boat,'' said,

``He wasn't getting as far as he wanted to go, and we obviously weren't getting anywhere with our bill.''

So, though Grandy recalls that he and Cooper previously had ``said maybe four words to each other,'' they and a few like-minded colleagues met to see if they could fashion a single package.

Grandy and the Republicans put aside some of their party's traditional distaste for government intrusion, and agreed to a requirement that small businesses join health purchasing cooperatives. However, they talked the Democrats into exempting companies with more than 100 workers a significant loosening of Cooper's original 1,000-employee threshold.

The Republicans insisted upon more drastic restrictions on malpractice awards; the Democrats persuaded the other side to go along with tax code changes limiting business' ability to deduct the health care premiums they pay for their workers if they offer more than the most basic coverage.

The result was a plan with considerable political appeal. It avoided the potentially costly coverage mandates that worry business and the high level of government involvement that worries at least some voters.

(Optional add end)

Cooper, 39, said he was still somewhat stunned by the attention now being lavished on him and the bill that he has been pushing in various forms for three years.

``I feel like Cinderella,'' he said in an interview.

He said his idea is playing well in Tennessee, where he is campaigning for Gore's old Senate seat. Like the vice president, Cooper is a political blue-blood in the state. His father, Prentice Cooper, was a three-term governor a half-century ago, and his grandfather was speaker of the Tennessee House.

In fact, to gain his House seat in 1982, Cooper had to beat the daughter of another famous name in Tennessee politics, former Senate Majority Leader Howard H. Baker, R-Tenn.

The 45-year-old, Harvard-educated Grandy, who has worked hard to shed his television image, also has higher political aspirations. He is running for governor of Iowa.

Both downplay the significance of this week's victories, knowing that the biggest fights still lay ahead.

``Right now, it's a public relations battle,'' Grandy said.

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Clinton aides appear to be pinning considerable hopes on the ability of liberal Democrats in the House to defeat Cooper's plan, allowing the administration to negotiate later from a position of greater strength. They noted that no congressional votes on the issue are expected for at least a month.

(Optional add end)

Others suggested that as attention increasingly focuses on Cooper's plan, support for it will wane. ``Cooper is the flavor of the month,'' said an administration official, ``put it under the hot lights for a few weeks, and watch it melt.''

Several administration aides and advisers separately pointed to the battle over health reform in Washington state in 1992 as a model of what may be ahead. ``They passed it without any business support,'' one aide said.

Liberal Democrats, many of whom have long feared Clinton was going too far to accommodate moderates, already have begun aiming their fire at Cooper's proposal.

Cooper's bill ``cannot pass. It does not have the votes in my committee and will not have the votes in the House,'' Waxman flatly predicted. Among other problems, Waxman noted, a central feature of Cooper's plan is to remove the tax deductibility of most health plans that companies give their workers, thus driving up the costs of health insurance for the great majority of Am ricans. Cooper argues that step would give people incentive to choose cheaper health plans, but such proposals have seldom been attractive in Congress.

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LEVEL 1 - 5 OF 8 STORIES

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HEADLINE: GOP middle finds new life;
National Perspective / DAVID SHRIBMAN

BYLINE: By David Shribman, Globe Staff

DATELINE: WASHINGTON

BODY:

Now comes the moment in the sun for moderate Republicans.

A decade ago, this group was given up for dead. The moderate Republicans, once so beloved in the capital's salons and newsrooms, appeared in the public prints only as objects of pity. There were so few of them, and they mattered so little. Nobody cared what they thought, said or did. The Republicans may have tried to portray themselves as the party of the "big tent," but the tent was not big enough to include the GOP's dwindling group of moderates. They were past tense.

But the political world has finished a complete orbit, a Democrat is in the White House, social issues are on the agenda again - and the moderate Republicans are roaring back, perhaps more articulate, more powerful, more critical than ever.

As Congress prepares to return to Washington, two dozen moderate House Republicans, mostly from New England and the Midwest, are emerging as a vital swing group - the fulcrum of power, almost certainly, in the health-care debate but probably in other issues in 1994 and beyond.

"The president can't get anywhere without some bipartisan support on health care, " says Rep. Fred Grandy of Iowa, one of the leaders among the moderates. "And he knows he has to move our way."

Almost simultaneously, the Clinton White House and the Republican Right have come to the conclusion that these lawmakers may hold the balance in the legislative struggles that are now beginning to unfold.

So these moderates, so used to being at the fringes of things, are doing what comes naturally in the corridors of Congress. They are organizing.

First, they met furtively, almost nervously. Then, realizing their strength, they met in the open - only occasionaly in the beginning, then regularly, and then once a week. Finally, they began speaking up.

It was Olympia Snowe, the Maine Republican, who confronted the Clinton administration with the force of this group's arguments and, more important, with the force of its potential impact. Snowe bluntly told Hillary Rodham

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Clinton that the working majority for overhaul of the health-care system should be moderate Republicans and conservative-to-moderate Democrats. She even invoked the name - seldom heard in the capital these days - of Ronald Reagan.

"The Democrats tend to appeal to the more liberal wing of their party, but the key to the Clinton presidency may be to replicate what Reagan did," Snowe explains. "They the administration have had a hard time figuring this out, but this is a more workable coalition than almost anything else they can come up with."

But it's not only the Democrats who will have to contend with this group. The Republicans have to make adjustments, too.

In his drive for GOP unity, the next minority leader, Newt Gingrich of Georgia, must appeal beyond his conservative base. He knows he has to bring the right more closely in line with moderates in order to make a coalition with conservative Democrats to defeat Clinton on various social and fiscal issues.

The president won't win an overhaul of the health care system if he repeats his 1993 budget strategy, where he cast Republicans to the winds and focused on Democrats, eventually winning by margins that underscored his weaknesses rather than his strengths. Clinton needs Republicans, probably 30 or 40 of them in the House.

Most of them will have to come from the moderates, the most underutilized group in the House. One of them is Rep. Jim Leach of Iowa, the Bush acolyte who has received such prominence recently with his aggressiveness on Whitewater. The harder he pushes Clinton on the Arkansas investment imbroglio, the more likely he is to lend them a vote on health care.

Another is Sherwood Boehlert of New York, himself a Bush friend for a third of a century. From New England, there are Nancy Johnson and Christopher Shays of Connecticut, Ronald Machtley of Rhode Island and Bill Zeliff of New Hampshire.

Then there's the Senate, where the president will have to repeat the trick. He's already won over James Jeffords, the Vermont Republican. The next target is another New Englander, William Cohen of Maine. Then comes Christopher Bond of Missouri. Before it's over, John Chafee of Rhode Island will wander into the president's corner. The plan is to pick the Republicans off, one at a time.

If the plan works, the result will be an overhaul of the health-care system, and a reinvigoration of moderate Republicanism in the capital. One will heal the health system, the other will heal the body politic.

LANGUAGE: ENGLISH

LOAD-DATE-MDC: January 16, 1994

Old Republican Fissures Feel Strain as Health Care Debate Grows

By Helen Dewar and Dana Priest
Washington Post Staff Writers

Republicans, no less divided than Democrats over how to reform the health care system, are approaching the issue with a wary eye on some of the oldest and deepest fault lines in their party.

This helps to explain the zigzag rhetoric of Senate Minority Leader Robert J. Dole (R-Kan.), the proliferation of Republican plans, governors' alarm at the disarray within the party and the impatience of many lawmakers with the party's role so far in the debate.

The health care issue has rekindled an often bitter debate over the Republican Party's view of governmental intervention in the marketplace, its sensitivity to social needs and its proper role as the opposition party. Some even say the party's "soul" is at stake.

"Nobody knows where the Republicans are, except that they're outside the contest right now," said Rep. Fred Grandy (R-Iowa), cosponsor with Rep. Jim Cooper (D-Tenn.) of the only bipartisan alternative to the health care overhaul plan advanced by President Clinton.

"A lot of members are looking for cover because they know their constituents want something," Grandy added. "In the health care arena, the overriding strategy is, when in doubt, write your own bill."

With Democrats split at least three ways over health care, Republicans seem on the surface to have an ideal opportunity to rush in and pluck off dissident Democrats to pass a plan of their own choosing—one likely to focus more on market competition than on government regulation to cut costs and expand coverage.

But so far they are united less by what they want than by what they oppose in the Clinton plan, especially its price controls, bureaucratic superstructure, requirements for employer financing of insurance and mandatory insurance purchasing pools or alliances.

Dole, who often can find consensus that eludes others and is regarded as pivotal by both parties, is pulled one way by the powerful conservative wing in his own caucus and another by his own instincts and ambitions, according to colleagues. One day he suggests there is no health care crisis; the next he dismisses such suggestions as "theatrics." He puzzles the White House, which could be one of his goals.

His primary job is to try to pull Republicans together and assure that they are a force in molding health care policy, Dole said in an interview last week. But he also wants to probe for common ground with Clinton, he added.

"I've never seen Bob in a more difficult position," said Sen. Dave Durenberger (R-Minn.).

On top of everything else, health care—while a major concern for a few Republican lawmakers—is not the GOP's issue of choice for its post-1992 resurrection.

Crime, yes. Taxes, yes. But Democrats have always regarded health care as their issue and put a political lock on it when, in an election Republicans would rather forget, Sen. Harris Wofford (D-Pa.) used the issue to squash former attorney general Dick Thornburgh (R) in 1991—thrusting it to the forefront of the national political agenda.

For the conservative theorist William Kristol, who at least briefly popularized the notion that there is no health care "crisis," the debate is nothing less than a "battle for the Republican soul."

As Republicans try to sort out the lessons from 1992 and determine whether George Bush lost because he was not enough like Clinton or not enough like Ronald Reagan, they are asking, "Do we need to be another version of Clinton lite or reinvigorated Reaganism?" Kristol said.

Sen. Phil Gramm (R-Tex.), whose heavily market-oriented plan seeks to reduce rather than expand governmental involvement in health care delivery, sees the choice in similar terms. "If we can't offer a viable alternative to socialized medicine, then we don't have any excuse for existence," he added in a veiled warning to those—presumably including possible presidential rival Dole—who would move too far to the left in pursuit of compromise.

While more moderate Republicans put it in less apocalyptic terms, they agree that the health care debate will help shape the party's direction and appeal as it heads into this fall's congressional elections and the 1996 campaign. But they frame the political stakes in far different terms than conservatives like Kristol and Gramm.

"If we fight and obstruct, there is a lot to lose," said Sen. John H. Chafee (R-R.I.), sponsor of the GOP alternative that is closest to Clinton's plan. "Maybe we don't have a lot to gain, but we do have a lot to lose."

"If you just stand on the sideline and systematically shoot at everything that moves into your crosshairs, you may look good on Election Day because you can say you've set back government intrusion" in health care, Grandy added. "But it's dangerous. This is one area where you have to be FOR something."

On issue after issue, from Medicare and Medicaid in the 1960s to the budget battles of the 1980s and 1990s, Republicans have splintered over the government's role, if any, in the marketplace and in the economic choices of individuals.

They also have differed, at times bitterly, over whether to try to shape outcomes by compromise or simply, as one veteran of earlier wars put it, "blow up the bridges and watch the trains wreck."

But there have been few issues that have cut so deeply to the heart of these arguments than overhaul of the nation's health care system. Debate over government involvement threads through nearly every major point of controversy ranging from mandated funding by employers to caps on insurance premiums and limits on tax subsidies for expensive plans, and battle lines already are forming on how much, if any, to compromise with the White House.

"Probably as much as anything else, it reflects a division between those who distrust government and those who feel there are good things that the government can do," said Sen. Thad Cochran (R-Miss.), chairman of the Senate Republican Conference.

Chafee, a moderate who held Cochran's post until conservatives ousted him, put it only slightly differently. "What you see [among Republicans] is variations in distrust of government," he said.

It also may be the reverse: variations in the acceptance of a more intrusive governmental role.

Lost in the heat of the debate is the tacit acceptance of some governmental mandates by the vast majority of Republicans who have signed onto various alternatives to the Clinton plan. For instance, the House Republican leadership would require employers to offer at least one insurance plan meeting minimum requirements; Senate conservatives led by Don Nickles (R-Okla.) would require individuals to purchase a minimum level of medical coverage.

The half-dozen GOP plans have some common threads, including barring insurers from denying coverage to people with preexisting conditions or dropping them when they change jobs. Some would limit cost increases for older people. Most would break the link between jobs and insurance by moving to tax credits or medical savings accounts. Some promote voluntary purchasing cooperatives. All propose monetary limits on malpractice claims and relaxing antitrust laws covering hospitals or doctors.

The big dividing line—and it is one of the biggest in the whole debate—is between plans requiring individuals to buy insurance, assisted by tax credits and subsidies if they are poor, and those that simply seek to make insurance more affordable.

But Dole insists the differences are bridgeable and hopes to begin the process with a Senate Republican retreat March 3-4 in Annapolis that also will include key House members and governors, possibly the first of several meetings to work out a consensus.

He also sees the possibility of joining with Senate Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) to work out a deal, just as they did on Social Security in 1983. And he does not rule out an accommodation with Clinton. "I think it's worth exploring," he said last week.

Foremost for Dole, however, is keeping the Democrats from picking off enough Republicans to destroy his leverage: the 41 votes necessary to sustain a filibuster. Even House members see the Senate as their land of opportunity, largely because it is friendlier toward political minorities.

Dole is not threatening a filibuster but knows through experience that the ability to mount one is power—and an invitation to the negotiating table. Or, as Cochran put it, "The power to block the other person's bill gives you the power to influence the content."

There are 44 Senate Republicans, and Dole already has lost Sen. James M. Jeffords (Vt.) to the Clinton plan and Durenberger to Cooper's. A few more losses and his fate lies in the hands of dissident Democrats.

Dole conceded he does not know how it will turn out. "I don't think we're even close to anything like a deal," suggesting the time for that may not come until after the Finance Committee concludes hearings in April or May. But he describes the stakes in the strongest possible terms: "We're a major political party, we address major issues, this is a major issue. We can argue whether it's a crisis or a serious problem—that doesn't get you anywhere. How do you deal with the problem that is there? I happen to [illegible] it's very import[illegible]"

Candidates explain their policy positions

The Des Moines Register

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ISSUES

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tablished a good record of meeting those needs and making some major reforms and changes in recent years," including a welfare reform law and a proposal to revamp health-care insurance and delivery in Iowa.

Branstad said mental health-care costs have doubled in five years and he favors a plan called "managed care" to reduce them. As with health care for the poor, Branstad said costs of mental health care could be reduced by purchasing service in bulk from groups of providers who agree to care for anyone who needs service for one set fee.

The governor also said he did not think Iowa needed an immediate universal health insurance plan because Iowa "already ranks second in the country in the percentage of people who are covered." He said more people would be covered if the federal government allowed farmers and other self-employed Iowans to deduct all of their health insurance premiums from their federal tax bills.

Long-Term Goal

He said his bill pending before the Legislature will gradually get more coverage to people who can't get insurance now because they have a medical condition or because they are between jobs. His plan "will increase the amount of people who have coverage over the next several years. The goal is that everybody will be covered in the long-term."

Branstad said that he saw no need to change any laws regulating health care provided near the end of life, and that the problem of low birth weights can be solved with education efforts to help low-income pregnant women have better diets.

Branstad said his administration recognizes the importance of child care and said demand is constantly growing. "We are trying to meet the needs of those people who have the most critical need," he said.

He also noted that his administration's effort to collect unpaid child support is bringing in more money that should help lift more children out of poverty.

State Effort

Campbell, a Democrat, said, "All Iowans must have health care coverage that can't be taken away, and nobody can be denied coverage because they have a pre-existing illness." She supports a state effort to do that if the federal government doesn't act.

She said she would support requiring employers to provide coverage to workers, with state subsidies to help buy coverage for smaller employers.

"It's clear to me the average Iowan needs some relief from health costs," she said. "It's not uncommon to hear a farmer stand up and be despondent because they can no longer afford health insurance."

Campbell said she favors shifting more of the costs of mental health care away from county property taxes and onto the state income taxpayer because that is a more equitable way to pay for care.

"Story County now spends more on mental health care than on roads," Campbell said.

She said more must be done to get poor women into prenatal health care. "We know who has low-birth weight babies. We need to get those individuals into prenatal care and make sure they take care of themselves during their pregnancies."

Campbell said she would solve Iowa's child-care problems by asking the Legislature to provide a corporate income tax credit to businesses that provide care for workers.

Campell also said Branstad was late in recognizing the problem of unpaid child support. She said he has not dedicated enough money to collect unpaid support.

She said if she is elected she will convene a conference of doctors, clergy, scientists and ethicists to discuss what, if anything, the state should do about the rising cost of terminal health care. "It's difficult ... but a governor can lead the discussion," she said.

"Splitting the Costs"

Grandy said the state should establish purchasing cooperatives to help businesses buy health care for employees. He said it is important that Iowa get a larger reimbursement from the federal government for care in rural hospitals and for the elderly.

He said mental health care delivery "is more of a state responsibility than a county responsibility." He would "give counties more flexibility to put patients in community-based care and then pick up some of the cost to the point where the state is splitting the costs."

Regarding low-birth weight babies, Grandy said, "The real problem is directly related to welfare conditions ... a lot of our goal is to stop illegitimacy and stop rewarding illegitimacy."

He said the welfare laws must be changed "so there is no reward for having a child — no subsidy." Young mothers should be required to stay in school and remain with one of their own parents as a condition for getting a welfare check.

"If you have to bring your baby home and live with your mother, very often the pressure she will put on you not to get pregnant again is enough to keep that from happening. If you are allowed to go into subsidized housing, you cut yourself off from the only kind of discipline that will keep you from continuing to have babies," Grandy said.

YOUR THOUGHTS

Do you have a question or comment about the positions of the candidates for governor on these issues? Call The Des Moines Register's Issues Line at 286-2544 and leave your question or comment. (Readers outside the Des Moines area can call 1-800-532-1455 and ask for extension 2544.) We'll publish some of those questions and comments later this week.

STARTED

In article featuring positions of gub. candidates

''If the president is prepared to sign a bill which helps 81 million Americans who have pre-conditions, if he's prepared to sign a bill that helps small business, if he's prepared to sign a bill that lowers the cost of health care with malpractice reform, then yes, we can pass a health bill on a bipartisan basis just as we did NAFTA (North American Free Trade Agreement), and we can have a signing ceremony, and he can say he's done a great deal to improve health care,'' Gingrich said.

Universal coverage is an other matter.

''I am not sure we will get there this year,'' Gingrich said. ''I think it is possible to dramatically improve the health system in America and resolve most of the problems which exist in the system.''

But he added: ''I think it is very dangerous to have social engineering on the scale of the Clinton plan.''

In the House of Representatives, Democratic legislative strategists say Gingrich and other Republicans may ''talk the talk'' of health care reform but they expect them to ''take a walk'' when the time comes to vote this spring or summer. Prospects for bipartisan support are better in the Senate, the strategists say, if only because Republicans wish to avoid political blame for derailing reform.

If Republicans were somehow successful in stopping health care reform from happening ''they would rue the day,'' said Clinton's pollster, Stanley Greenberg.

''People may not have a lot of information about the Clinton health care plan but they would have enough information to know who stopped health care reform from happening and I think they would cast a negative vote against those who stopped health reform from happening,'' Greenberg said.

He said the battle might resemble the fight to create the Medicare program in 1965 when the opposition crumbled only at the end ''because people did not want want to vote against health care for seniors and I think people are not going to vote against health care reform. I think it will get big majorities.''

Lt. Gov. Launches Health Care Assault on Grandy

By MIKE GLOVER= Associated Press Writer=

DES MOINES, Iowa (AP) Mar 2 -- Lt. Gov. Joy Corning today accused Republican candidate for governor Fred Grandy of coming up with a health care plan that would raise taxes.

Ms. Corning said Grandy's plan is ''seriously flawed'' because it would force many to pay higher taxes and doesn't deal with problems facing rural hospitals.

''Fred Grandy's plan fails to address this crisis,'' Ms. Corning said.

Her comments came in news conferences scheduled in

Davenport, Cedar Rapids and Des Moines, her latest round of attacks on Grandy.

Gov. Terry Branstad's campaign used his running mate to launch direct attacks on Grandy, while the governor seeks to depict himself as above the fray.

Grandy, who has represented northwest Iowa's 5th District in the U.S. House since 1986, is one of the sponsors of a health care plan in Congress that is emerging as the prime alternative to President Clinton's proposal.

The Sioux City Republican says his plan means less government intrusion in the health care system than Clinton's proposal, and it is the subject of hot debate.

Ms. Corning sought to frame that debate in the gubernatorial primary.

''Fred Grandy says there will be something in the plan to offend everybody,'' Ms. Corning said. ''I imagine that most Iowans will be offended when they have to pay higher income taxes just to keep the health insurance they have today.''

There was no immediate response from the Grandy campaign to the latest attack from Ms. Corning. He has dismissed past criticism from Ms. Corning and challenged Branstad to a direct debate.

Ms. Corning also said Grandy's plan doesn't deal with big issues like government health programs that pay rural hospitals less than those in urban areas.

''The failure of the federal government to adequately reimburse rural hospitals cost Iowans $200 million annually,'' she said.

In seeking to oust Branstad, Grandy has taken a fiscally conservative tack, with television advertising attacking tax increases during Branstad's 12 years in office.

Ms. Corning sought to turn those tables by accusing Grandy of pushing for higher taxes.

''His own health care bill represents a dramatic tax increase to thousands of Iowans,'' she said.

Update: HHS Study Says Health Reform Will Save States Money

Washington, March 1 (Bloomberg) -- Combatting claims from New York, California, and some others, the Clinton administration released a report today showing its health-care reform proposal will save state governments more than $45 billion between 1996 and 2000.

''The combination of guaranteed private insurance, long-term care coverage and effective cost containment under the president's plan results in considerable savings to state governments,'' said Kenneth Thorpe, the author of the study. He is deputy assistant secretary at the

WASHINGTON, March 3 (UPI) The sponsor of a leading alternative health care proposal told a House committee Thursday his middle-ground solution is the only plan with significant support in both parties of Congress.

''Bipartisanship is vital to make sure that reform is accepted back home,'' Rep. Jim Cooper, D-Tenn., told the House Education and Labor Committee. ''We need a new health care system that makes all of our patients feel comfortable, whether they are Democrats, Republicans, independents or apolitical.''

Cooper's bill, cosponsored by 36 Democrats and 27 Republicans in the House and Senate, proposes to use individual payments and voluntary employer contributions to offer people not covered by Medicaid access to a system of group-purchased private insurance.

He has promoted his bill, H.R. 3222, as a middle-ground compromise between President Clinton's plan for universal coverage and Republican plans that reject new government taxes and insurance premium limits.

It does not provide for mandatory universal coverage, which Clinton has demanded as the sole essential ingredient of any health care reform plan he would sign into law.

It instead seeks to help people buy coverage through a combination of insurance reforms and subsidies for low-income citizens taken from the general federal budget and reductions in spending on Medicare and Medicaid.

It requires companies to offer their workers a health coverage plan but does not require the employers to fund it.

The staff of the committee chairman, Rep. William Ford, D-Mich., issued a report prior to the hearing that branded Cooper's plan a ''failure'' that still would leave without coverage some 25 million of the country's 37 million uninsured citizens.

''H.R. 3222 is not, as its principal author quips, a 'lite' version of the president's health reform plan, but an incomplete restructuring of the health insurance system that would leave two-thirds of the uninsured with no coverage, prove costly to taxpayers and still fail to brake the spiraling cost of health care,'' the committee staff said in its analysis.

The Cooper plan's key Republican sponsor, Rep. Fred Grandy of Iowa, called the bill a reasonable compromise among conflicting public demands, and said criticism of it reflected people seeking more from health care reform than they should reasonably expect.

''They don't know what they want, but they want it now,'' Grandy said. ''Americans are all for health reform, as long as they don't have to change anything.''

REPORT: COOPER HEALTH PLAN HURTS MIDDLE CLASS, ELDERLY

ouse Defeats Attempt o Cut Defense Budget

Military, Domestic Advocates Vie for Funds

By Eric Pianin
Washington Post Staff Writer

The House yesterday turned aside a bid by liberal Democrats to trim defense spending in President Clinton's proposed 1995 budget in a skirmish that signaled intensified competition between advocates of defense and domestic programs for a shrinking pot of funds.

By a vote of 313 to 105 the House defeated an amendment by Rep. Barney Frank (D-Mass.) that would have shaved $2.4 billion alloted for military pay raises from the $263.8 billion defense budget.

Defense spending hawks, largely Republicans and conservative Democrats who contend Congress has gone too far in cutting defense operations, united to defeat the measure. "The military is at the edge of their readiness level and if we cut anything out we will not be able to meet national security threats," said Rep. John P. Murtha (D-Pa.), chairman of the defense appropriations subcommittee.

House Majority Leader Richard A. Gephardt (D-Mo.) also spoke out against the amendment, saying it would be risky to reduce the spending levels requested by the president at a time when "we're taking on a lot of peacekeeping responsibility."

Congress last year approved a 2.4 percent pay raise for nearly 2.7 million active and reserve military personnel, a move that will cost an estimated $11.7 billion over the next four years. Frank and his allies aren't opposed to the pay raise, but contend that the Pentagon should absorb the cost by reducing spending in other areas, just as civilian agencies are being required to do.

However, Clinton has agreed to a proposal advanced by Murtha and Senate Armed Services Committee Chairman Sam Nunn (D-Ga.) that would allow Congress to either dip into funds for domestic programs to finance the military pay raises or raise the deficit.

Murtha, a former Marine, contends that the pay raise is essential to bolstering sagging morale among the troops, but that any attempt to finance it with off-setting cuts in defense programs would compromise the Pentagon's response capability.

For the first time since enactment of the 1990 budget agreement, appropriators are free to raid domestic programs to fund defense programs and vice versa. In prior years, "fire walls" separated the defense, domestic and foreign aid accounts, and Congress was required to hold spending in each of those areas below strict mandated spending caps.

Now, all discretionary funds are being lumped together under one spending ceiling, and advocates for domestic and defense programs must slug it out for their share of available discretionary funds.

Frank said yesterday that by granting this concession to the Pentagon, the president and congressional leaders were putting "the first chink" in the spending discipline imposed by Clinton's deficit reduction package approved last summer.

"I believe that there are many places where the Defense Department can continue to save money, and I think it would be a mistake for us to begin the process of breaking down the budget discipline by giving them this exemption," Frank said.

Rep. Martin T. Meehan (D-Mass.) dismissed warnings that Frank's amendment would contribute to a "hollow force" as "an excuse to support pork in uniform."

The Frank amendment was backed by Rep. Patricia Schroeder (D-Colo.), a member of the Armed Services Committee, and by a coalition of social welfare, labor and environmental groups and some fiscal conservative organizations including the National Taxpayers Union.

The House spent much of yesterday debating a resolution incorporating the heart of Clinton's proposed $1.5 trillion for the fiscal year that begins Oct. 1. A final vote on the budget resolution is scheduled for this afternoon, after the House disposes of one GOP budget alternative and a substitute backed by the Congressional Black Caucus that would order much deeper cuts in defense spending.

The House voted 342 to 73 to reject a plan offered by Rep. Gerald B.H. Solomon (R-N.Y.) to balance the budget within five years by reducing projected domestic spending by $600 billion.

Solomon said the measure gave Congress its best opportunity to balance the budget. But House Budget Committee Chairman Martin O. Sabo (D-Minn.) said the president's anti-deficit plan was working and that Solomon's proposal "would be very detrimental to the economy of this country."

TODAY IN CONGRESS

SENATE

Meeting time unavailable.
Committees
Appropriations—10 a.m. Interior subc. FY95 approps for Indian Health Service 138 Dirksen Office Bldg
Appropriations—10 a.m. Treasury, Postal Service and general government subc. FY95 approps for Secret Service, Federal Law Enforcement Training Center, Financial Crimes Enforcement Network and General Services Administration 116 DOB
Governmental Affairs—10 a.m. Federal policies on introduction of non-indigenous plants and animals 342 DOB

HOUSE

Judiciary—9 a.m. Crime subc. Markup on 11 crime bills 2237 Rayburn House Office Bldg
Ways and Means—10 a.m. Health subc. Continue markup of Health Security Act. 1100 Longworth House Office Bldg

HEALTH REFORM NOTES

GOP Knife Poised For Healthy Cuts

Republicans served notice yesterday that they will seek to perform radical surgery on the national health bill proposed by Rep. Fortney "Pete" Stark (D-Calif.) when Stark's House, Ways and Means health subcommittee begins voting on the measure next week.

Rep. Fred Grandy (R-Iowa) said he intends to try to eliminate Stark's provision requiring employers to pay 80 percent of the premium costs for health insurance for their workers.

If Grandy succeeds, Stark said, "It will kill the bill."

The Stark panel is the first of five congressional committees with major jurisdiction over health reform to begin marking up a proposal. The committee is working on a plan that is similar to President Clinton's health bill but expands Medicare to cover the poor and uninsured.

Stark explained the ground rules for voting yesterday, after which Rep. Jim McCrery (R-La.) joked, "Gutting amendments will be allowed."

Grandy said the Republicans may ask for votes on numerous GOP bills. They also may propose that the subcommittee vote on the president's bill. Fellow Democratic liberal, Rep. Jim McDermott (Wash.), said yesterday that the chairman couldn't count on him unless Stark improved his benefits, cut the costs to patients, and cleared up the mystery surrounding his price tag.

—Spencer Rich

Pricing Out Habits

■ Young people who smoke cigarettes are many times more likely than others to use drugs, according to a new study.

Former health, education and welfare secretary Joseph A. Califano Jr. presented a study on smoking and drugs to senators yesterday, and urged them to raise the 24-cent cigarette tax by $2 a pack. He said the increase would not only help pay for health reform but also curb smoking and drug abuse.

"This tax is essential to put cigarettes beyond the means and lunch money of most elementary and high-school students," Califano told the Senate Finance Committee.

The Clinton health plan would raise the tax by 75 cents a pack.

Califano, who now is president and chairman of Columbia University's Center on Addiction and Substance Abuse, cited statistics from the center's new study on teens, smoking and drugs showing that smokers between the ages of 12 and 17 are 23 times more likely to use marijuana and 12 times more likely to use heroin than those who have never smoked. They are 51 times more likely to use cocaine and 57 times more likely to use crack.

—Associated Press

It's a Plant

■ Pssst. There is a "new White House health care plan." But the White House says it doesn't know a thing about it.

Last week's version made the rounds with "CONFIDENTIAL" printed five times across the top page, bait no doubt for leak-starved reporters.

This week's version—which contained the same text—had been retyped. The bait was another flavor. "Confidential" was replaced by a discreet "WHITE HOUSE" appeared in the upper left-hand corner.

The plan is this: Employers pay 50 percent of workers' health insurance. Individuals are required to purchase insurance after five years. Health purchasing alliances or cooperatives would be voluntary.

This apparently bogus plan purports to outline the White House's "bottom line" for a compromise with Congress. Some people think it originated with a Democratic senator, others say they recognize the typeface from a House committee's word processor. So far, authorship unknown.

—Dana Priest

Initial Health Plan Votes Back 'Employer Mandate'

By Spencer Rich
Washington Post Staff Writer

Six months after President Clinton proposed a plan to remake the nation's health system, members of a congressional subcommittee cast the first votes on health care reform yesterday, voting narrowly to require employers to pay for insurance for their workers.

The House Ways and Means health subcommittee, launching what will be months of voting in four major committees and dozens of subcommittees, voted on a slimmed-down alternative to the Clinton plan written by Rep. Fortney "Pete" Stark (D-Calif.), the subcommittee chairman.

The subcommittee voted 6 to 5 against a Republican amendment to kill the requirement that employers pay 80 percent of the costs of workers' insurance. The provision, called an "employer mandate," is the key feature of both Stark's and the president's plan, and it will likely face dozens of similar challenges before the issue is decided.

All but one of the Democrats on the subcommittee supported the employer payment provisions. Rep. Michael A. Andrews (D-Tex.) joined four Republicans in favor of an amendment by Rep. Fred Grandy (R-Iowa) to strip the employer mandate from the bill.

"We should not put the burden of health care squarely on the backs of business, particularly small business," said Grandy. The employer mandate would destroy up to 1.2 million jobs, he said.

He argued that the nation should first try reform of insurance rules. But Rep. John Lewis (D-Ga.) called efforts to kill the employer requirement "a dagger in the heart of the bill."

Stark said a bill without the mandatory provision "would draw a veto from the president" because the employer requirement is the only feasible way to achieve guaranteed coverage of all Americans—including the 39 million who lack insurance.

"It would take out the financing for universal coverage—pure and simple," said Rep. Benjamin L. Cardin (D-Md.).

"This is a dagger at the heart of small business—the mother of all entitlements paid for from cradle to grave," said Rep. Bill Thomas (R-Calif.). "The employee will wind up paying" through inability to get pay increases because the employer is paying instead for compulsory health care.

The rejection of the Grandy amendment is only the first of a long series of votes continuing through the week in the Stark subcommittee. After all amendments to the Stark text have been voted on, the subcommittee will take up GOP substitutes.

Only if the Stark bill survives these challenges will it face a final vote in subcommittee. Although the bill differs from the Clinton plan, it contains many similar features. The White House has encouraged Stark to go forward to get health care legislation moving.

"We've made progress," said Rep. Sander M. Levin (D-Mich.) after yesterday's session, but "I'm not sure we're any closer in terms of getting a bill out." He said critical issues remain such as phasing in the employer payment more slowly, finding ways to soften the impact on small business, paying for insurance for early retirees and several other matters.

In other votes yesterday, the subcommittee cut back on the mandatory payments employers would be required to make for workers' insurance. A Cardin amendment was approved, 7 to 4, to limit the employer liability to the 80 percent of the cost of low priced insurance rather than any insurance plan an employee would select. Also defeated yesterday by the same 6-to-5 lineup was a proposal by Rep. Jim McCrery (R-La.) that tax deductions by employers and employees for the plans be limited. This is called a "tax cap."

This concept is designed to discourage employers and employees from buying "gold plated" policies by taxing premium payments above the area average.

"Everybody will make enormous changes in efficiency to get below that tax cap," Andrews said.

But Democrats Jim McDermott (Wash.) and Levin argued that for workers who have consciously given up pay raises to get good health plans, this would be a step backward. Levin said it would be a "a massive tax shift" that would harm modest income workers whose unions had negotiated health benefits.

Cooperation Is Keynote In Advertising Campaign

The Soviets and Americans used to practice tit-for-tat diplomacy. Kick out our spy, we will deport yours. With the end of the Cold War, there is a new version of the game. It is called tit-for-tat reformacy.

As in health care reform.

The state of play is this: The White House calls the insurance industry nasty names.

The Health Insurance Association of America calls the White House plan nastier names in a multimillion-dollar television ad campaign featuring Harry and Louise.

The First Lady lambastes Harry and Louise before the nation and the next day the president swings again.

There is a lull as tensions ease.

Recently it is revealed that The Health Care Reform Project, a large coalition of labor, seniors, businesses and consumer groups generally supportive of the president's plan, is unofficially coordinating its ad campaign, which attacks the insurance industry, with the White House. This touches off another round of tit for tat.

HIAA President Bill Gradison sends a letter asking Clinton to stop the project's ads and to "cosponsor . . . television advertisements that mention our shared goals."

The project writes its Harry and Louise script and sends a letter to Gradison saying that if it seriously supports reform, it should produce an ad using the project's script.

HIAA declines.

Meanwhile, the White House responds that it is legally prohibited from running advertisements but says "it is heartening to hear that HIAA is still committed to universal coverage."

—Dana Priest

It's Now Sequel Time

■ The Jackson Hole Group, the people who have tried to make "managed competition" a household word, yesterday announced Managed Competition II.

The group, named after its meeting place, succeeded in persuading Clinton to make managed competition the philosophical foundation for his plan. The idea was to have Americans get their health care through the private market, but to regulate it to prevent abuse. The group conceived of health alliances—huge health insurance purchasing cooperatives—a standard benefit package that all insurers would be required to offer and allowing consumers to change plans once a year. It also supported universal coverage and in taxing "excessive" benefits as a way to drive down demand for overly rich coverage.

Its offspring, Managed Competition II, is a more politically oriented approach, one the authors believe has a better chance of surviving on Capitol Hill.

Out are mandatory health alliances. In are voluntary alliances.

Out is a guarantee of universal coverage. In is a pay-as-you-go approach to covering the uninsured.

Out is support for a requirement that employers pay for insurance for their workers. In is qualified support for a requirement that individuals purchase their own.

—D.P.

PM Health Reform,670
In First Health Bill Vote, Employer Mandate Hangs on With a Fight
By NITA LELYVELD= Associated Press Writer=

WASHINGTON (AP) Requiring employers to pay for employees' health insurance is a cornerstone of the Clinton health reform plan and the plan of Rep. Pete Stark, whose subcommittee is drafting a bill.

But critics say what workers save up front, they pay for mightily in the end.

An employer mandate, they say, would make paychecks smaller and unemployment lines longer and would be the kiss of death for many small bu inesses.

In its first vote Tuesday on the bill sponsored by Stark, D-Calif., De ocrats on the House Ways and Means health subcommittee defeated, 6-5, a GOP a ndment that would have scrapped the employer mandate and required employers to offer insurance but not to pay for it.

The amendment was offered by Rep. Fred Grandy, R-Iowa, who said an employer mandate would cost jobs. Democrat Mike Andrews of Texas voted with the Republican subcommittee members in favor of the amendment.

Not long after the Democrats voted to preserve the employer mandate, they voted to make employers pay the costs of insuring non-working spouses.

Grandy called the mandate issue a ``fault line'' between Democrats and Republicans.

Meanwhile, in the Senate Finance Committee, a panel testifying on mandates was dominated by critics of the idea of forcing employers to foot the bill for workers. That's not how it ends up working, they argued.

``Employer-paid health insurance is a myth,'' said Alain C. Enthoven, a Stanford University professor and one of the creators of the ``managed competition'' concept of health reform espoused in the Clinton plan and other proposals. ``Any mandate on employers would be shifted to employees through reduced wages or loss of jobs,'' he said.

Michael J. Graetz, a Yale University law professor, told the Finance Committee the mandate would make workers more vulnerable, because employers would try to circumvent the system by hiring workers as independent contractors or pushing for employees to work overtime instead of hiring.

On the first day of voting on health reform in the Ways and Means subcommittee, debate ranged from tax caps to early retirees' benefits.

Arguments against the employer mandate were impassioned.

``We are heaping costs on small business at such a rate ... (it's) going to absolutely put the squeeze on the very industries and businesses that have got to grow if we're going to turn the economy around,'' warned Rep. Nancy Johnson, R-Conn.

``This is the mother of all entitlements, cradle-to-grave health insurance paid for by business if you can get it,'' said the panel's ranking Republican, Rep. Bill Thomas, R-Calif.

But Rep. Gerald Kleczka, D-Wis., said it was a fitting place for the debate to start because ``this is probably going to be the most contentious part of the debate.'' He predicted Congress will still be grappling with the employer mandate in ``the last hour'' of this year's debate.

Both the Clinton and the Stark plans would require employers to pay about 80 percent of the cost of their employees' health insurance premiums.

Stark's bill would require large employers to pay 80 percent of workers' health insurance by 1995, while small employers with 100 or fewer workers would have until 1997. Small employers would have the choice of buying private insurance or enrolling workers in a new Medicare program to cover the poor and uninsured.

It's possible that small business lobbying and other pressures could make e ployer mandates as unpopular in Congress as mandatory health alliances now appear to be. But, unlike the alliances, Americans apparently still think the mandates are a good idea.

In a poll of just over 1,000 people released Tuesday by the consulting firm Macro International of Calverton, Md., 48.9 percent of respondents said they viewed forcing employers to pay health premiums very favorably, compared to 28.5 percent who viewed it unfavorably.

The poll, conducted Feb. 11-17, has a margin of error of 3 percentage points.

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Crucial House Battles on Health Care Are Closed-Door Events

By Dana Priest
Washington Post Staff Writer

As Democrats on the House Ways and Means health subcommittee met privately last Friday to craft a health bill, Rep. Sander M. Levin (Mich) handed the chairman a list of questions he needed answered before he would go along.

All he wanted was a few studies on how Chairman Fortney "Pete" Stark's (D-Calif.) version of health reform would affect the following: Businesses by firm size. Business by industry type. Individuals by age. Families by size. Individuals and families by income levels.

"I wanted to know what we're doing before we did it," Levin said.

"I said, 'Sandy, that would take us months.' " said Stark.

So, with Stark trying to wrap up the bill in one week, Levin has been left without answers and is still undecided. And, as the subcommittee debated amendment after amendment in public, the real work of trolling for compromises has been going on during 60 hours of closed-door sessions.

"What we have is a five-legged stool and my job is to level the legs," said Stark.

The legs of Stark's stool are of different lengths and sizes and one Democratic vote in the wrong direction could tip it over entirely. While the most entertaining and extended public debates have been between the subcommittee's Democrats and Republicans, the real battle, for now, is between competing Democratic visions of what Rep. Benjamin L. Cardin (D-Md.) calls "the second generation health bill." The proposal by President Clinton was the first try.

Two members—Levin and Cardin—are refusing to vote for any employer payroll taxes. In addition, they say they are worried about crippling business with requirements to finance most of the insurance premiums for their workers, and are concerned about expanding government's role too much.

"I'm not willing to vote to add on a payroll tax," said Levin, who is balancing the concerns of Michigan's big, unionized automakers with the more vulnerable small and mid-sized manufacturers that supply them.

The list of questions he gave Stark was to help him determine whether Stark's bill would do more harm than good. "I'm realistic. If you're going to have a [requirement that employers pay for insurance], you have to make sure employers are in a position to carry it out."

Levin is pushing to get the subcommittee to report out a bill without any tax provisions, leaving that to the full committee. But Stark is a stickler for balance sheets, so the chairman plans to propose a 1 percent tax on insurance benefits as a partial alternative to the payroll tax. He thinks the insurance tax would raise about $6 billion a year. The payroll tax would raise $24 billion.

Four other Democrats—Stark, Jim McDermott (Wash.) John Lewis (Ga.) and Gerald D. Kleczka (Wis.)—favor or are disposed to a Canadian-style system in which insurance coverage is financed with general taxes and the government regulates doctor and hospital fees. McDermott is the author of the Canadian-style health reform bill in the House.

If Stark goes along with Levin and Cardin,, he risks losing some of these four, who have begun to complain that the benefits are too meager or that the plan would hurt some families.

To keep McDermott on board, Stark and the Washington physician are negotiating over the possibility of passing two bills out of the subcommittee, Stark's and McDermott's.

"I've got a lot of folks telling me to hang tough," said McDermott.

A seventh Democrat, Michael A. Andrews (Tex.), a co-sponsor of a bill with Rep. Jim Cooper (D-Tenn.), usually votes with the Republicans and said yesterday that it is "too early" to compromise on any of the major issues.

Even so, Andrews, joined by Levin and Cardin, proposed an amendment yesterday to raise the cigarette tax to $2 a pack and use two-thirds of the $12 billion annual revenues for subsidies to help small businesses cover health insurance premiums for their workers. "It's the only vehicle available at the moment to help ameliorate coverage provisions for small business," said Levin. But the amendment was put aside on a 6-to-5 vote.

Politics aside, the issues are so complex that the Democrats have resorted to role-playing in their private sessions to help them understand how changing one provision would affect another. When the issue was financing coverage for married couples with children and only one working spouse, the circle of legislators in Stark's office became a family circle.

Levin played Stark's spouse, Cardin became Stark's boss and they passed around a slip of paper in different directions to visualize the funding flow for insurance coverage.

Republicans on the committee have their own strategy. They're looking for areas where Democratic solidarity is weak, trying to score public points and alreadylooking forward to playing a role in an eventual conference between the House and Senate after both bodies have passed bills.

"We are the first out of the chute, I think that's important," said ranking minority member Bill Thomas (Calif.). "We talk about being strategic as opposed to being tactical."

"We" includes the House GOP leadership, which has held several meetings with the subcommittee Republicans. Their strategy has several goals.

They are offering amendments to sharpen the public perception of the contrast between the two parties on health care. When Rep. Fred Grandy (R-Iowa) led off with an effort to knock out the requirement that every employer buy health insurance, he said, "We're establishing a fault line that runs through this committee and through Congress, whether we believe in markets or in mandates."

A second goal is to probe for divisions among the Democrats that could induce some of them to support a bipartisan compromise. The third is to show the public that Republicans have proposals of their own—that they are not simply out to block action, as the Democrats charge.

Thomas said he and other Republicans will offer amendments to establish voluntary health insurance purchasing cooperatives, to reform the insurance market, and to change malpractice laws. To reveal the Democrat's schism, Thomas said he plans to ask for a vote on Clinton's plan if no Democrat does.

A Republican leadership official said Republicans will probably force the Democrats to produce 218 votes from their own ranks for House passage of a health measure later this year, but insisted that when the House and Senate conferees meet for the final negotiation, "we want to work with our Senate [Republican] colleagues to fashion the kind of bill we think the American people want."

Amid the jockeying on Capitol Hill, members are also looking behind them, to their districts. As the subcommittee struggled to move Congress's first health bill out of the first of dozens of subcommittees that will eventually take up health reform, Cardin went home to talk with his health advisers.

In the formal Board of Estimators room in Baltimore's City Hall, he took two hours explaining the Stark plan to 30 leading doctors, hospital administrators, consumer watchdogs and state officers he had consulted over the last two years.

There were some heated exchanges from physicians and small business leaders. There were some reassuring gestures from senior citizens and labor leaders. At the end, Cardin took a poll.

"How many of you think the Ways and Means [proposal] is a movement in the right direction?"

Twelve hands went up.

"The wrong direction?" Three hands.

Twenty people had offered no response.

Staff writers David S. Broder and Spencer Rich contributed to this report.

Levn
Stark
Cardin
McDermott
Andrews
Thomas
Grandy

THURSDAY, MARCH 17, 1994 THE WASHINGTON POST

AM Health Reform, 7th Ld-Writethru, a0782,980
House Panel Approves Compromise Democratic Health Plan
Eds: INSERTS grafs 12-13 with Rostenkowski comments. Picks up 12th graf prvs, ``Republicans failed,'' By CHRISTOPHER CONNELL= Associated Press Writer=

WASHINGTON (AP) By a one-vote margin, a House Ways and Means panel approved a compromise Democratic plan Wednesday night to guarantee health insurance for all Americans by 1998.

The measure passed the health subcommittee by a vote of 6-5, despite concerns voiced by some Democrats about the way it would be paid for. Although the vote was just an initial step in a long process, it made the panel the first in Congress to approve any health reform plan.

It would require all employers to pay for health insurance for their employees and impose a 1 percent payroll tax on large corporations that self-insure.

Republicans called it worse than President Clinton's original health reform plan.

The bill hammered together by Rep. Pete Stark, D-Calif., would expand Medicare to cover the uninsured, including those working for small businesses. It would add prescription drug coverage for all Medicare beneficiaries in 1998.

It would also limit the growth of private and public health expenditures.

The Democrats scrapped a 0.8 percent across-the-board payroll tax, delayed universal coverage by a year and voted to raise $24 billion a year in revenues through the corporate payroll tax, higher contributions from states and by making Medicare patients pay 20 percent of the costs of home health benefits.

The plan includes a $1.25 per pack increase in the cigarette tax.

It would require only corporations with 1,000 or more employees that self-insure to pay the 1 percent payroll tax.

All employers with more than 100 workers would have to provide health insurance as of Jan. 1, 1996. Those with 100 or fewer workers would get until Jan. 1, 1998, to buy private insurance or enroll their workers in Medicare.

The bill, still a long way from becoming law, now goes to the full Ways and Means Committee, which Stark said was likely to make major revisions, including ``a complete change in the financing package.'' And health reform has to clear four other major committees in the House and Senate.

Ways and Means Chairman Dan Rostenkowski, D-Ill., prediced that his panel would pass a ``much more conservative'' health care bill that the Clinton or Stark plan, the Washington Post reported in Thursday's editions.

On the president's plan for universal coverage, Rostenkowski told the Post that ``we're going to try to put it in, but I don't think members are going to fall on their swords. I'm going to suggest to the president that whatever bill he gets he ought to be happy with it because it's a step in the right direction.''

Republicans failed in a series of attempts to derail the Democrats' compromise. ``This is how bad law is made ... at the 11th hour to garner a couple of votes,'' said Rep. Fred Grandy, R-Iowa.

Rep. Gerald Kleczka, D-Wis., said he was tempted not to vote for the bill after the last-minute changes that chairman Stark made to pick up a sixth Democratic vote. Rep. Sander Levin, D-Mich., had said he would not vote for the payroll tax increase.

Rep. Bill Thomas, R-Calif., the panel's top Republican, said, ``We may have lost this particular battle, but I can assure you we have not lost the war.''

And Rep. Mike Andrews, D-Texas, who voted with the Republicans against Stark's plan, called it ``a bad bill'' and said the full committee needed to ``move toward the center.''

Rep. Jim McDermott, D-Wash., predicted, ``this revenue package will never see the light of day again.''

The White House commended Stark and his colleagues. ``Today's action puts America one step closer to comprehenseive health care reform,'' said

The Washington Times / SUNDAY, MARCH 27, 1994

Businessman's burden

An 'employer mandate' would make insurance his cross to bear

By Karen Riley
THE WASHINGTON TIMES

For small businessman Dale Gillilland, the great debate over how to pay for health care reform comes down to a battle over his company's balance sheet.

A decision by Congress to require every business to pick up the tab for its workers' health insurance would put his American Foam Center, which made a small profit last year, into the red, Mr. Gillilland says.



Dale Gillilland

"If they take away our profit, what are we doing?" he asks. "We're just here to support the government."

The Arlington-based manufacturer of seat cushions currently doesn't offer health insurance. It did at one time, several years ago, until one of the company's seven employees got sick. Partly as a result of the stepped-up claims, the firm's insurance premiums skyrocketed.

By the time premiums had quadrupled, Mr. Gillilland realized his employees would pay less if they bought their own policies. He terminated the company plan and gave the cost savings back to his employees in the form of a pay increase.

Larry Goldstein, owner of Bagelstein's, a 250-seat restaurant and delicatessen in Dallas renowned for its corned beef sandwiches, has crunched the numbers.

He currently insures his entire management team and picks up 25 percent of the premiums for non-management employees who request it. But if he had to pay most of the premium, his costs would soar to $33,390 annually.

"I'd be operating under a 3.2 percent profit margin," Mr. Goldstein said. "That's ludicrous — you can't grow a business on that. You're lucky if you survive a bad quarter on that."

It's such dollars and cents concerns that will decide how Congress resolves one of the most acrimonious debates surrounding health care reform — whether to require that all companies pay their workers' insurance — what's broadly known as the employer mandate.

"If an employer mandate is to pass Congress, the margin of victory may depend on the cost to business," wrote Princeton University economist Paul Starr, one of the architects of President Clinton's plan.

The House Ways and Means Committee's subcommittee on health last week turned back a Republican-led effort to drop the mandate and simply require that companies offer a policy instead. The vote was 6-5.

The amendment's author, Rep. Fred Grandy, Iowa Republican, called the mandate issue a "fault line" between Democrats and Republicans.

(employer mandate)

"This is probably going to be the most contentious part of the debate," said another committee member, Rep. Gerald Kleczka, a Wisconsin Democrat.

Congress will still be grappling with the employer mandate in "the last hour" of this year's debate, he predicted.

President Clinton's plan would have businesses pay 80 percent of the cost of an average premium — their employees would pay the rest.

Employers would not only have to pay premiums for full-time workers but contribute a pro-rated share of the premiums for their part-time employees who work more than 10 hours a week. Companies would not have to pay premiums exceeding more than 7.9 percent of payroll.

The plan that cleared the health subcommittee of Ways and Means last Wednesday is similar. Large employers would be required to pay 80 percent of their workers' health insurance by 1995. Small employers with 100 or fewer workers would have to comply by 1997.

White House officials believe the mandate is the least objectionable way to achieve President Clinton's promise of insurance coverage for everyone.

Without it, the only other options would be to have government take over the responsibility of insuring everyone, which would be paid for in higher taxes, or requiring individuals to buy their own policies, they say.

Relying largely on the employer mandate merely builds on the current system, where most Americans get their health insurance coverage through their employer, officials say.

But companies have never been required to offer health insurance — and some don't.

A Congressional Budget Office study estimated that 54 percent of the nation's 38 million uninsured are full-time, year-round workers and their dependents. Add part-time and seasonal employees and their dependents and the number of persons without insurance who work is 85 percent.

The smaller the firm, the less likely it is to offer insurance. Virtually all firms with 100 or more employees offer policies, while only one out of three firms with fewer than 10 workers does.

That's why small business is nearly universally opposed to the mandate, which it views as nothing more than another form of payroll tax that will raise the cost of doing business and force layoffs.

"It will result in job loss in the smallest, newest, most marginal firms in the economy," predicts John Motley III, vice president of federal government relations for the National Federation of Independent Business, the most outspoken critic of the mandate.

Payroll taxes must be paid regardless of the financial health of the business, he said. "Such taxes create incentives for buying machines and paying overtime (instead of hiring new employees and disincentives for keeping existing employees."

In September the Gallup Organization conducted a survey for his organization. It found that nearly one out of three or 31 percent of small business owners said they would have to reduce the number of employees in their firm with even a 3.5 percent increase in payroll costs.

The mandate would most affect low-wage or part-time workers who are less likely to be covered by their employers, regardless of the size of the company.

For example, PepsiCo. has estimated it would cost more than

see MANDATE, page A9

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The Washington Times / SUNDAY, MARCH 27, 1994

MANDATE

From page A8

$1,000 a year to provide health insurance for its part-time employees in a Taco Bell or Pizza Hut who earn $5,700 a year.

"The proposal will reduce employment opportunity at PepsiCo by tens of thousands of jobs," PepsiCo Vice President Dave Scherb said recently.

All told, about 780,000 to 890,000 jobs might be lost under the Clinton plan, according to a new estimate by the pro-business Employment Policies Institute.

However, analysts without a policy ax to grind believe that while some sectors and some companies will pay much more under the mandate, the overall impact will be minimal.

"The employment effects are likely to be quite small," said Andrew Dick, an economist at the University of Rochester.

Mr. Dick and other economists equate the financial burden of the mandate to little more than what business must absorb every time the minimum wage is increased.

For small firms employing minimum-wage workers, the cost will be no more than 15 cents per hour, significantly lower than the 90-cent-per-hour increase in the minimum wage signed into law by President Bush in 1989, he said. For larger firms, the cost would be no more than 35 cents per hour.

A new study by Lewin-VHI Inc., a health consulting firm in Fairfax, estimates the mandate would lead to no more than 150,000 to 349,000 lost jobs.

Lewin assumes that companies would by and large adjust to the added cost of insurance premiums by lowering wages rather than raising prices or laying off workers.

Consequently, workers in firms that currently don't provide health insurance would see their wages fall by $1,200 on average if the mandate were put in place, Lewin estimates.

The White House has been sensitive to the potential effect of a mandate on small firms that currently can't afford to cover their workers. It proposes to pay $33 billion of the health care costs for small business by setting a cap on how much they must contribute for their worker's insurance premiums. For companies with fewer than 75 workers, the cap ranges from 3.5 percent of payroll to 7.1 percent of payroll depending on the company's size and the average salary of its workforce.

But for a small businessman such as Mr. Gillilland, the subsidy doesn't spell relief.

"I don't feel subsidies will be anything more than temporary," he said. "I don't trust them."

To calm such fears, Mr. Clinton said last week that he'd be willing to make "a legal commitment in the legislation" that small business would get subsidies.

Sheer dollars and cents aren't the only reason why business opposes the mandate. Many are philosophically opposed to any edict from government. Others fear it will open the floodgates to ever higher costs for business.

"The word mandate and what it's done in other programs (such as Social Security) is frightening," said Ruth Stafford, chief financial officer for the Kiva Container Corp. in Phoenix.

Making it subject to government enforcement is "putting it in the wrong hands," she said.

"No one should free ride on the payments of others," says a McDonnell Douglas Corp. vice president.

"I oppose any kind of government mandate into private business," said Jim Early, president of Capitol Technigraphics in Springfield. "The employee always holds the cards . . . they have the right to work or not work. If the benefits are not sufficient they'll go elsewhere."

Business, however, doesn't universally oppose the mandate. It passed by a narrow margin of 54 percent to 46 percent in a recent survey of Fortune 1000 business executives by Buck Consultants of Secaucus, N.J. The executives felt, in part, that health care for everyone is a desirable social and moral goal.

"This is really the cost of doing business," said Larry Glenn, owner of PhoSilver Spring. He currently gets health insurance from his wife but would have to pay for his own coverage under most reform scenarios. "It's not going to have a catastrophic effect on my business," he said. "I'll pay it and move on."

Larger employers believe that if small firms start paying their share of insurance costs then some people who work for small companies will stop tagging on to their spouse's policy.

"No one should free ride on the payments of others," insists Michael R. Becker, vice president for benefits at the McDonnell Douglas Corp.

Besides having to absorb the cost of a spouse or dependent, larger companies complain that they inevitably end up paying higher bills because hospitals and doctors must find some way to pay for uncompensated care to those persons without insurance. All told, such cost-shifting can really mount up.

"About 35 percent of our costs in health care are in cost-shifting . . . we've got to get rid of a lot of it," said J. Walter Kisling Jr., chairman and chief executive officer of Multiplex Co. Inc., a St. Louis-based manufacturer of soft drink dispensers.

Eliminating this added cost is impossible without some broad federal regulation that says you must have health care coverage, Mr. Kisling says. His company has 160 employees and would see its health care costs decrease under President Clinton's plan.

Meanwhile, the public is split on the issue.

In a poll of more than 1,000 people released two weeks ago by the consulting firm Mason-Dixon International of Calverton, Md., 48 percent of respondents said they viewed forcing employers to pay health premiums favorably, compared to 28 percent who viewed it unfavorably.

The final bill will likely be a compromise that requires a portion that business must pay, according to Mr. Stark, the sometime Clinton adviser.

Ultimately, Congress might require business to pay half of their workers' premiums, he predicts. That's precisely what the health and benefits committee for the U.S. Chamber of Commerce endorsed before the full organization came out against any mandate.

No matter what the eventual compromise, Mr. Clinton has promised it won't hurt small business.

"I will not sign any bill passed by the Congress that I do not believe is good for the small business economy because we have to create more jobs in this country," he said last week.

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The Des Moines Register
April 1, 1994

Harkin
Grassley
Leach
Grandy

GRANT MONEY MAKES IT POSSIBLE

'Telemedicine' on its way to rural hospitals

Up-to-the-minute medical data will be available via the fiber-optic network.

By CHARLES BULLARD
Of The Register's Iowa City Bureau

Iowa City, Ia. — Using Iowa's new fiber-optic network, the University of Iowa will be able to share the latest medical knowledge with rural hospitals, clinics and doctors.

The university was awarded a $7.3 million federal contract Thursday to establish a pilot program to improve health-care delivery to rural areas. The university will use the federal money to create the National Laboratory for the Study of Rural Telemedicine.

The state's fiber-optic system, known as the Iowa Communications Network, will enable the laboratory to transmit up-to-the-minute medical information to rural health-care providers.

The first three hospitals in the demonstration project will be Van Buren County Hospital in Keosauqua, the Ottumwa Regional Medical Center and the Genesis Health System in Davenport. The three were chosen because they represent the state's small, medium and large hospitals.

"This is an exciting partnership of technology, engineering and human capacities and an extension of the mission of this university," said Henri Manasse, U of I vice president for health sciences.

David Skorton, U of I vice president for research, said, "It's an example of a federal-state partnership that will bring substantial money into the state of Iowa to benefit the university and the citizenry.

"This contract," he said, "will permit the University of Iowa Health Sciences Center to extend its outreach farther into the rural areas of Iowa."

U.S. Sen. Tom Harkin said, "Telemedicine will improve the quality, access and lower the cost of rural health care by providing communications links from small community hospitals to major hospitals and medical institutions."

Added Gov. Terry Branstad: "In the future, telemedicine will be every bit as essential to medical professionals as the stethoscope has been in the past."

Michael Kienzle, who will head the laboratory, said it could help reverse the professional isolation of rural health-care practitioners as well as play a role in preserving the rural hospital system.

If the laboratory proves successful, it will serve as a national model for similar efforts, he said.

"While most of us have heard about advances in telecommunications and telemedicine, questions remain about how it all works and its effectiveness," Kienzle said. "This rural telemedicine contract will help us answer those questions."

Using the fiber-optic network and personal computers, rural doctors will be able to tap into medical literature, drug information and other data. They also will be able to plug into the Hardin Library for the Health Sciences on the U of I campus for up-to-date clinical information and to read futuristic computerized textbooks containing cutting-edge diagnostic information.

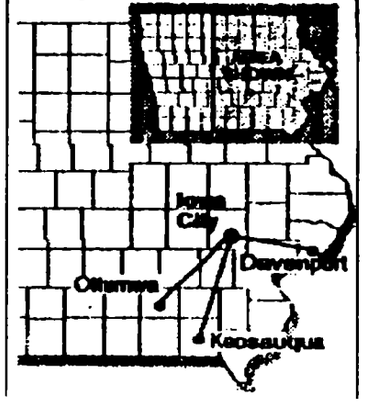
"Physicians, nurses and pharmacists in these smaller hospitals will have the same access" as those on campus, said Edwin Holtum, associate head of the library.

Rural hospitals that do not have a staff radiologist will be able to send X-rays to University Hospitals for analysis. And the fiber-optic network also will improve communications between emergency room staffs at the three hospitals and University Hospitals.

THE REGISTER

SHARED KNOWLEDGE

A $7.3 MILLION grant will enable the University of Iowa College of Medicine to use the state's fiberoptic network to share medical knowledge with hospitals in Keosauqua, Ottumwa and Davenport.



Harkin
Grandy
Izzo

'WE WOULD BE FORCED TO CLOSE'

Health reform plan seen crippling rural hospitals

Many proposals, including the president's, attempt to save money by slashing Medicare reimbursements.

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — Members of the Iowa Hospital Association traveled here this week to warn that Iowa hospitals' losses from treating Medicare patients could rise by nearly 80 percent under President Clinton's plan for health-care reform.

Stephen Brenton, president of the association, said a study commissioned by the American Hospital Association found Iowa hospitals would have to absorb $317 million in Medicare losses in the year 2000 under the administration plan. That compares with $177 million in losses under current law.

Put another way, Iowa hospitals would lose $2,244 on each Medicare patient in 2000 under the Clinton plan, compared with a $1,254 loss under current law, according to the study by the consulting firm Lewin-VHI. The average Iowa hospital currently is losing $763 per Medicare admission.

The Medicare problem is particularly acute for Iowa hospitals because the state has such a high percentage of elderly residents; the Iowa association said its hospitals depend upon Medicare for 45 percent of all revenue. The American Hospital Association said that nationally, hospitals that serve rural and inner-city areas would be hardest-hit.

"We're not trying to pile on the Clinton plan," Brenton said, but he said that plan was the focus of the study because it is the most specific option under consideration. The president's proposal — as well as some Republican plans — call for massive savings in Medicare to help pay for reform, and this year's budget also demands $56 billion in Medicare reductions.

In Iowa, such an increase in losses could be the death knell for small rural hospitals such as Community Memorial Hospital in Missouri Valley, said James Seymour, hospital president.

"We would be forced to close," said Seymour. At his 56-bed hospital, the only one in Harrison County, 80 percent of the admissions in 1993 were reimbursed by Medicare, the nation's health insurance program for the elderly.

Seymour, Brenton and two other hospital administrators — David Rutter of Mahaska County Hospital in Oskaloosa and Frances Hoffman of Franklin County General Hospital in Hampton — also lobbied members of the state's congressional delegation on the Medicare issue.

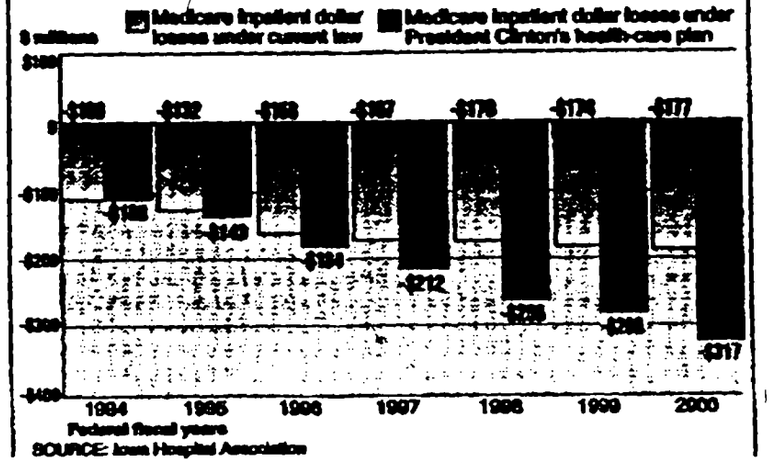
Sen. Tom Harkin, D-Ia., a member of one of the Senate committees that will take up health-care reform, has generally been a backer of the president's plan. Harkin said in a statement that he is "very concerned" about the proposed cuts in Medicare and the effect they could have on rural hospitals already struggling.

Harkin pointed out that during the 1993 debate over the budget, he fought successfully to reduce the amount of savings that would be demanded from Medicare. But he also said the president's plan for reform includes new coverage of prescription drugs for Medicare recipients and provisions for long-term care, "both of vital importance to Iowa's elderly."

THE REGISTER

IOWA HOSPITAL LOSSES

HERE IS a comparison of losses incurred by Iowa hospitals for treating Medicare patients under current law and if President Clinton's health-care plan is passed.



SOURCE: Iowa Hospital Association

The Des Moines Register
4-15-94

OMAHA WORLD-HERALD Thursday, March 31, 1994

1993 PAC and Individual Contributions

	Kerrey	Bereuter	Barrett	Hoagland
Insurance	$48,765	7,600	7,850	39,415
Health professionals	46,840	250	3,650	16,900
Health institutions	24,850	500	250	11,500
Health services	32,000		250	
Pharmaceuticals, health products	17,588	1,550	500	6,500
Totals	169,843	9,900	12,500	74,315

Source: World-Herald analysis of campaign contributions filed with the Federal Election Commission.

Health-Care Debate Boosts Contributions

BY PAUL GOODSELL
WORLD-HERALD BUREAU

Washington — Mutual of Omaha doesn't always agree with Rep. John Dingell, the Michigan Democrat who heads the House Energy and Commerce Committee.

For example, Dingell is a co-sponsor of President Clinton's health-care bill, which Mutual opposes. But in a measure of Dingell's importance on Capitol Hill, Mutual's political action committee already has given him $2,000 for his 1994 re-election campaign.

"You may not be in 100 percent agreement with a given representative all the time," said Terry Calek, a Mutual vice president and director of public affairs. "But there are different aspects of legislation that you're always working with them on."

Mutual's contributions to Dingell and scores of other lawmakers are among at least $11.3 million that the health-care and insurance industries have given to congressional campaigns from Jan. 1, 1993, to Jan. 31, 1994, according to a recent study by Citizen Action.

The Washington, D.C.-based consumer group said individuals and PACs from the health industry gave at least $7.5 million during those 13 months, up 35 percent from the same period in 1991-92. Insurance PACs and individual donors gave $3.8 million, a 7 percent increase.

"With the possible overhaul of the health industry at stake, campaign contributions by the PACs and large (individual) donors of the health and insurance industry have increased substantially," Citizen Action said.

The group based its numbers on campaign-finance reports filed with the Federal Election Commission. The study included PAC contributions from the full 13 months and individual contributions from the first half of 1993.

The World-Herald recently analyzed all 1993 individual and PAC contributions to Nebraska lawmakers who are running for re-election this year. That analysis showed:

■ Rep. Peter Hoagland, D-Neb., received $74,315 from health or insurance industry sources. The money accounted for 26 percent of his itemized PAC and individual contributions.

■ Sen. Bob Kerrey, D-Neb., had $169,843 from health or insurance donors, or 12 percent of his itemized contributions.

■ Rep. Bill Barrett, R-Neb., collected $12,500 in health and insurance money, or 15 percent.

■ Rep. Doug Bereuter, R-Neb., received $9,900, or 13 percent.

Citizen Action said Sen. J.J. Exon, D-Neb., received no contributions from the health and insurance industry during the recent 13-month period.

In Iowa, the group said, Rep. Fred Grandy, R-Iowa, had $67,822 in health and insurance money and Sen. Tom Harkin, D-Iowa, had $64,998. Other western Iowa lawmakers: Rep. Neal Smith, D-Iowa, $16,750; Rep. Jim Ross Lightfoot, R-Iowa, $8,650; Sen. Charles Grassley, R-Iowa, $1,900.

Not surprisingly, some of top Nebraska and Iowa recipients of health and insurance money serve on key congressional committees that will consider health-care reform.

Grandy and Hoagland, ranked seventh and ninth by Citizen Action in insurance contributions to House members, are members of the House Ways and Means Committee. Harkin is on the Senate Education and Labor Committee, while Kerrey is an active proponent of health-care reform.

Despite his earlier backing of the Clinton plan, Dingell has been open to insurance industry concerns, Ms. Calek said. He now is working to win his committee's support for an alternative plan that does not require individuals and most businesses to obtain health coverage through government-run purchasing cooperatives.

Aside from committee leaders, most of Mutual's contributions to lawmakers on the two panels went to Republicans and moderate or conservative Democrats who may support the insurance industry.

By early 1994, Mutual had given $93,932 to congressional candidates — all incumbents except for Republican Senate candidate Jan Stoney of Nebraska, who received $5,000. Ms. Calek said Mutual plans to give $200,000 by the of the two-year cycle — a 60 percent increase over 1991-92 giving.

Rel Grandy
Grandy

PM Health Care-Contributions,160
With PM-Health Care Lobby Bjt
Eds: CORRECTS Kleczka figure to $33,925, sted $32,200
By The Associated Press=

Contributions to members of the House Ways and Means health subcommittee from political action committees representing health care interests. The first figure is the lawmaker's total PAC contributions during the first three months of 1994. The second is the portion that came from health care lobbyists.

Gerald Kleczka, D-Wis. $75,200; $33,925
William Thomas, R-Calif. $65,300; $23,000
Sander Levin, D-Mich. $75,250; $19,400
James McCrery, R-La. $44,000; $16,000
Nancy Johnson, R-Conn. $12,500; $7,000
Fortney ``Pete'' Stark, D-Calif. $8,150; $3,000
John Lewis, D-Ga. $14,250; $3,000
Ben Cardin, D-Md. $17,350; $1,850
Fred Grandy, R-Iowa $5,802; $1,000
Mike Andrews, D-Texas $2,650; $500

NOTE: James McDermott, D-Wash., has not yet filed his financial disclosure form. Grandy and Andrews have announced they will not seek re-election.

**** filed by:APE-(--) on 05/11/94 at 01:10EDT ****
**** printed by:WHPR(160) on 05/11/94 at 07:35EDT ****

Grandy

PM Health Reform,620
Health Bill Slows to Crawl Amid Partisan Wrangling
AP Photo WX103
Eds: Top prospects uncertain
By CHRISTOPHER CONNELL= Associated Press Writer=

WASHINGTON (AP) Tempers flared in the House Ways and Means Committee and former chairman Dan Rostenkowski warned of a possible impasse as lawmakers from both parties vied over who could offer the most generous health benefits.

The action slowed to a crawl Tuesday as key committees on both sides of the Capitol wrestled with what should be in the benefit packages.

In Ways and Means, the politicians made pleas for hearing aids for children, more mammograms for middle-aged women and chiropractic care for everybody.

``This is the dangerous section of the bill,'' lamented Rep. Sam M. Gibbons, D-Fla., the acting chairman. He warned that unless members were willing to pay for them, ``it would be disastrous to add these (benefits).''

More battles lay ahead today in both Ways and Means and the House Education and Labor Committee, which were facing possible showdowns over whether abortion should be covered in a national health plan.

Rep. Fred Grandy, R-Iowa, said Tuesday it was ``repugnant'' that some members were willing to pay for abortion, but not ante up $100 million over five years to provide hearing aids for all children who need them.

Rostenkowski, D-Ill., forced to relinquish the gavel last month after he was named in a 17-count corruption indictment, lectured his colleagues that if they strayed from Gibbons's pay-as-you-go course, ``we're going to be here a long time and we're going to disappoint a lot of people in that I don't think we're going to get
a health bill.''

Some Democrats groused that the GOP members were grandstanding, trying to beef up benefits in a bill they had no intention of voting for.

But Republicans weren't the only ones asking for more.

Rep. Jim McDermott, D-Wash., had to withdraw his amendments to add screening for prostate cancer and to sharply lower consumers' out-of-pocket spending limits for medical bills when colleagues questioned how he would pay for them.

Rep. Mel Reynolds, D-Ill., had no apparent takers when he suggested raising taxes on firearms to come up with $100 million for hearing aids.

President Clinton went before the Business Roundtable and vowed to keep fighting for health care for all Americans.

``I refuse to declare defeat,'' he told the top corporate executives who turned their backs on his plan in February.

Sen. Daniel Patrick Moynihan, D-N.Y., the Senate Finance Committee chairman, sought to soften his own blunt advice to the White House in recent days that a less-than-universal approach would be a good start.

Achieving 91 percent coverage would be ``quite impressive,'' Moynihan said, but, he said, ``I don't want to compromise on universal coverage. ... Going further is my purpose.''

But he also predicted it would be mid-July before a health bill reaches the floor of the Senate, leaving barely eight legislative weeks before Congress adjourns for the fall elections.

Some Senate Democrats now are talking of sending a bill to the floor based on the Clinton-style reforms that Sen. Edward M. Kennedy's Labor and Human Resources Committee adopted two weeks ago.

But Senate Majority Leader George Mitchell, D-Maine, said he was intent on combining bills from Finance and Labor. ``The most important thing is to get the Finance bill done,'' said Mitchell, who sits on Moynihan's committee.

The Finance members apparently were making little headway in their closed-door sessions.

Several congressional sources, speaking on condition of anonymity, said Republicans were unable to agree among themselves on whether to require

THE NEW YORK TIMES, WEDNESDAY, JUNE 15, 1994

CLINTON MAY BEND ON WAY TO FINANCE HEALTH CARE PLAN

A SYSTEM OF 'TRIGGERS'

Employers Would Be Required to Pay Only if Other Steps on Full Coverage Failed

A1

By ADAM CLYMER
Special to The New York Times

WASHINGTON, June 14 — As the capital strained to find a compromise on health care, President Clinton and the Senate Finance Committee focused today on a possible variation on the Administration's proposal that employers be required to pay for health insurance for their workers.

The President was clearly receptive to the idea of deflating opposition to required payments, the major roadblock his proposal faces, by an approach that would make employers pay only if other steps did not get almost all Americans covered.

The President met in the Oval Office with Senators Daniel Patrick Moynihan of New York and Bob Packwood of Oregon, the committee's senior Democrat and Republican, and urged them not to take any votes in the committee that would only harden the lines of battle. They agreed, then the committee met this afternoon and discussed a variety of steps that would "trigger" employer payments.

After the White House meeting it seemed clear to committee members that Mr. Clinton would accept some version of this approach.

All over the city, Democrats talked of compromise. But Mr. Packwood was the only prominent Republican to talk that way publicly. At the closed meeting of the Finance Committee, Senator Bob Dole of Kansas, the minority leader, conceded that some variations of the proposal were worth talking about even though he opposed them.

While her husband was meeting the two senators this morning, Hillary Rodham Clinton was telling the League of Women Voters to expect compromises on a wide range of issues, perhaps even abortion. She said, "It is very difficult to tell exactly where we are going to have to make whatever compromise or where it's going to be taken out of our hands and the Congress will basically argue it out."

At the House of Representatives, Richard A. Gephardt of Missouri, the majority leader, told reporters that one way to get agreement might be to phase in requirements for insurance over three to five years. "With such a large change, it may be more reassuring to do it incrementally," he said.

And while the House Ways and Means Committee took its first vote and defeated a Republican effort to strip all requirements that employers or individuals buy insurance from the

Continued on Page B8, Column 5

Continued From Page A1

bill before it, still the most intense concerns revolved around the Finance Committee.

The atmosphere in the Oval Office itself, reported one participant who insisted on anonymity, hardly reflected the urgency many participants felt. "Most of it could have been on C-Span," he said. "In fact all of it could have been on C-Span." The cable television network that broadcasts the proceedings of Congress, quorum calls and all.

Mr. Moynihan and Mr. Packwood told the President, they said later, that no approach now commands a majority in the committee.

Mr. Moynihan said he would concentrate on various approaches that would impose obligations only if a specified very high percentage of Americans were not insured after some number of years. (Eighty-five percent of Americans are insured now.) Then, a participant said, the President, the Senators and Treasury Secretary Lloyd Bentsen, discussed a variety of such mechanisms.

Mr. Packwood talked of a system that could go into effect if enough Americans were not insured as a result of changes like requiring insurance companies to sell policies regardless of people's existing medical problems. In that case, Congress might be obligated to vote on what lawmakers call a "fast track" — in a specified number of days — on whatever the President proposed to solve the problem. Mr. Bentsen reacted dubiously, said another participant who spoke on the condition of anonymity.

Mr. Clinton told Senator Packwood, the senior Republican on the Finance Committee, "Twenty-five years ago you were beat by the liberals. We have to do it this year," the first participant recalled.

Mr. Packwood sponsored President Nixon's proposed health legislation in the early 1970's. The 1973 version included a requirement of employer payments, which labor unions bitterly opposed because it left the insurance industry intact and required workers to share in the costs.

Before the 45-minute meeting ended, the participants discussed what to say after the meeting. Mr. Moynihan wrote out a brief statement, which satisfied the President and Mr. Packwood. He then read it to reporters outside:

"It is understood that there is not now a majority for any plan in the Senate Finance Committee. We are committed to continue to work on a bipartisan basis to produce a bill that covers everyone."

After the committee met this afternoon for about an hour, Mr. Moynihan announced that they would start Wednesday what he called "an informal mark-up," discussing and holding preliminary votes on provisions of the bill he offered last week that deal with insurance laws.

But despite the Senate interest in the various "trigger" mechanisms, it was sharply criticized in the House today.

Representative Sam M. Gibbons of Florida, the new acting chairman at Ways and Means, scoffed during its meeting that "triggers are for guns, not for legislation."

Later he maintained a shaky majority behind him when the committee voted on an attempt by Representative Fred Grandy, Republican of Iowa, to eliminate any mandatory insurance requirements. If Mr. Grandy prevailed, the chairman said, "health care reform for this Congress and the remainder of the 20th Century is dead."

Mr. Gibbons won his first test as chairman, 20 to 18, as four Democrats deserted him and joined 14 Republicans in opposition.

Packwood
Dole
Gephardt
Moynihan
Gibbons
Grandy

Date: 06/17/94 Time: 15:55

Democrats Accuse GOP of Blocking Health Bill, GOP Urges Compromise

WASHINGTON (AP) In an atmosphere of intense partisanship, House Democrats charged Republicans on Friday with obstructing passage of health reform legislation. GOP Whip Newt Gingrich called for a compromise stripped of President Clinton's ''big government'' approach.

While Democrats labor to advance Clinton's proposal through balky committees, Gingrich said he had urged Republicans in the House to forget about improving it.

''To say, 'Why don't you go for 40 percent socialized medicine instead of 100 percent socialized medicine goes against everything our constituents believe in,''' he said. ''His bill is dying.''

But Democrats pounced on his attitude as evidence of obstructionism on the top item on the administration's agenda.

House Speaker Thomas Foley said House Republicans were pursuing a strategy of ''flat opposition to achieving health care legislation,'' and added that their ''mask of cooperation'' had been removed.

Majority Leader Richard Gephardt, D-Mo., told reporters that Gingrich's strategic advice showed the ''Republican effort seems to be to stop any bill.''

The Democrats leveled their attacks as the Republican National Committee announced it was airing a radio advertisement aimed at Rep. Peter Hoagland, D-Neb., for voting to uphold a requirement that most employers help finance health insurance for their workers. ''This mandate with its huge payroll tax will hurt the economy and cost jobs,'' said the ad.

The political activity came as the panel continued work on a measure patterned on Clinton's proposal, voting 36-2 to let businesses with 100 or more workers self-insure. That was a change from the threshold set at 250 in draft legislation presented by Rep. Sam Gibbons, D-Fla., the acting chairman.

Democrats earlier had closed ranks and rejected, 24-14, an attempt by Rep. Bill Archer, R-Texas, to allow any individual or group, no matter how small, to self-insure.

''Nobody would insure until they got sick,'' Gibbons protested.

The Ways and Means panel is the central arena in the House for Democratic attempts to fashion a bill modeled on Clinton's proposal for private insurance for all Americans.

In contrast to the Senate Finance Committee, where bipartisan efforts are under way, House Democrats are assuming they will have no Republican help in passing a bill.

Because of diverse views within the party's caucus, this has greatly reduced maneuvering room, particularly along the lines of the employer mandates, the tobacco and other tax increases that Clinton's plan would require, and his proposals to impose government price controls on medical costs.

At the White House, senior aides emphasized Clinton is determined any health plan provide coverage for all. ''There is no doubt that all the things we are trying to achieve are rooted in universal coverage,'' economics assistant Robert Rubin told reporters.

Gingrich's advice to fellow Republicans was relayed on Wednesday by Rep. Fred Grandy of Iowa. He said Gingrich, who is certain to become Republican leader next year, had urged against offering an amendment that would have made some workers pay income taxes on a

portion of their health benefits.

Grandy complied, but said it was a case of politics triumphing over policy. Grandy

Democrats swiftly used the information in two ways first by rallying Democrats on the Ways and Means Committee behind a key amendment. Then, when The New York Times carried a story on Friday saying House Republicans were trying to keep health reform legislation from passing, they pounced.

''It's clearer and clearer to me every day that the agenda on the other side is to not have a bill,'' said Gephardt. ''The Republican effort seems to be to stop any bill.'' Gephardt

Gingrich countered swiftly. ''That's plain not true.'' Speaking on the House floor, he read aloud the first paragraph from the story, which said Republicans were trying to keep health reform from reaching the floor in a form that can pass. Gingrich

''Now that paragraph's just plain factually wrong,'' he said. ''It is true; we are opposed to the Clinton health plan. We believe the Clinton health plan is big government, big bureaucracy, big taxation.''

He called on Democrats to begin bipartisan talks based on a measure that has the support of 70 House members, 35 from each party. It includes insurance reforms that would limit insurers' ability to deny coverage on the basis of a pre-existing medical condition; restrain medical malpractice awards; and create a network of community health centers for the poor and uninsured.

But unlike the approach favored by Clinton and the Democratic leadership, it doesn't require any individual or employer to purchase insurance; neither does it mandate a minimum set of benefits that all insurance plans would have to provide.

Gephardt said if legislation is limited to insurance changes, ''you'd increase premiums for all American and they get nothing in return.'' Gephardt

''The American people want ''fundamental reform,'' he said.

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F. Grandy

Health Bill Funding Snarls House Panel

Support of 'Employer Mandate' Shaky

By David S. Broder and Dana Priest
Washington Post Staff Writers A1

An abrupt adjournment of the House Ways and Means Committee yesterday signaled that the struggle to deliver on President Clinton's promise of health insurance for all Americans has become almost as tough in the House as in the Senate.

With Republicans taunting committee Democrats that it made no sense to send a provision requiring all employers to buy health insurance for their workers to likely defeat in "the black hole of the Senate," Democrats shut down the committee rather than risk losing a vote that they had hoped would solidify their shaky 20 to 18 majority for an "employer mandate."

Acting Ways and Means Chairman Sam Gibbons (D-Fla.) said he would try again today if he thinks he can win. The Ways and Means panel is struggling to avoid the plight of the equally pivotal Senate Finance Committee, whose leaders told Clinton Tuesday that their committee was deadlocked over how to finance universal coverage.

The news from the Senate Finance panel "could have an effect on members on the [House] floor," said Ways and Means member Rep. Robert T. Matsui (D-Calif). "It is really unfortunate," he said. "We don't want to get Btu-ed again." He was referring to the energy tax in Clinton's five-year budget package narrowly passed by Congress last year, a tax that House members reluctantly supported, only to see the president abandon it immediately in the face of Senate opposition.

At a Tuesday evening White House health care meeting and again in a public statement yesterday, Clinton reiterated his flexibility on the means to achieve universal coverage, but not on the goal.

"I'm not convinced" the Senate Finance Committee proposals "would achieve universal coverage," Clinton said yesterday. "I made clear that I was very flexible on how to get there, how to solve this problem . . . and that's still where I am."

The proposals presented to Clinton Tuesday by Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) and ranking Republican Bob Packwood (Ore.) would allow voluntary measures to reduce the number of uninsured Americans and, if those did not work, would call up-

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on Congress to revisit the issue at some later date.

However, in the House Gibbons is pushing ahead with a bill that would, at least on paper, guarantee insurance to all through a mandate requiring employers to pay 80 percent of the cost of insurance for their employees. Yesterday's Ways and Means session began with the defeat of a Republican anti-mandate amendment, with only four Democrats defecting and a 20 to 18 majority backing the chairman.

But then trouble began with what Rep. Mike Kopteski (D-Ore.) called an "Elmer's glue" amendment designed to comfort small business and tobacco interests and thereby solidify the shaky majority.

The proposal offered by Rep. William J. Jefferson (D-La.) would cut the costs to small employers in half and give a smaller break to firms with 25 to 49 workers. That was the concession Jefferson and Rep. Peter Hoagland (D-Neb.) were promised in return for their opposition to Republican amendments on Tuesday. A separate section of the Jefferson amendment, trimming the proposed increase in the federal cigarette tax from 60 cents a pack to 45 cents, was aimed at wooing support from Rep. Lewis F. Payne Jr. (D-Va.), who has 5,000 tobacco growers in his district.

Jefferson would offset the $36 billion cost of these concessions by postponing the start of long-term care for the aged by three years. Several members made it clear they would have to swallow hard to accept that.

But Reps. Jim McDermott (D-Wash.) and John Lewis (D-Ga.), both part of Gibbons's coalition, attacked the tobacco tax rollback. McDermott, the leading advocate of a single-payer or Canadian-style health plan, went further, warning Gibbons that he would not vote for the chairman's bill on final passage unless it was strengthened.

When Rep. Bill Thomas (R-Calif.) signaled Gibbons that he would ask for separate votes on each of the provisions of the Jefferson amendment, the chairman realized that the tobacco tax rollback—key to his efforts to woo Payne as a possible substitute for McDermott on final passage—was in trouble. So Gibbons he adjourned the committee.

It was also Thomas who taunted the Democrats about the "black hole of the Senate," a fear that many of them had voiced after the Moynihan-Packwood meeting with the president. For months, House Democratic leaders have promised their members that they will not be asked to vote for politically controversial health plan provisions that have no chance of surviving in the Senate. The Moynihan-Packwood declaration raised fears that the Senate would emasculate any measure the House sends it.

"Across the board [the announcement] doesn't help," said Rep. Barbara B. Kennelly (D-Conn.), a Ways and Means member. "But we're still, in our heads, saying we've got to do this."

"I think the whole world is waiting for the Senate Finance Committee," said Rep. Jim Cooper (D-Tenn.). The Finance Committee met in closed-door session yesterday to begin to try to put a bill together, but members said it is far from certain they will be able to.

Republicans have been increasing the pressure on their members not to seriously engage in efforts that might find bipartisan approval.

Sen. James M. Jeffords (R-Vt.), the only Republican to vote with Democrats last week for a Clinton-like bill in the Labor and Human Resources Committee, said Republicans tried hard to get him to vote against the bill.

Rep. Fred Grandy (R-Iowa) said his "marching orders" had been made very clear by House Minority Whip Newt Gingrich (R-Ga.) and that, reluctantly, he has agreed not to offer an amendment he had planned to introduce in Ways and Means. "It's disappointing," said Grandy. "We now have a leadership that preempts policy with politics. My thrust on health care was not to find the best Republican advantage but the best policy."

Grandy

Panel Votes to Pare Back Planned Boost In Tobacco Tax in Party-Line Balloting

By David Rogers
Staff Reporter of The Wall Street Journal

WASHINGTON – Democrats on the House Ways and Means Committee voted to pare back proposed tobacco tax increases and significantly expand a new small-business credit to help low-wage companies pay for their workers' health insurance.

The proposals carried the committee on a series of 24-14 party-line votes. Taken together, the concessions mark an important tactical victory for Democratic leaders in their effort to craft a health-care reform plan that can command a majority in the panel.

All of the revisions are subject to change and may not survive House floor action, much less final approval by Congress. But the lower tobacco-tax increase is calculated to win support in the committee from Rep. L.F. Payne, a Virginia Democrat. The new levy would be phased in over five years and be capped at 45 cents per pack of cigarettes – 30 cents less than the Clinton administration requested.

The small-business credit fulfills promises made earlier this week when the committee narrowly upheld a requirement that all employers help pay for up to 80% of their workers' insurance. Rep. William Jefferson (D., La.), together with Rep. Peter Hoagland (D., Neb.) warned then that their votes were contingent on relief for small employers. As now modified, the new credit would be worth as much as $50 billion over a five-year period beginning in 1998.

Targeting Smaller Companies

The subsidy would target an estimated four million firms of 50 or fewer workers with average annual wages below $26,000. The richest benefits would go to the very smallest companies with wages under $12,000.

In the case of companies with 25 or fewer workers, the maximum credit would reduce the employer share to 40% of health premium costs; for companies with 26 to 50 workers, employers could pay as little as 50% of premium costs.

The mandated payments wouldn't begin for several years, but current estimates indicate that most employers would pay $1,712 a year, or 82 cents an hour, for a full-time worker. With the credit, the smallest low-wage companies could pay just 41 cents an hour. Similarly, the employer share would be $3,828 a year, or $1.84 an hour, for a worker with family coverage, but with the credit, this could be cut again to 92 cents an hour.

All of these changes are subject to revisions on the House floor and in any future conference with the Senate. And even within the committee, the leadership faces pressure to restore money to a new long-term care program that would be delayed to help pay for yesterday's concessions.

Cigarette taxes, too, are sure to be the subject of future amendments in the panel. But the 45-cent figure establishes a benchmark of sorts designed to win over not only Rep. Payne but also a larger group of Southern, tobacco-state lawmakers.

Exploiting Democratic Differences

Mindful of the stakes, Republicans sought to exploit Democratic differences by forcing separate votes on each of the items in the package. But after a morning of closed-door meetings yesterday, Committee Chairman Sam Gibbons (D., Fla.) appeared in firm control of his fractious Democrats. In many respects, the GOP's partisan tactics appear to have made it easier for Democrats to command loyalty in their own ranks.

"It's increasingly clear they're not interested in a bill," House Majority Leader Richard Gephardt said of the Republicans. And Rep. Fred Grandy (R., Iowa) said Ways and Means Republicans were committed not to help Democrats "make their bill better."

Mr. Grandy, for example, favors putting a cap on tax deductions for health-care benefits as a means of controlling rising costs. But after pressure from House Minority Whip Newt Gingrich of Georgia, no Republican will offer this amendment, though Mr. Grandy may join in support if a Democrat does. Mr. Gingrich has taken a high profile in coordinating a GOP strategy with business allies such as the U.S. Chamber of Commerce to try to limit any health-care bill this year or any accompanying tax increase to fund the effort, even the cigarette levy.

The halting, stop-and-go procedures in the committee this week reflect the management style of Mr. Gibbons, who took over the key post after Democratic Rep. Dan Rostenkowski of Illinois was indicted for fraud. Mr. Gibbons, who won a round of applause at the party's weekly whip meeting, is anxious to put his mark on the deliberations. And rather than wait for a last-minute deal to pull members together, he has been willing to make concessions up front in hopes of securing a base of support for later votes on health care.

Though most attention focused on the tobacco and small-business issues, the Gibbons-backed revisions would also cut a proposed tax on health-insurance premiums to 1% from 2%. This adjustment was designed to win favor from Democrats sympathetic with the industry.

Each of these exemptions or special credits could lead to practical problems in implementation. And despite his sympathy for business interests, Mr. Grandy warned the two-tiered credit amounted to an incentive to "game the system."

After weeks on the defensive, the show of Democratic unity was a boost for the party leadership, and although Mr. Gibbons is still far from shore, Republicans said it was doubtful the GOP can succeed in keeping the bill locked up in the Ways and Means panel.

The House action came as President Clinton continued private meetings with swing votes on the Senate Finance Committee, which met behind closed doors for the third day in a row, but didn't make any significant progress.

Democrats Close Ranks On Health

At Ways and Means, Party Unity Prevails

By David S. Broder
Washington Post Staff Writer

House Ways and Means Committee Democrats, reacting with rare unity to a Republican effort to split their ranks, yesterday pushed a version of the administration health care plan forward on straight party-line votes.

In their muscle-flexing exercise, Democrats who want higher tobacco taxes voted to lower them. Democrats who are advocates of the elderly voted to delay long-term care provisions by three years. And Acting Chairman Sam Gibbons (D-Fla.) beamed defiance at Rep. Bill Thomas (R-Calif.), who 24 hours earlier had forced Gibbons to adjourn the markup session rather than risk collapse of what had been a shaky 20 to 18 majority coalition.

Key Democrats said they did not expect the party unity to survive coming battles on taxes and cost controls but said they welcomed the chance to send the Republicans a message. Even a brief locking of arms, they said, improves the prospects for getting 20 of the 24 Democrats to provide the majority for sending a bill to the floor.

What turned the tide, according to Reps. Barbara B. Kennelly (D-Conn.), Benjamin L. Cardin (D-Md.) and others, was the statement of Rep. Fred Grandy (R-Iowa), a committee member, in The Washington Post yesterday that he had received "marching orders" from House Minority Whip Newt Gingrich (R-Ga.) to do everything possible to defeat Gibbons and the bill.

Grandy said, "It's disappointing.... We now have a leadership that preempts policy with politics."

Kennelly said, "The Grandy quote changed things. We suspected that was the strategy, but to read it in The Washington Post—well, if they've got their agenda, we better stand together for ours!"

"The Republican strategy was nakedly to embarrass us Democrats, but we figured that if all 24 of us voted the same way, it would be clear it was a party-line vote, not a policy vote," Cardin said.

The action in Ways and Means focused on an amendment from Rep. William J. Jefferson (D-La.) with three aims: appeasing small business by cutting in half the contributions very small firms with low-wage employees would make to their employees' health insurance; easing the pain for tobacco-state members by cutting the maximum tax on a pack of cigarettes from 75 cents in the Clinton bill and 60 cents in Gibbons's version to 45 cents; and cutting in half the tax employers who self-insure would have to pay on their health premiums, a concession to the insurance industry and its friends on the committee.

To pay for all that, the amendment would delay the start of long-term care for the elderly by three years and then phase it in more slowly, saving about $36 billion in the next five years.

In Wednesday's debate, at least two members of what had been a 20 to 18 coalition supporting Gibbons on the requirement that employers pay most of the cost of every worker's health insurance said they could not stomach the tobacco tax rollback. Sensing a chance to split the Democrats, Thomas told Gibbons he wanted a separate vote on each of the three parts of the Jefferson amendment, forcing a quick adjournment and hours of Democratic caucusing.

But yesterday morning, after Grandy's comments had appeared in print, the atmosphere was different. Rep. Jim McDermott (D-Wash.), who had denounced the tobacco tax rollback the day before, offered the all-hang-together suggestion, telling members they would have a chance later, when the revenue section of the bill is reached, to reconsider the level of tobacco taxes.

Rep. Michael A. Andrews (D-Tex.), who had opposed the Clinton bill and favored even higher tobacco taxes, volunteered to join the unity drive, bringing other reluctant members with him.

The result was a series of party-line votes affirming each element of the Jefferson amendment. For good measure, the Democrats also slapped down three more Republican amendments, softening the requirement that employers pay for part of their employees' insurance costs by the same 24 to 14 count.

Cardin said the unity will not hold on other , because "the Democratic Party is not that disciplined," but Thomas said he expected to see Gibbons's position prevail on everything until the final financing questions are reached.

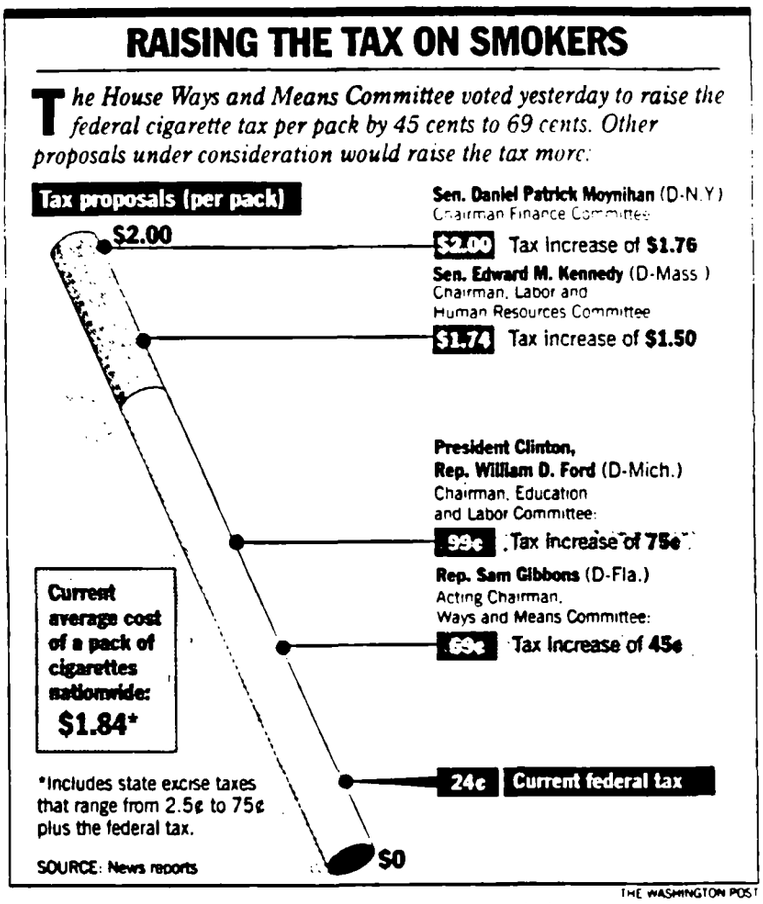
Thomas and Grandy confirmed that they and three other Ways and Means Republicans had met with Gingrich Wednesday and been given clear direction on tactics to defeat the version of the Clinton bill taking shape in their committee.

Gingrich confirmed in a separate interview that he had asked "Republicans to remain a team and take every step possible to defeat the Gibbons bill, which is Clinton-plus. We should not get between the president and the voters when support for his health bill is collapsing."

Told that Democrats were crediting his instructions to Grandy for unifying their party, Gingrich said, "If I am the reason for their voting against the interests of their districts, fine.... No one will believe some scarecrow figure from Georgia scared them into voting as liberal Democrats."

In a second House committee, Education and Labor, Chairman William D. Ford (D-Mich.) said yesterday he could promise to report a Clinton-like bill before the July 4 recess. "The heavy lifting is done," he said.

Staff writer Spencer Rich contributed to this report.



FRIDAY, JUNE 17, 1994 THE WASHINGTON POST

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PM Health Reform,760
'Health Reform Picks Up Pace in Congress
Eds: Lead prospects uncertain
By NITA LELYVELD= Associated Press Writer=

WASHINGTON (AP) Health reform legislation is moving in Congress with a bipartisan group of senators working on a compromise bill and a Clinton-style measure ready for action on the floor of the House.

Moderate members of the Senate Finance Committee, who met Thursday to draft a compromise giving many more Americans health insurance without making businesses pay for it, said they hoped to present their proposal to the full committee today. But Sen. John Chafee, R-R.I., said, ``We've got a few problems to work out.''

Among those problems was one that drove Sen. Max Baucus, D-Mont., away from the group Thursday a possible stiff tax on high-cost, high-benefit insurance plans to encourage people to choose low-cost, managed-care ones.

Meantime, supporters of President Clinton's health reform plan celebrated Thursday after the House Education and Labor Committee voted out 26-17 without Republican support a bill resembling Clinton's, but more generous.

The president said the committee and its chairman, Rep. William D. Ford, D-Mich., had sent ``a clear signal to the American people that Congress is well on its way to making health care history this year.''

Education and Labor also narrowly passed a second plan, becoming the first committee to approve a Canadian-style single-payer plan to replace private insurance with a government-paid system. The vote was a way to give advocates of single-payer reform a voice in the final debate.

The House Ways and Means Committee, working late into the night Thursday on its own health care bill, approved 20-17 an ``any willing provider'' amendment restricting the ability of managed-care plans to limit the number of doctors they contract with. Plans would have to accept any physician who met their standards and accepted their fees.

Rep. Bill K. Brewster, D-Okla., said insurance companies are tossing doctors out of their plans for referring too many patients to specialists. But Rep. Fred Grandy, R-Iowa, argued that doctors were ``asking us to protect them from the marketplace.''

Ways and Means also voted to allow anyone in a managed-care plan to go to specialists outside the network at extra cost.

Neither the compromise plan of the Senate Finance Committee group nor the sweeping plan of the Education and Labor Committee is likely to become law as written.

Many lawmakers believe Clinton's approach goes too far, while others are concerned that an approach like the Finance group's leaves too many people uncovered or priced out of insurance.

The actions by Finance and Education and Labor mark movement toward the final decision-making process, which will likely occur in leadership meetings and on the House and Senate floors.

Chafee and Sen. John Breaux, D-La., were among seven moderate Finance members working on the compromise.

Sen. Kent Conrad, D-N.D., another participant, said the plan would require that 95 percent of Americans be covered by 2002, when a special commission would recommend how to achieve universal coverage. If it failed to find other ways to close the gap, individuals would be required to buy their own insurance.

The version of the White House bill passed by the Education and Labor Committee adds subsidies for small businesses, drops mandatory insurance-purchasing alliances and substantially expands the benefits package. It provides more coverage for women and the mentally ill and new benefits like adult dental care.

The single-payer plan, pushed in the House by Rep. Jim McDermott, D-Wash., has wide support in Congress, although many of its supporters also back other plans, deeming single-payer politically impossible.

Gibbons
Grandy
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strategy lunch with Democratic allies in the Senate.

The House Ways and Means and Education and Labor committees were facing battles today over the contentious issue of whether abortion should be covered in a basic benefits package.

Ways and Means got bogged down Tuesday in a prolonged debate over whether to add hearing aids for children, more mammograms for middle-aged women and chiropractic care for all to the bill.

''This is the dangerous section of the bill,'' lamented Rep. Sam M. Gibbons, D-Fla., the acting chairman. He warned that unless members were willing to pay for them, ''it would be disastrous to add these (benefits).''

Rep. Fred Grandy, R-Iowa, said Tuesday it was ''repugnant'' that some members were willing to pay for abortion, but not ante up $100 million over five years to provide hearing aids for all children who need them.

Rep. Dan Rostenkowski, D-Ill., forced to relinquish the gavel last month after he was named in a 17-count corruption indictment, lectured his colleagues that if they strayed from Gibbons's pay-as-you-go course, ''we're going to be here a long time and we're going to disappoint a lot of people in that I don't think we're going to get a health bill.''

Some Democrats groused that the GOP members were grandstanding, trying to beef up benefits in a bill they had no intention of voting for.

But Republicans weren't the only ones asking for more.

Rep. Jim McDermott, D-Wash., had to withdraw his amendments to add screening for prostate cancer and to sharply lower consumers' out-of-pocket spending limits for medical bills when colleagues questioned how he would pay for them.

Moynihan - Monday Markup-2: Meeting Now Behind Closed Doors

WASHINGTON -DJ- The Senate Finance Committee will begin its public markup of health-care reform legislation next Monday at 2 p.m. EDT, said chairman Daniel Patrick Moynihan, D-N.Y.

'There will be lots meetings between then and now and lots of drafting,' Moynihan said. He also said he was willing to give a group of bipartisan moderates on the panel 'as much time as they need' to draft their compromise version of health-care reform legislation.

The group's proposal would scale back the health-care benefits initially offered in order to reduce the cost of subsidies necessary to bring low-income Americans into the health-care system voluntarily.

The compromise measure also wouldn't require employers to provide health insurance to employees, as President Clinton's Health Security Act would. But if 96% of

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Bunning
Gibbons
Rosty
Santorum
-Grandy

approach under discussion is a complicated one that would first give the market a chance to work, by putting into place reforms aimed at making health insurance more affordable.

If at least 95 percent of the public did not have insurance by the year 2002, a government-appointed commission would make recommendations for other means of expanding coverage. And if Congress did not accept that proposal, individuals themselves would be forced to buy health coverage, just as they are required by state laws to have automobile insurance.

However, it raises as many questions as it seeks to answer. For starters, there is no evidence that the idea of requiring individuals to pay for insurance would be any more acceptable than Clinton's proposal to force businesses to pay for it.

The proposal also is expected to include large tax increases on business, which would be used to help subsidize individuals who could not afford coverage.

Meanwhile, Dole has instructed his staff to put together yet another proposal one that would seek to change the most widely criticized aspects of current insurance industry practices. However, it would fall short of what Clinton has said is his bottom line goal: a guarantee of private health insurance for every American.

Panel Votes to Include Abortion Coverage in Health Care Bill (Washn) By William J. Eaton= (c) 1994, Los Angeles Times=

WASHINGTON The House Ways and Means committee voted by
a larger than expected margin Wednesday to include coverage for abortions in its health care bill, although advocates on both sides of the controversial issue said the real showdown will come later this summer.

A proposal by Rep. Jim Bunning, R-Ky., to bar abortion services except in extremely limited circumstances was rejected, 23 to 15, mainly along party lines.
Four Democrats voted to restrict abortion coverage while three Republicans voted against Bunning's amendment.

"This is not a final vote on this matter," Acting Chairman Sam Gibbons, D-Fla., said in advance of the Ways and Means committee's action. "This is a very controversial question."

Two other congressional panels the Senate Labor and Human Services committee and the House Education and Labor
committee previously have voted to provide coverage for abortions in their versions of the health reform legislation sought by President Clinton.

But efforts to exclude or restrict access to abortion are expected at every stage of the legislative process, especially when the full House and Senate consider the measures emerging from committees.

Some Democrats who have cast anti-abortion votes in the past including former Chairman Dan Rostenkowski, D-Ill. voted for abortion coverage in the bill pending before the Ways and Means panel.

(Optional add end)

In another test of strength, the committee rejected on a 22-16 roll call a move by Rep. Richard J. Santorum, R-Pa., to keep state laws regulating abortion such as waiting periods, parental consent rules and restrictions on terminating pregnancies in the last three months from being preempted by federal law.

The Ways and Means panel adopted, 20 to 18, a proposal by Rep. Fred Grandy, R-Iowa, to include hearing aids for children in the standard benefits package. Although Gibbons pleaded with Democrats not to approve any additional benefits without finding revenue to pay for them, the panel did just that on Grandy's amendment after voting down the Iowa lawmaker's plan to provide funds by slight reductions in subsidies for small business.

Some Democrats said Gibbons sent mixed signals on the Grandy plan, estimated to cost $100 million, but the acting chairman dismissed the apparent setback as a "little ripple."

Financial Markets Respond to Greenspan's Optimistic Words (Washn) By Robert A. Rosenblatt= (c) 1994, Los Angeles Times=

WASHINGTON Federal Reserve Board chairman Alan Greenspan, in a strikingly optimistic mood, declared Wednesday that the outlook for the economy "is as bright as it has been in decades."

His comments came as financial markets calmed following Tuesday's declines, with stocks and bonds recouping some of their losses, and the dollar rebounding in value against foreign currencies. Treasury
Secretary Lloyd Bentsen said the United States and its industrial partners were prepared to intervene to support the dollar, if necessary.

The dollar's value closed in New York on Wednesday at 100.85 yen, compared with a Tuesday close of 100.35. The Dow Jones industrial average gained 16.80. Bond prices rose, too, driving down the interest rate for the key 30-year Treasury bond to 7.4 percent, down from 7.49 percent.

Despite this week's market turmoil, which had seen the dollar fall on Tuesday to its lowest level against the Japanese yen since World War II, Greenspan offered a resolutely upbeat review of the economy. "Economic activity has strengthened, unemployment is down and price trends have remained subdued," he told a meeting of the House Budget Committee.

Greenspan's cheerful rhetoric was unusual because the central bank chief usually cloaks his comments in tones of neutral obscurity. Against a background of widespread talk of possible additional rate hikes, he was implicitly defending Fed actions this winter and spring as adequate to head off any resurgence of inflation.

Many analysts have been saying markets are jittery because investors expect another boost in interest rates by the Fed, which has already raised rates four times this year. But the thrust of Greenspan's remarks was that the Fed has done its job.

Prices of some raw materials are rising, but because wages are increasing so slowly, there are no significant changes in the prices for finished goods, he said. And business is boosting its spending to expand production, a step that has the double benefit of adding jobs and improving efficiency at U.S. corporations.

"Today, we are in the midst of a capital spending boom, as companies strive to modernize existing plants and add capacity," said the Fed chairman. Spending for computers and high -tech communications devices "has been particularly strong, stimulated by waves of technological improvement and rapidly expanding opportunities for the application of these technologies," he said.

With new equipment, business can enjoy increased productivity, a greater value of output by each worker, generating more wealth for the economy without driving up prices.

The Fed chairman said long-term interest rates are "are higher than they should be," because of the

Grandy

Moynihan Says Scaled-Down Health Plan Can Pass

By Dana Priest
Washington Post Staff Writer

Senate Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) said yesterday there is no chance Congress will pass a bill with iron-clad promises of health insurance for all Americans. But he predicted success for a scaled-down version with the potential of insuring everyone within 10 years.

At the same time, Moynihan warned that if his committee is unable to pass a bipartisan bill the week after next, "it's going to be too late" for congressional action this year. He said he needed President Clinton to stay "right here in town working with [Congress] until we get this thing done."

Of the five committees debating health bills, the Finance Committee is pivotal because the compromises struck by its 11 Democrats and nine Republicans usually closely reflect the Senate's general sentiment, and, on health care, many uncommitted House members have said they will follow its lead.

The White House reacted to Moynihan's comments on NBC's "Meet the Press" in the same way it reacted to similar messages from five other Finance Committee members who met individually with Clinton this week. "He is still not convinced [Moynihan's alternative] meets the test" of universal coverage, George Stephanopoulos, a top Clinton aide, said of the president. He said Clinton plans to continue to meet privately with members of Congress in the coming weeks and is scheduled to do little traveling outside Washington.

Moynihan also acknowledged that "we don't have the money" to provide prescription drugs and long-term care benefits, two provisions the White House included in its plan, in part, to win support from the politically vocal senior citizens lobby.

Moynihan's statements followed a week in which congressional tax-writing committees were unable to back their health-insurance-for-all

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rhetoric with the needed votes and gave the clearest indication to date that members are apprehensive about making changes of the magnitude Clinton proposes to the nation's health care system.

Last Tuesday, Moynihan and the Finance Committee's ranking minority member, Sen. Bob Packwood (R-Ore.), told Clinton the committee did not have the votes to pass a bill that could finance universal coverage. A day later, its counterpart in the House, the Ways and Means Committee, was on equally shaky grounds as it tried to amass the votes needed to pass a bill that would split the cost of coverage among employers, individuals and the government.

As trepidation about the health bill's future spread on Capitol Hill, it was, oddly enough, the Republicans who saved the Democrats from themselves. When it became known that the GOP leadership was pressuring members not to work with Democrats in any way, it so infuriated Ways and Means Democrats that they closed ranks and voted en bloc in a way that would have been impossible a week earlier.

Both committees are stumbling over Clinton's proposal that employers should be required to pay for most of their workers' health insurance. This "employer mandate" is the main financing mechanism in the Clinton plan and in most alternative bills before the committees. The mandate is strongly opposed by many business groups, which are campaigning against it nationwide with grass-roots lobbying and mass media advertising.

The Moynihan-Packwood alternative, which is more a set of concepts than a formal plan, is meant to sidestep the employer-financing obstacle while keeping in place many of the other reforms favored by Clinton.

Their idea, borrowed heavily from the bill introduced by Rep. Jim Cooper (D-Tenn.) and Sen. John Breaux (D-La.), would prohibit insurers from denying coverage to people with preexisting conditions, would allow individuals to carry their insurance from job to job and would flatten the rates insurers could charge. It would create insurance purchasing cooperatives for small business and individuals and provide subsidies for low-income people. It may also include a standard benefit package that all insurers would have to offer consumers.

The Moynihan-Packwood option also includes Breaux's idea for setting conditions that would "trigger," either automatically or by a vote of Congress, a mandate that employers finance health insurance.

Clinton has indicated he is receptive to a "hard trigger," which would take effect automatically, but not the "soft trigger," which would give Congress the option of voting against mandatory employer insurance payments. "I'm not convinced" the Moynihan-Packwood proposal "would achieve universal coverage" Clinton said Wednesday. The Clinton plan calls for universal coverage by Jan. 1, 1998.

Asked in the television interview yesterday if there is any chance Congress will pass a bill that would provide immediate health insurance to every American, Moynihan said, "This Congress, no. . . . I think a bill that took you a long way toward universal coverage and declared universal coverage to be the policy of the United States to be achieved in a time certain, that fits his conditions . . . say, the year 2002, 2004."

Referring to the Cooper-Breaux bill, which the Congressional Budget Office recently said might insure 91 percent of Americans by 2000, Moynihan said: "We can do better than 91 percent, but 91 percent is not a failure. It's progress. And government is about the increments by which you move towards goals you desire."

According to the CBO study, the Cooper-Breaux bill would leave 25 million uninsured by 2000 and falls $189 billion short of the funds needed to provide subsidies in the first five years.

In addition, much of the savings in the bill come from a controversial change in the tax code that would limit the deductibility of health insurance for employers—a provision Democratic and Republican leaders have rejected. This "tax cap" has been roundly denounced by labor unions, a fact that might make it harder for Moynihan to accept because he is running for reelection in New York, where union backing is important.

In a separate interview on NBC, House Minority Whip Newt Gingrich (R-Ga.) backpedaled on statements he made this week about urging Republicans not to work with Ways and Means Democrats on the bill. Yesterday he said he only had "offered my advice" to Ways and Means member and fellow Republican Fred Grandy (Iowa), who had intended to offer an amendment in support of a tax cap.

Grandy, a student of health policy and cosponsor of the Cooper plan, said in an interview Wednesday that he had been told in a Republican conference meeting that morning: "No tax cap, no way, no how."

"We don't know what other marching order there will be," Grandy said. "It's disappointing to the degree there are members who feel strongly about the issues and we now have a leadership that preempts policy with politics."

Sen. James M. Jeffords (R-Vt.) also said in an interview this week, "I had people leaning on me pretty hard" not to vote with Democrats in the Senate Labor and Human Resources Committee, which he did anyway. "It wasn't vicious or hard, but it was firm. [Republican leaders] hope to hold Republicans firm for as long as they can."

THE WASHINGTON POST MONDAY, JUNE 20, 1994

Ways and Means Stands Behind Abortion Services in Health Care Bill

By David S. Broder and Dana Priest
Washington Post Staff Writers

The House Ways and Means Committee yesterday rejected a move to strip abortion services from a national health care plan by a 23 to 15 vote.

Four Democrats jumped party lines to support the amendment by Rep. Jim Bunning (R-Ky.) to cut abortion from a list of benefits covered by health insurance. Three Republicans went the other way.

Bunning said the amendment would spare taxpayers from paying for abortions that they morally oppose. Reps. Nancy L. Johnson (R-Conn.) and Barbara B. Kennelly (D-Conn.) argued that it would take away a service millions of women now have available in their private health insurance plans.

The inclusion of abortion has been a controversial issue throughout the health reform debate, with abortion opponents threatening to sink the entire plan if abortion coverage is mandatory. Five major committees are working on health care legislation, but only one, the Senate Labor and Human Resources Committee, has passed a bill. That committee also defeated efforts to strip abortion coverage from the legislation.

In Ways and Means yesterday, a "compromise" offered by Rep. Gerald D. Kleczka (D-Wis.) that would have allowed participating health plans to choose for themselves whether to include abortion services drew only five votes.

Both supporters of abortion rights and abortion opponents described it as an unsatisfactory effort to sidestep the issue.

Later, voting 22 to 16, the committee rejected an amendment to protect state's rights to regulate abortion. Rep. Rick Santorum, the Republican candidate for the Senate in Pennsylvania, said his state's leaders, including Gov. Robert P. Casey (D), are concerned that the federal legislation could supersede the Pennsylvania law requiring parental consent and a 24-hour waiting period for abortion.

The Pennsylvania law was upheld as constitutional in a landmark Supreme Court case three years ago. Opponents of the amendment, again including Kennelly, argued that the Santorum amendment could allow states "to pass laws removing abortion from the basic benefits package."

Another amendment, which would have shifted abortion services to a new category of optional auxiliary benefits, was withdrawn without a formal vote.

For the first time since he took over stewardship of the health bill, Acting Way and Means Chairman Sam Gibbons (D-Fla.) lost control of its course. Gibbons assumed the chair three weeks ago after then-Chairman Dan Rostenkowski (D-Ill.) was forced to step aside after being indicted on corruption charges.

Six Democrats bolted from Gibbons's leadership to join the committee's 14 Republicans in adding an hearing aid benefit for children to the basic package of services the bill would guarantee without coming up with the funds to cover the cost.

Gibbons dismissed the setback as "inconsequential," but several members said it reflected misgivings about his leadership.

"If the chairman tells you it's going to be worked out, and it isn't, you've got to go on your own," said Kennelly, one of the six who supported the effort led by Rep. Fred Grandy (R-Iowa.). "If you can't defend it at home, you better not defend it."

Grandy tried to bring up the amendment Tuesday but was frustrated by a Gibbons ruling that he had not provided revenues to pay the $100 million a year cost estimated by the Congressional Budget Office. Yesterday, Grandy came back with a proposal that it be financed by a 0.5 percent reduction in the proposed subsidy rate to small business for workers' insurance policies.

Rep. Forntey "Pete" Stark (D-Calif.) triggered a round of partisan rhetoric, accusing the Republicans of offering "nonsensical" amendments aimed at "frustrating our effort," while refusing to support a measure that would meet President Clinton's standard of universal coverage.

Reps. Santorum and Bill Thomas (R-Calif.) in turn accused the Democrats of "hypocrisy" in forming a party line against what they insisted were serious efforts to improve the bill.

Gibbons called for a quick voice vote to kill Grandy's financing mechanism, then ruled that the amendment could not be offered without a way to pay for it. But when Thomas challenged that edict as a violation of House rules, Gibbons instantly retreated. On the subsequent roll-call, enough Democrats were uncomfortable at the prospect of being on record against hearing aids for children that they gave the Republicans an unexpected victory.

Rep. Jim McCrery (R-La.) said afterward, "If they had defeated that on a straight party-line vote, the jury would have been in on who was being petty and partisan."

Meanwhile, Rep. Vic Fazio (Calif.), head of the Democratic Congressional Campaign Committee, urged his House colleagues to stand firmly behind universal coverage and employer mandates, saying they represent good policy and good politics.

Fazio, in a memo distributed to his Democratic colleagues, called health care "key to the '94 elections" and added that the "only way for Democrats to lose on health care is to shy away" from the principles of the Clinton plan.

Fazio said Democrats should portray Republicans as "betraying the interest of the middle class, even in their own districts," by opposing universal coverage and employer mandates. He pointed out that on average, there are 56,000 working people without health insurance in congressional districts that now tilt toward the Republicans.

"If Republicans try to walk away from guaranteed health care for every American, they will have to answer to working people in their own districts," he said.

He also urged Democrats to argue that Republicans, by favoring legislation that would mandate individuals, rather than employers, to provide their own insurance, favor businesses over families.

N. Johnson
Kennelly
Kleczka
– Grandy
Stark
Santorum
Thomas
McCrery
Fazio

THE WASHINGTON POST THURSDAY, JUNE 23, 1994

HEALTH CARE ON HER MIND

BY RAY LUSTIG — THE WASHINGTON POST

Majority Leader George J. Mitchell (Maine) escorts Hillary Rodham Clinton to session with Democratic senators where she made a pitch for universal health care. "There's never been an issue that is more personal," she said.

REP. DAVID E. BONIOR
. . bishops' stance could have impact

BY LUCIAN PERKINS—THE WASHINGTON P

From left, Democratic Sens. Moynihan, Mitchell and Kennedy confer on health care reform legislation in the Capitol.

Abortion Issue Divides Health Care Support

Both Sides Threaten to Withhold Backing Unless Benefits Provisions Meet Their Demands

By David S. Broder
and Kevin Merida
Washington Post Staff Writers

Backers of the Clinton administration health plan confronted threats yesterday from both sides of the abortion issue that they may withhold their votes unless the benefits package in the bill meets their demands.

The abortion battle escalated dramatically as the nation's Roman Catholic bishops announced a national campaign to pressure Congress to abandon abortion coverage. House Democratic leaders said 35 or 40 members otherwise supportive of the measure might vote no because of the abortion question. But abortion rights lawmakers countered with a list of 72 House members who say the final bill "must contain" such coverage.

Meantime, a group of moderate House Democrats and Republicans emerged from a caucus saying they will insist on a floor vote for the scaled-back alternative to the administration's universal-coverage plan that they hope to craft. They want equal treatment with the version of the Clinton plan the House Democratic leaders are writing and one sponsored by advocates of a single-payer, Canadian-style plan.

If the moderates are able to come up with a compromise it could complicate the already chancy prospect of holding 218 Democratic votes to pass a Clinton-like bill on the House floor next month.

Three congressional committees have approved health bills in which abortion is included in the standard benefit package that insurers would be required to sell and that employers would be compelled to purchase for their workers. A fourth panel, the Senate Finance Committee, produced a bill that includes no employer-financed insurance requirement and contains a provision allowing businesses to exclude abortion coverage from insurance they buy voluntarily for their employees.

The line in the sand drawn by the National Conference of Catholic Bishops was considered significant, given that the bishops support Clinton's goal of universal coverage. House Democratic Whip David E. Bonior (D-Mich.), who is antiabortion himself, said the bishops' opposition could have an impact on 35 to 40 House Democrats.

The bishops plan to back their position with exhortations to churchgoers in their 25,000 parishes to flood Congress with antiabortion messages, and they also plan an advertising campaign on the issue.

But abortion-rights supporters fought back at their own news conference. "I resent that certain religious groups are entering this political fight in Congress," said Rep. Don Edwards (D-Calif.), adding: "We ought to fight on a different field."

At the news conference, a letter, drafted by Reps. Peter DeFazio (D-Ore.) and Patricia Schroeder (D-Colo.) and signed by 70 other members, was released. Addressed to House Speaker Thomas S. Foley (D-Wash.), it said that "we feel compelled to convey to you our strong commitment that any health care reform package that comes before the House must contain coverage for contraceptive and abortion services if it is to gain our support."

It was unclear how many of the 72 signatories to the DeFazio-Schroeder letter were willing to kill health reform over the abortion issue, but DeFazio estimated that number at more than 50.

"That [issue] is not negotiable, it is not discussionable, it is not compromisable," said Rep. Jerrold Nadler (D-N.Y.). "We're saying there's a hard line here. There will not be a health care bill without abortion coverage in it, period."

Democratic congressional leaders are anxiously seeking a compromise—but going about it gingerly. The issue was broached in "carefully measured tones" at a House-Senate leadership meeting yesterday, according to one source, indicating the sensitive nature of the discussions.

House Majority Leader Richard A. Gephardt (D-Mo.) and Bonior have been testing the abortion issue on about 100 moderate and conservative House members, who have expressed a variety of concerns about the health measure. Bonior has been floating the idea of universal coverage that would provide employees with the option of choosing a plan with abortion services or one that excludes them.

Meantime, about three dozen representatives and an equal number of staff members standing in for other members met at mid-afternoon to launch an effort to get a less ambitious plan than Clinton's to a House floor vote. The meeting included cosponsors of two major bipartisan bills, one drafted by Reps. Jim Cooper (D-Tenn.) and Fred Grandy (R-Iowa) and the other by Reps. J. Roy Rowland (D-Ga.) and Michael Bilirakis (R-Fla.).

Cooper said the caucus agreed to "send a letter to the leadership insisting that a bipartisan alternative (to the Clinton-backed bill) be considered on the floor" and formed a smaller group, including the four lead sponsors, to attempt to draft that alternative.

They heard two of the members of the bipartisan "gang of seven," who steered the Senate Finance Committee away from universal coverage and employer mandates, tell them they had to "set your own bottom line and stick to it." Sens. John B. Breaux (D-La.) and John Danforth (R-Mo.) were quoted as saying that it was the adamant position taken by their group that overcame pressure from George J. Mitchell (D-Maine) and other administration allies on the committee.

Forging bipartisan legislation may be much harder in the House, several of those who organized yesterday's meeting acknowledged. "It's one thing to get seven senators to stick together," said Grandy. "It's something else to get 218 House members in line."

The Cooper-Grandy bill relies on taxing health plans with rich benefits and a somewhat similar proposal is part of the Senate Finance Committee bill. The House Republican leadership has adamantly opposed any broad-based taxes to finance health care and none are included in the Rowland-Bilirakis measure, which offers a more limited benefit package and no clear timetable for insuring all the uninsured.

Grandy said he planned to meet today with House Republican leaders, but a senior GOP member who attended yesterday's meeting predicted that it would be "hard to get bipartisan agreement in the House because so many Republicans feel their hands are tied on anything that smacks of taxes."

Whether a bipartisan alternative would be given a shot on the House floor is unclear. A spokeswoman for Gephardt was noncommittal, saying: "We'll have several alternatives on the floor and we'll take a look at what they are proposing."

Under House procedures, a bipartisan alternative would have to be "made in order" as a floor amendment by the leadership-controlled Rules Committee, or it could not be considered. Cooper warned that "we have blocking power if we need to use it, but we hope to avoid it."

The threat would be to unite Republicans and enough moderate and conservative Democrats to "overturn the rule," forcing the leadership to allow other floor amendments if they wanted to get a vote on the version of the Clinton plan now being crafted in Gephardt's office.

TODAY IN CONGRESS

SENATE

Meets at 8:45 a.m.
Committees:
Appropriations—10 a.m. VA, HUD & independent agencies subc. mark up veterans affairs & housing approp. bill. 138 Dirksen Office Bldg.
Appropriations—1:30 p.m. Mark up pending legislation. S-128 Capitol.
Energy & Natural Resources—9:30 a.m. Scientific & technological basis for radon policy. 366 DOB.
Governmental Affairs—10 a.m. Mark up pending legislation. 342 DOB
Indian Affairs—9:30 a.m. Native American Cultural Protection & Free Exercise of Religion Act of 1994. G-50 DOB
Judiciary—9:30 a.m. Closed. Nomination of Stephen G. Breyer to be an associate justice of Supreme Court. 216 Hart Office Bldg.
Rules & Administration—9:30 a.m. Library of Congress operations. 301 Russell Office Bldg.
Veterans Affairs—2 p.m. Mark up veterans [illegible] care reform legislation. 418 ROB
Select Intelligence—2:30 p.m. Closed Pending intelligence matters. 216 HOB

HOUSE

Meets at 10 a.m.
Committees:
Agriculture—10:30 a.m. General farm commodities subc. 1302 Longworth House Office Bldg.
District of Columbia—10:30 a.m. to amend District of Columbia Self-Government & Governmental Reorganization Act. 1310 LHOB.
Education & Labor—11 a.m. Elementary, secondary & vocational education subc. 2175 Rayburn House Office Bldg.
Education & Labor—2 p.m. Labor standards, occupational safety & health subc. to amend Fair Labor Standards Act of 1938. 2261 RHOB.
Energy & Commerce—10 a.m. Health & environment subc. 2322 RHOB
Energy & Commerce—10 a.m. Energy & power subc. on Energy Policy Act of 1992. 2123 RHOB
Energy & Commerce—9:30 a.m. Telecommunications & finance subc. mark up Unlisted Trading Privileges Act of 1994, & Federal Communications Commission Auth. Act of 1994. 2218 RHOB.
Foreign Affairs—10 a.m. Asia & Pacific subc. & international security, international organizations & human rights subc. on Taiwan. 2172 RHOB.
Foreign Affairs—1 p.m. Western Hemisphere affairs subc. mark up. 2200 RHOB.
House Administration—1:30 p.m. Occupational Safety & Health Administration compliance. H-328 Capitol
Judiciary—10 a.m. Crime & criminal justice subc. 226 RHOB.
Natural Resources—10 a.m. Insular & international affairs subc. 1324 LHOB
Natural Resources—10 a.m. National parks, forests & public lands subc. 340 Cannon House Office Bldg.
Post Office & Civil Service—10 a.m. Postal operations & services subc. to amend U.S. Code. 311 CHOB.
Public Works & Transportation—9:30 a.m. Water resources & environment subc. 2167 RHOB.
Science, Space & Technology—10 a.m. mark up Risk Assessment Improvement Act of 1994. 2318 RHOB.
Science, Space & Technology—1:30 p.m. Energy subc. Dept. of Energy's Hydrogen Research & Development Program. 2318 RHOB.
Science, Space & Technology—3:30 p.m. Energy subc. Propane Education & Research Act of 1993. 2318 RHOB.
Small Business—9 a.m. mark up legislation. 2359 RHOB.
Ways & Means—10 a.m. Work & Responsibility Act of 1994, Health & Human Services Sec. Donna E. Shalala. 1100 LHOB.
Ways & Means—3 p.m. walk-through to consider draft legislation implementing GATT agreement. 1100 LHOB
Permanent Select Intelligence—1 p.m. physical searches within U.S. for Foreign Intelligence Purposes. 2118 RHOB

Hatch, Grandy

care reform legislation.

BC-PETPROJECTS-w-IDEAS national editors:WA
Members of Congress making sure their pet causes are part of minimum health benefits package
By Brenda Rios
Knight-Ridder Newspapers
WASHINGTON They may argue that health reform isn't needed this year and that forcing employers to insure workers will costs jobs. But just in case something passes, some members of Congress are making sure their pet causes are part of the package.

Sen. Orrin Hatch, R-Utah, made a successful plea for colorectal cancer screening, even though he thinks health reform equals government-run medicine and he voted against the overall plan in committee.

And Rep. Fred Grandy, R-Iowa, made sure children's hearing aids are part of the minimum benefits package, even though he, too, voted against the bill as a whole. Grandy said it was his duty to make the measure ''better'' even if he wasn't going to vote for it.

However, pet projects such as these are putting lawmakers in a bind as they try to create a nationally guaranteed package of minimum health benefits at the lowest price possible. Three of the four congressional committees that have approved health reform plans have included such a benefits package.

''How do you say 'no' to hearing aids for children?'' asked Bob Laszewski, a health care consultant to insurance companies. ''But at some point, someone is going to have to start saying 'no'''

Health care spending accounts for nearly one-seventh of the economy, and adding benefits to the minimum package would push rising costs even higher.

''There isn't a benefit that I haven't met that I wouldn't endorse, but I don't have the money,'' said Rep. Fortney ''Pete'' Stark, D-Calif.

Most of the health reform plans now headed for debate in the House and Senate include a minimum benefits package that covers hospital stays, doctor visits and diagnostic tests. They also include some preventive care measures, such as routine physicals, which are not now covered by many insurance plans.

The other big winners in the proposed benefits package are mental health care, mammograms, lead paint screening, prescription drugs and family planning.

John Rother, chief lobbyist for the American Association of Retired Persons, said the benefit plans focus on preventive care that can save dollars because

Finding consensus behind closed doors

By Richard Wolf
USA TODAY

In the beginning, there was President Clinton's health care reform plan.

Then came the liberals' "single-payer" plan, the moderates' "managed competition" plan, the conservatives' "incremental" plan and a variety of Republican offerings.

Then came a handful of plans approved by congressional committees, all different from each other and from the president's plan, which has yet to win a single vote.

Now comes the real thing.

Behind closed doors in the Capitol, Democratic leaders are writing the health legislation that goes to the House and Senate floors in August.

The White House is working with Senate Majority Leader George Mitchell, D-Maine, to devise a compromise. They're trying to find an alternative that will let Clinton claim his goal of universal coverage will be met, at least eventually, and attract enough votes to pass.

Some top Clinton aides who usually travel with him are skipping his trip to Florida, Maine and Massachusetts to work on the deal.

Based on the first week after the Fourth of July recess, finding a consensus won't be easy:

▶ Within the Democratic party, liberals and moderates are pulling in opposite directions. Liberals want insurance for everyone, paid by employers or with new taxes. Moderates oppose such regulation.

▶ Republicans accuse the Democrats of playing politics with health reform, all the while trying to blend their conservative approaches into alternatives to do battle with the leaders' products next month.

"If this were easy," says House Majority Leader Richard Gephardt, D-Mo., who's putting together the House package, "we would have done it two years ago."

The situation in both chambers is similar to that confronted this month by the Senate Finance Committee: Proponents of the Clinton effort to cover all and contain spiraling costs and of the Republicans' less expensive, less sweeping approach lack the votes to pass their plans.

That leaves a small but influential group of moderates holding the balance of power. But while their numbers may be increasing, the numbers in their proposals don't hold up. Without an employer mandate, they lack the funds needed to pay for their benefits and subsidies.

"The things we want to do, we don't want to pay for," says Rep. Fred Grandy, R-Iowa.

The moderates-driven plan, approved by the Finance Committee, which ditched Clinton's employer mandate, is likely to come up $100 billion short.

Gephardt and Mitchell want to begin floor debate with a bill guaranteeing universal coverage. But Mitchell faces an uphill battle on the necessary employer mandate.

"I really think 40 to 45 votes would be the high-water mark for any kind of an employer mandate," says conservative Democratic Sen. David Boren of Oklahoma.

In the House, moderate Democrats and Republicans are trying to find common ground on a package of insurance market reforms and subsidies they can pose as an alternative to the Gephardt plan.

The moderates are more than 100 strong, giving them as much punch as liberal proponents of a government-paid system known as a "single-payer" plan. But Rep. Jim Cooper, D-Tenn., claims, "Our reach is farther than that."

While they lack the votes now, Democratic leaders hope to make their proposals the most appealing by poking holes in the alternatives. And in the House, they can set the rules for floor debate in their favor by limiting amendments.

"The alternatives may be so unappealing because of some of their deficiencies that at the end of the process, our proposal will be the last one standing," says House Majority Whip David Bonior, D-Mich.

Intensity of quest for support stepped up

By Judi Hasson
USA TODAY

While lawmakers struggle privately to reach a compromise on health reform, a battle for public support heats up again this week.

All sides are ratcheting up campaigns to bring public pressure on Congress.

"It's crunch time," says Bill Gradison of the Health Insurance Association of America, whose "Harry and Louise" TV ads successfully bashed President Clinton's proposal as too much government.

"We're trying to step up the intensity," says John Rother of the American Association of Retired Persons. The AARP wants reform to cover prescription drugs and long-term care.

Today, Clinton delivers a speech in Miami to La Raza, a leading Hispanic group.

Tuesday he talks to the nation's governors, meeting in Boston, and Hillary Rodham Clinton appears on ABC's *Good Morning America*.

Friday, she's expected to kick off a cross-country bus campaign dubbed "Health Security Express" by its organizers. The $2 million trip is intended to duplicate the spotlight-grabbing success of the Clinton presidential campaign bus.

"The administration will continue to deliver a strong message that universal coverage is needed if we want to protect the health security of the middle class and control costs," says spokeswoman Lorrie McHugh.

The battle of the airwaves turned unusually acrimonious last week.

First, the Democratic National Committee began airing ads pressuring lawmakers to back mandatory employer-paid premiums. That prompted one of the targets, Sen. Bob Kerrey, D-Neb., to urge people to stop giving money to the DNC.

Then Pizza Hut convinced Washington TV stations not to air an ad from the Health Care Reform Project, a pro-Clinton coalition. The ad says Pizza Hut and McDonald's are fighting the employer mandate in the U.S. while paying for workers' insurance in other countries.

Pizza Hut called the ads libelous. The coalition responded with full-page ads in Sunday's *Washington Post* and *New York Times*.

Sen. Edward Kennedy, D-Mass., who supports the mandate, has summoned [illegible] tives of Pizza Hut, company PepsiCo, and McDonald's to testify Friday.

Meanwhile, the nation's governors are complaining about proposals they will stick the states with bigger health care bills.

They criticize a pro[illegible] to cap federal payments for Medicaid, part of a plan backed by Senate Minority Leader Robert Dole, R-Kan., 39 Republican senators.

And they say a proposal that would put 40% of Americans under Medicare would cost states too much.

Vermont's Democratic Gov. Howard Dean, incoming president of the National Governors' Association, says states don't like the plan to expand Medicare to c[illegible] the uninsured: "It leaves our taxpayers holding the bag in a big way."

Also this week, the i[illegible]nance industry launches a new ad "to tell people what's wrong with the proposed tax on so-called high-cost plans," says HIAA's Gradison.

And Rock the Vote Education Fund, which helped [illegible]bilize record numbers of MTV viewers and other first-time voters in 1992, Tuesday unveils a series of public service announcements about the "choices, options and trade-offs" in health reform.



By Wilfredo Lee, AP

PUSHING HIS PLAN: President Clinton, shown in Greensburg, Pa., will speak on health-care reform today in Miami.

Gephardt
-Grandy
Boren·
Cooper
Bonior

President pushes universal coverage ✓

Clinton says no-mandate health plans would only 'burn the middle class'

GREENSBURG, Pa. (AP) — President Clinton began a new effort yesterday to prod a fragmented Congress into passing a health care plan that guarantees insurance coverage for all.

Speaking in the state where national health insurance burst onto the scene in 1991 as a potent political issue, Mr. Clinton said less inclusive plans would only "burn the middle class."

He did not identify by name a rival Republican plan by Senate Minority Leader Bob Dole of Kansas, but aides said Mr. Clinton's speech was intended as an assault on that measure and on others that do not mandate universal coverage. A plan approved by the Senate Finance Committee also does not require such coverage.

Mr. Dole, in an earlier speech to leaders of the American Medical Association in Washington, defended his proposal and accused the White House and its allies of conducting "a search for villains."

Four congressional committees have produced separate health care bills. But there are no clear-cut majorities for any of the proposals, or even for what Mr. Clinton has said is required to win his signature: universal coverage.

"The politicians have it [health care], the wealthy have it, the poor have it, if you go to jail you've got it; only the middle class can lose it," Mr. Clinton said yesterday. "I don't think that makes much sense in the United States."

He also was scheduled to speak later at a private, $10,000-a-plate fund-raising dinner in Philadelphia to aid the re-election campaign of Sen. Harris Wofford, Pennsylvania Democrat.

It was Mr. Wofford's 1991 upset Senate victory that turned health care reform into a national political debate. But Mr. Wofford, who campaigned on a platform of health care for all, may be vulnerable as he fights for a full six-year Senate term against an aggressive Republican challenger in Pennsylvania, two-term Rep. Rick Santorum.

Mr. Wofford, who remains a strong supporter of universal health care, did not attend the Greensburg speech because of Senate votes in Washington. But he told Mr. Clinton by speakerphone that "together, we're going to win this fight."

Mr. Clinton's speech was warmly received by the downtown crowd of several thousand in this community about 25 miles southeast of Pittsburgh.

A scattering of protesters waved critical signs along Mr. Clinton's motorcade route — some accusing his plan of being a form of health care rationing.

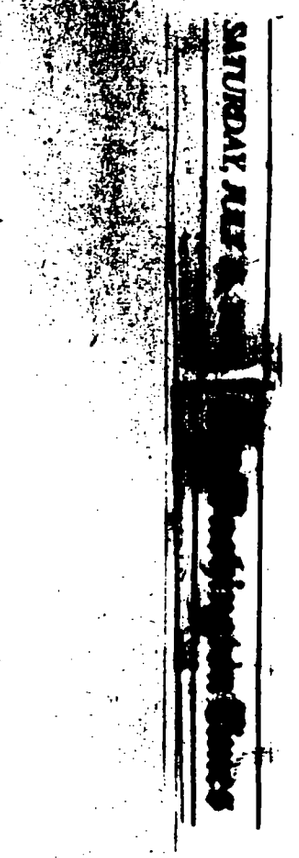
"Every time we try to cover all the middle-class working people in the country, the same crowd got up with the same arguments ... and said this is socialism, this is rationing, this is the government taking over the health care system," Mr. Clinton said.

Mr. Dole told reporters yesterday a world trade deal sought by the Clinton administration could run into snags in Congress if the president keeps attacking Republicans on health care.

Mr. Dole said White House Chief of Staff Leon Panetta had sought a "political time out" so the General Agreement on Tariffs and Trade could be passed by August.

"Why should I worry about what President Clinton wants to do on trade when he's out beating us up on health care?" Mr. Dole said. "If this is the kind of hardball they want to play, they need to know there are two teams out there."

Meanwhile, 52 Democrats and 52 Republicans sent House Majority Leader Richard A. Gephardt, Missouri Democrat, a letter demanding a floor vote on a bipartisan bill that "does not include mandates, premium caps or price controls." The effort was spearheaded by Democratic Reps. Jim Cooper of Tennessee and J. Roy Rowland of Georgia and Republicans Fred Grandy of Iowa and Michael Bilirakis of Florida.



Dole · Gephardt · Cooper · Rowland · Grandy · Bilirakis

Battle of the big bucks: 'Historically unprecedented'

By Wi n M. Welch
USA TODAY

As if you couldn't tell from the TV ads, health-care reform is the biggest, costliest and most l rly lobbied battle ever to come before Congress.

That's the finding of a watchdog organization that reports th interests have donated $25 million to congressional campaigns and poured tens of millions more into TV, radio and newspaper advertising.



By John Duricka AP
DURENBERGER: 'In demand' for trips

In the process, more than 650 interest groups have spent more than $100 million to influence the outcome of the health-care debate. They've hired at t 97 law and lobbying firms to help, and have wooed lawmakers with junkets, donations and even jobs.

"The number of people hired, the vast amount of money spent, and the use of television advertising to shape a public policy issue are historically unprecedented," says Charles Lewis, head of the Center for Public Integrity, the non-profit research organization that conducted the study.

"The result," the study concludes, "is the largest blitz on proposed legislation in the nation's history."

The study says the lobbying, while legal, has been so intense and expensive that it threatens to overwhelm the decision-making process. But combatants in the health wars say the report doesn't find anything that shouldn't be expected.

"You're talking about roughly one-seventh of the nation's economy. It affects every human being in America," says Rep. Bill Brewster, D-Okla. "It's something everyone has an interest in. I'm not aware of any group that doesn't have someone up here lobbying for their interest."

The groups' yearlong study, most of it from often incomplete public records, found:

▶ At least 80 former government officials, including 15 members of Congress, have gone to work for the health care and related industry.

▶ 85 House and Senate members took 181 trips during 1992-93 at the expense of health care-related interests. Spouses went along for 73 of those trips. Top sponsor: the American Medical Association, which bankrolled 55 trips.

Sen. David Durenberger, R-Minn., who took 11 trips, sits on two committees involved with health care. "No one should be surprised that a senator who has been at the heart of the health-care reform debate is much in demand," says spokesman Ed Belkin.

Brewster, a pharmacist, is also on the list. "I've been in health care all my life. I get invited to do a tremendous number of speeches."

▶ Health interests gave to campaigns of members of the five House and Senate committees that worked most directly on health care, $8.2 million from 1993 to early 1994.

The biggest recipients were on the House Ways and Means Committee, whose former chairman, Rep. Dan Rostenkowski, D-Ill., got $218,750.

▶ At least 40 members of committees overseeing health reform or their family members held health-related assets in 1993. Rostenkowski purchased $65,000 in drug-company stocks in September 1993.

Although noting heavy spending and lobbying on all sides, the study singles out as particularly effective two groups: the Health Insurance Association of America, sponsor of the "Harry and Louise" ad campaign attacking President Clinton's plan, and the National Federation of Independent Business, which opposes mandatory employer financing of health insurance.

Lewis calls the HIAA ads "an audacious display of using millions of dollars in advertising as a blunt instrument to bludgeon public policy."

And Harry and Louise are back with a fresh attack on two ideas Congress has come up with: taxing high-cost health plans and letting millions under age 65 into Medicare.

Cozying up to Congress

Fourteen former House members — and one ex-senator, Paula Hawkins — are now lobbying Congress for the health-care industry or related interests:

Beryl Anthony, D-Ark.
Thomas Downey, D-N.Y.
Dennis Eckart, D-Ohio
John Erlenborn, R-Ill.
Geraldine Ferraro, D-N.Y.
Bill Gradison, R-Ohio
Paula Hawkins, R-Fla.
Ed Jenkins, D-Ga.
Norman Lent, R-N.Y.
Edward Madigan, R-Ill.
Toby Moffett, D-Conn.
Marty Russo, D-Ill.
Guy Vander Jagt, R-Mich.
Vin Weber, R-Minn.
Robert Whittaker, R-Kan.

Top trip takers

The health-care industry sponsored 181 trips for 85 members of Congress in 1992 and 1993; spouses joined them on 73 trips. The leading sponsor was the American Medical Association — 55 trips. Top 5 trip takers:

Sen. Dave Durenberger, R-Minn.	**11**
Rep. Charles Stenholm, D-Texas	11
Rep. Patricia Schroeder, D-Colo.	**10**
Rep. Bill Brewster, D-Okla.	10
Rep. Fred Grandy, R-Iowa	**9**

Top health-care givers

Top 10 organizations with health-care-related interests that contributed political action committee money in 1993 and 1994 to members of Congress:

American Federation of State, County and Municipal Employees	**$1,111,810**
International Brotherhood of Electrical Workers	**$1,070,486**
United Brotherhood of Carpenters and Joiners	$923,200
International Association of Machinists and Aerospace Workers	**$854,906**
Association of Trial Lawyers	**$832,535**
American Medical Association	$772,042
American Maritime Officers	**$685,470**
United Auto Workers	$639,769
National Association of Life Underwriters	**$490,690**
American Dental Association	$490,297

Source: Center for Public Integrity

Big names board the bus, join cross-country caravan of supporters

By Judi Hasson
USA TODAY

PORTLAND, Ore. — Hoping to mirror the success of President Clinton's 1992 bus campaign, supporters of his health-care reform set out today on a cross-country sales pitch.

First lady Hillary Rodham Clinton is expected here to kick off the trip at a rally, which begins with a four-bus caravan. Other buses will cross the Southwest, South, Northeast and Midwest.

The caravans, called the Health Security Express by Families USA, the chief sponsor, hope to attract local media coverage and rally communities about the health debate.

Musicians, athletes and other celebrities, including actress Meredith Baxter and Myrlie Evers, widow of slain civil rights leader Medgar Evers, are expected to join parts of the trip. The Clintons and Gores plan to meet the bus in Independence, Mo., on July 30.

The target: bringing public pressure on Congress during the first week in August, when lawmakers will be embroiled in the biggest social policy debate in generations.

Labor and consumer groups sponsoring the $2 million campaign hope to build momentum, much as Clinton did with a six-day tour after the Democratic Convention.

"It was my belief there are a lot of folks around the country who really want to speak out on behalf of universal coverage," says Arnold Bennett of Families USA, a Clinton reform ally and liberal consumer group staging the event.

To get on the bus, organizers are asking groups to pay as much as $20,000 and individuals $500 if they can afford it.

But Clinton opponents are fuming about the bus.

Describing it as the "phony express," a conservative group called Citizens for a Sound Economy, whose chief Boyden Gray was a top adviser to President Bush, is planning to follow the caravan, distributing literature and holding counter-demonstrations, says spokesman Brent Bahler.

Another conservative group, Project for the Republican Future, is planning a TV ad parodying the trip. "Reliving the days after the Democratic Convention is not going to rekindle the magic," says Bill Kristol, GOP project director.

Durenberger
Stenholm
Schroeder
Brewster
Grandy

Grandy
W. Thomas

ACCESS # DMRG174990
HEADLINE Key House panel to OK health plan
Senate Finance proposal expected to fall short
Republicans unite behind a plan that would use market incentives to make insurance more accessible.
LENGTH ESTIMATED INFORMATION UNITS: 5.0 Words: 653
DATE 06/30/94
SOURCE THE DES MOINES REGISTER (DMRG)
Edition: 3 STAR
Section: MAIN NEWS
Page: 3
(Copyright 1994)

Washington, D.C. (AP) -- Health reform legislation is on the brink of approval in a key House committee as Democrats struggle to deliver on President Clinton's cherished goal of insurance coverage for all Americans.

* "We're providing a health care opportunity for every American from birth to death, including prenatal health" and it cannot be canceled, Rep. Sam Gibbons, acting chairman of the House Ways and Means Committee, said Wednesday as the panel neared a final vote. Approval was set for today, capping months of strenuous efforts.

Over unanimous Republican opposition, the measure would require businesses to pay the bulk of premium costs for their workers, and would expand Medicare to offer coverage for the unemployed, the self-employed and workers in small firms. Government price controls would restrain costs beginning early next century if other measures in the bill failed to do so.

Vote in August

Approval by the Ways and Means Committee would virtually conclude committee action in the House on the top issue confronting Congress this year and lead to an expected vote on the House floor in August.

A second committee earlier sent legislation to the full House patterned after Clinton's proposal; a third abandoned efforts earlier this week, unable to resolve a deadlock over whether to require businesses to pay for coverage.

In the Senate, one committee has completed action.

A second, the Finance Committee, was embarking on a series of votes on a bill that declares universal coverage to be a "national goal," but is expected to fall short of realizing it.

Shortly after rapping the chairman's gavel on Wednesday, Sen. Daniel Patrick Moynihan, D-N.Y., said the panel should be guided by a creed for physicians: "First, do no harm."

Within moments, Senate GOP leader Bob Dole of Kansas offered his own prescription: "No price controls, no mandates and no taxes."

Spreading Coverage

Senators in both parties predicted the panel would agree on a plan that relied on subsidies and insurance changes -- not requirements on businesses or individuals -- to spread coverage more broadly.

"America and Americans can ill afford new and higher taxes, new mandates and new bureaucracies," said Sen. Bill Roth, R-Del. "The bureaucratic age is over."

Clinton's Senate allies, led by Majority Leader George Mitchell of Maine, will seek stronger steps toward universal coverage when the bill reaches the floor.

While the committees labored, Dole announced agreement by nearly all Senate Republicans on a plan that relies on insurance changes and a system of subsidies and tax breaks to expand coverage to some of the 39 million people who don't have it.

One Republican dissented publicly from Dole's

recommendations. Sen. Dave Durenberger of Minnesota said the plan had no standard benefit package for insurance plans, "questionable insurance market reform" and other shortcomings.

Final GOP Assault

In the House, Republicans on the Ways and Means Committee looked ahead to one final assault on the bill, fashioned solely with Democratic votes. Rep. Bill Thomas, R-Calif., said he would demand a formal vote on Clinton's original bill, a measure that Democrats have softened as they sought to blunt criticism from small business owners, the insurance industry, tobacco farmers and other interests.

* Rep. Fred Grandy, R-Ia., said the request for a vote was "well-meaning but nonetheless distinctive political mischief." In an earlier such vote in subcommittee, all seven Democrats abstained.

Republicans also readied an alternative that relied on insurance changes and subsidies to expand coverage. Rep. Bill Archer, R-Texas, said the proposal would require states to move Medicaid recipients into private health insurance plans, at a considerable savings. He said the money would be turned back to the states, which could then offer subsidies to the working poor to buy insurance.

AP Sen. Bob Packwood, R-Ore., right, ranking Republican on the Senate Finance Committee, discusses the GOP health-care plan Wednesday with fellow Republican senators. At left are Senate Minority Leader Bob Dole of Kansas and Sen. Charles Grassley, R-Ia.

End of Story Reached

Grandy

ACCESS # BATR2121680

HEADLINE Health care "war" raging

Byline: JOAN MCKINNEY
Credit: WASHINGTON BUREAU
Column: JOAN MCKINNEY

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WASHINGTON - So far, it's still polite and nonconfrontational.

* But nevertheless, top White House aides and U.S. Sen. John Breaux,
* D-La., a supposed ally of the president, are at war on health care policy.

In a briefing last week for a dozen reporters, a trio of high-ranking Clinton aides showed no sign of abandoning their view that employers must be required to pay part of their workers' insurance premiums if every American is to someday be covered by a health insurance plan.

The trio then criticized the Senate Finance Committee health care bill, which does not have the employer mandate. In criticizing that

* bill, they were indirectly criticizing Breaux, who helped draft that bill.

The White House trio was Harold Ickes, the White House deputy staff chief; Pat Griffin, congressional liaison chief responsible for working President Clinton's policy on Capitol Hill, and Ira Magaziner, day-to-day director of the White House task force on health care. If you want the White House "word" on health care legislation, this trio may be the most authoritative voice, short of having President and Hillary Clinton join the discussion.

A summary of what the three White House aides said:

Congress must provide "universal coverage" in health insurance. Ickes and Griffin said no one has convinced them universal coverage can be achieved without an employer mandate.

To date, the public has been confused because so many congressional committees have been writing so many different health care bills. But now the Democratic congressional leadership is "melding" the committee bills into a handful of bills. That will clarify the issues and simplify the process, so now is the time for the White House to make its case to the public, which will, the aides predicted, focus on key issues and then rally behind the main elements of a Clinton-style bill.

Opinion polls support this prediction and provide the blueprint for the White House to shape its political message. Yes, the polls show opposition to health care legislation if it is vaguely described as "the Clinton" plan. But, said the aides, the same polls show (absent a label on the legislation) most Americans want a bill that guarantees "universal coverage."

There was also evasion from the three White House aides. The trio ducked these questions:

- What is the acceptable level of insurance coverage (90 percent of Americans, 95 percent, 100 percent?) which meets the White House test of "universal coverage"? What date would the president accept for a phase-in to such coverage? Could the employer mandate be satisfied with a "trigger," that is, a delay in mandatory employer-paid insurance for a few years followed by an employer mandate if market-based "reforms" don't produce high levels of

insurance coverage?

The questions politicians won't answer sometimes tell you areas that may be negotiable.

Aides Griffin, Magaziner and Ickes can work some compromises in private with congressional Democratic leaders. The White House aides and the leaders are consulting in the critical legislative "melding" process. Briefly, it is:

- In the Senate, Majority Leader George Mitchell, D-Maine, will produce a single bill by combining the Finance Committee bill (no employer mandates and no guarantee of universal coverage) and the Labor and Education Committee bill (universal coverage achieved through mandates and government subsidies).

In the House the Democratic leaders are expected to craft a procedure for voting on several bills. Two House committees have approved Clinton-style bills with universal coverage and mandates, and that approach is guaranteed to get a House vote. There's a general understanding House Republicans would get a vote on a GOP plan, and House liberals may get a vote on their "single-payer" plan for government-run insurance. Last week a coalition of moderate House Republicans and conservative Democrats began plotting ways to force a vote on a "centrist" bill that is closer to the Breaux/Finance Committee bill.

That Finance Committee bill, with its partial defiance of Clinton,
* was produced because Breaux and a half-dozen moderates essentially took control of the committee away from Finance Chairman Daniel P.
* Moynihan, D-N.Y., and from Clinton. Last week Breaux exported his legislative strategy to the House, accepting an invitation to meet privately with the emerging "centrist" coalition of moderate Republicans and Boll weevil Democrats.
* U.S. Rep. Fred Grandy, R-Iowa, who invited Breaux and another Finance Committee member, said the two senators "explained how they formed an air-tight coalition" in the Senate committee. "Their tactical advice is as good as their policy advice," Grandy said.
@Art: PHOTO
* @Art Caption: John Breaux

End of Story Reached

POLITICAL ROUNDUP

CONNECTICUT: A newly published *Hartford Courant* poll shows ex-**Rep. John Rowland**, R-Conn., with a huge 65-10 edge over Secretary of State Pauline Kezer in next month's GOP gubernatorial primary. In a general election match-up, Rowland also has an early lead — garnering 35 percent to 14 percent for state Senate President Pro Tem John Larson, the Democrats' endorsed candidate, and 9 percent for Lt. Gov. Eunice Groark. Groark is the nominee of A Connecticut Party, the political vehicle of independent Gov. Lowell Weicker. The poll of 500 voters, taken July 29-Aug. 5, has a 5 point error margin. Weicker, a former three-term Republican senator, decided earlier this year not to seek a second term as governor. The same poll has **Sen. Joseph Lieberman**, D-Conn., ahead of former state Sen. Gerald Labriola, the GOP's endorsed candidate, by a an overwhelming 51-11 margin. Against ophthalmologist Joseph Bentivegna, who is running in the September primary against Labriola, Lieberman leads 52-8.

IOWA: In a statement issued earlier this week, **Rep. Fred Grandy**, R-Iowa — who lost a close race to Gov. Terry Branstad in the GOP primary in June — ruled out a race against Branstad this fall as an independent. "Despite the urging of many supporters across Iowa, I have decided I will not seek an independent bid for governor this fall," Grandy said. He noted such a race "would at this time pull me out of the congressional negotiations and away from an issue [healthcare reform] I care deeply about." Grandy has been deeply involved in the effort to craft a bipartisan House healthcare reform bill. Branstad faces the Democratic nominee, state Attorney General Bonnie Campbell, in November.

MINNESOTA: GOP Gov. Arne Carlson — facing a Sept. 13 primary against a conservative opponent with strong ties to the Christian right — has compared his challenger's political success to Adolf Hitler's, the *Associated Press* reported Tuesday. Carlson, in an interview with a Minneapolis-St. Paul Jewish newspaper, said it is likely his GOP rival, Allen Quist, will not hire non-Christians to work for his administration. Quist, for his part, responded that Carlson's statements amount to "a character attack ... an attempt to pit one group against another." Carlson was quoted in the *American Jewish World* as saying Quist would attempt "to use the instruments of government to intrude into every aspect of people's lives." He added Quist is supported by a "narrow sliver" of Republicans, warning: "A narrow sliver has the ability to take over an entire system ... That clearly is how Hitler started out." A Carlson aide said the statement was not meant to link Quist to Hitler, but rather to give an "explanation of how a minority can take over." Carlson has lost the support of many Republicans by supporting abortion and gay rights, and the GOP endorsement of Quist was the first endorsement of a non-incumbent in state history.

PENNSYLVANIA: GOP **Sen. Arlen Specter** Wednesday announced that one of his senior aides would become campaign manager for GOP **Rep. Rick Santorum** — who is trying to oust Specter's junior colleague, Democratic **Sen. Harris Wofford**. In a joint news conference with Specter, Santorum named Pat Meehan — who orchestrated Specter's narrow 1992 re-election victory and who is now executive director of Specter's Philadelphia office — to run his campaign effective Aug. 22. Meehan succeeds Ed Hodges, a longtime aide to **National Republican Senatorial Campaign Committee Chairman Phil Gramm** of Texas. Hodges, who has returned to the NRSC, was quietly dropped from the Santorum campaign late last month amid reports that Santorum — who represents a district in western Pennsylvania — was looking for a campaign manager with a knowledge of the politically crucial Philadelphia suburbs.

Schedule

Continued from Page 1

lations. 253 RSOB. **(Postponed, no new date has been set.)**

Environment and Public Works

EDA

Full committee hearing on the Economic Development Administration. ***Witnesses:*** Commerce Secretary Brown; Morris Wells Jr., town manager, South Hill, Va.; Robert Thompson, Androscoggin Council of Governments; Austin Burke, Scranton Lackwanna Industrial Building Company; Gary Freeman, National Association of Development Officials; Peter DiCicco, Council for Economic Development; and Thomas Ahern, Jersey City Economic Development Corp. 406 DSOB. 2 p.m.

Foreign Relations

Law of the Sea Convention

Full committee hearing on the Law of the Sea Convention. ***Witnesses:*** **House Merchant Marine and Fisheries ranking member Jack Fields**, R-Texas; David Colson, State Department; John McNeill, Defense Department; Rear Adm. Bill Center, Joint Chiefs of Staff; and Rear Adm. John Shkor, Coast Guard. S-116 Capitol. 10 a.m. **(Rescheduled from Wednesday.)**

Judiciary

Pending Nominations

Full committee hearing on pending nominations. 226 DSOB. 2 p.m.

HOUSE COMMITTEES

Agriculture

Food Security Act

Environment, Credit and Rural Development Subcommittee hearing on the Food Security Act. ***Witnesses:*** Paul Johnson, chief, Soil Conservation Service; Kenneth

NATIONAL JOURNAL'S
CongressDaily/A.M

Thursday
August 11, 1994

SENATE
Meeting time unavailable.

HOUSE
Convenes at 11 a.m.

SENATE COMMITTEES
Agriculture
Meat and Poultry Inspections
Agricultural Research, Conservation, Forestry and General Legislation Subcommittee hearing on meat and poultry inspections, 332 RSOB. (Postponed, no new date has been set.)

Armed Services
Chemical Weapons Convention
Full committee hearing on the Chemical Weapons Convention. *Witnesses:* John Deutch, deputy secretary, DOD; and Gen. John Shalikashvili, chairman, Joint Chiefs of Staff, 222 RSOB, 2 p.m.

Commerce
Telecommunications Markup
Full committee markup of telecommunications infrastructure development legislation, 253 RSOB, 10 a.m.

Olympic Committee
Full committee hearing on the Olympic Committee. *Witnesses:* Sen. Ben Nighthorse Campbell, D-Colo.; Gordon Bakoulis, *Women's Day* magazine; Anita DeFrantz, International Olympic Committee; 1994 Olympic gold medalists Donna De Varona, Bonnie Fitzgerald and Tommy Moe; Nancy Hogshead, Women's Sports Foundation; Sandy Knapp, USA Gymnastics; Tom Waddell, gold medalist, 1994 Paralympics; and LeRoy Walker, Olympic Committee, 253 RSOB, 2 p.m.

Boxing Regulations
Full committee hearing on boxing regu-

Continued on Page 8

House Schedule Slipping On Superfund

Superfund reform legislation now is unlikely to move to the House floor this week, as differences over taxes on insurers have stalled the legislation in the Ways and Means Committee. An aide to **Speaker Foley** Wednesday acknowledged the bill will not come up this week, as had been scheduled. But the Foley aide said the legislation still may be considered before the recess, as the leadership has been seeking, saying the schedule in part depends on the timing of healthcare reform legislation. **Acting Ways and Means Chairman Gibbons** — who had scheduled a committee markup for Wednesday but postponed it at the administration's request — said a markup is unlikely for today, while adding that a session still could be scheduled with short notice. **Rules Chairman Moakley** Wednesday said his committee also has put off consideration of the rule for floor debate of the Superfund bill. The Rules panel session had been set for today and it is unclear when it will be rescheduled.

ENVIRONMENT

Nearly 40 potential floor amendments were filed to meet Wednesday's Rules Committee deadline, according to a committee aide. **Rep. Bill Zeliff**, R-N.H., is stepping back from a proposal to repeal Superfund's retroactive liability, which appears likely to be short of votes. Zeliff instead presented an amendment requiring the consideration of a decrease or elimination of liability for parties that disposed of waste legally. Amendments to strike Davis-Bacon prevailing wage pro-

Continued on Page 6

Moderates Cautious On Bipartisan Bi

Key Democratic moderates Wednesday continued to signal caution in embracing the House bipartisan healthcare reform bill, despite revisions aimed at bumping up the benefits package and the number of insured to at least 90 percent. After an afternoon briefing on the bipartisan bill to members of the Mainstream Forum — a group of moderate to conservative Democrats who hold crucial swing votes on healthcare reform — key legislators indicated while the measure now is more to their liking, it had yet to generate a groundswell. "Quite a few of us would like to see a more generous benefits package," said a Democratic member who attended the meeting. The member added that a number of moderate legislators are pushing for coverage for prescription drugs and more generous subsidies for low-income citizens.

HEALTH

The bipartisan bill — which has been developed as a middle-ground approach between the more-stringent Democratic leadership bill crafted by **Majority Leader Gephardt** and the GOP leadership plan — since earlier this week has been quickly revised to cover what supporters contend is at least 90 percent of the population and include additional benefits. Subsequently, **Rep. Jim Cooper**, D-Tenn., said the response to the bipartisan bill Wednesday was "much more positive." **Rep. Jim Slattery**, D-Kan., said moderates appeared very supportive of the approach, while adding, "I'd like to see us get the coverage up higher." **Rep. Calvin Dooley**, D-Calif., said the bipartisan bill backs away from the Cooper pure managed competition bill, noting it does not include a tax cap or other provisions. And Doo- referring to **Senate Majority Leader Mitchell**'s attempt to craft a middle-ground healthcare reform approach, contended, "I think we're headed for a train wreck unless we see something like [the] Mitchell [bill] over here [in the House.]"

Earlier in the day, **Rep. Fred Grandy**, R-Iowa, told reporters the bipartisan bill would cover at least 90 percent, include $2 billion to $6 billion for veterans

Continued on Page 4

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National Journal

COOPER
ROWLAND
- GRANDY

AJC

COMMUNITY PROGRAMS URGED

Prison officials rap 'lock-'em-up' philosophy

By Rhonda Cook
STAFF WRITER

St. Louis — The men and women who run the nation's prisons on Wednesday denounced the concept of life behind bars for repeat offenders, regardless of their crimes.

The Delegate Assembly of the American Correctional Association — the legislative body for the 20,000 local, state and federal prison officials and private experts in the ACA — issued a policy statement raising "serious questions about the efficacy of America's sentencing policies."

While never specifically mentioning the crime bill now before Congress, or its concept of "three strikes and you're out," the statement insisted that judges must be free to match the sentence to the crime and the criminal.

Some states already have adopted "three strikes" laws, and in November, Georgia voters will be asked to amend the state constitution to assure that felons spend the remainder of their lives in prison after just two convictions.

"Prison and imprisonment is not the answer to crime and violence."

EDUARDO BARAJAS
Federal Bureau of Prisons specialist

Perry Johnson, a former ACA president and former Michigan corrections chief, said such laws will "result in many of our young being condemned to grow old in prison for non-capital crimes."

"Prison and imprisonment is not the answer to crime and violence," said Eduardo Barajas, a correctional programs specialist with the Federal Bureau of Prisons.

The prison officials, in the statement and during numerous sessions at the convention, noted that the population of federal and state prisons increased more than 50 percent between 1988 and 1993. In Georgia, for example, more than 3,200 inmates have been added to the state's prison system in the past year, pushing the prison population close to 32,000.

"Distortions and delusions are used to create the perception of peril," said Johnson. "Shocking crimes become generalized to all crimes in the public's mind, which results in careless thinking. It's easy to get caught up in this rhetoric."

Convention speakers argued that in many cases, less expensive, community-based programs, alcohol and drug treatment and instruction in life skills — sentencing options that offer less punishment — would do more to reduce crime than a blanket imprisoning of all criminals.

"The punishment imposed should be commensurate with the seriousness of the crime and the harm done," the policy statement said. "There should be grounded knowledge of the relative effectiveness of the various sanctions we impose."

ACA President Bobbie Huskey, an Illinois prison consultant, said more emphasis should be on community-based punishment and treatment. "It's not coddling," Huskey said. "It's in our best interest."

"Prison pays for the serious offender but not for the fraction of inmates who could be better served in the community," said Steven King of the Nebraska Department of Correctional Services.

Bipartisan health care plan still a mystery

Beating the deadline: An incomplete bill is offered, but details may be disclosed by the authors today.

By Andrew Mollison
WASHINGTON BUREAU

A6
AJC 8.11

Washington — A bipartisan group of House members Wednesday put forward a health care reform bill that has an outside chance of supplanting a version backed by the Democratic leadership.

The conservative "mystery bill" is the alternative most feared by Democratic leaders backing a plan patterned on President Clinton's. Their head counts show that two other bills, submitted by Democratic liberals and by Republicans, can't pass.

But the bipartisan plan could win House approval if it got the support of all 178 Republicans and 50 of the 256 Democrats.

"We think we will succeed in the end, whatever [the number of cosponsors]," said Majority Leader Dick Gephardt (D-Mo.).

In order to meet the deadline for bills to be considered in next week's House debate, the 10 Republicans and conservative Democrats who negotiated the bipartisan bill in secret had to send it to the Rules Committee before it was done.

They were still negotiating details on financing after they submitted their partially completed plan to the Legislative Counsel's Office, which prepares the official language for all bills.

Like the authors of other bills, the bipartisan group can continue to make changes until the bill-writers finish and send their bill to the Congressional Budget Office for analysis of its finances, coverage and influence on the economy.

But the bipartisan group remains the only one that refuses to say what is in its bill. Members scheduled a press conference this afternoon.

"It's a good group, bipartisan effort, with no mandates, no bureaucratic price controls, no tax increases and no big government," said Rep. Jim Cooper of Tennessee. He and Rep. Fred Grandy (R-Iowa) led the five Democrats who joined with five Republicans led by Rep. Rob Portman (R-Ohio).

All the bills to be considered in next week's debate include insurance reforms and make it easier and cheaper for employers to buy health coverage for themselves and their workers.

The bills differ in how many people they would insure, and, except for agreement on changes in insurance rules, differ primarily in how they would reach those goals.

AT A GLANCE

Develop[illegible] meets Wednesday in the battle over health care reform.

SENATE

After voting 54-44 to reject a Republican-sponsored proposal to delay action until next year, the Senate resumed its general debate.

HOUSE

The House voted 374-57 to require that if national health care reform creates a standard benefits package for the public, the same package will cover members of Congress.

WHITE HOUSE

President Clinton complained about "this kill it, kill it, kill it, kill it drumbeat" of small businesses against his plan, but said, "It's not too late to rescue that."

COMING UP TODAY

The Senate can consider the first substantive amendments to Senate Majority Leader George Mitchell's bill. A House bipartisan group will unveil its "mystery bill."

KOWLAND
BILIRAKIS
COOPER
-GRANDY
GOSS
HASTERT
THOMAS
MCCURDY
PARKER
STENHOLM

THE LEGISLATION

Bipartisan Health Care Bill Gets Quick Industry Support

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Aug. 11 — The health care bill unveiled today by a bipartisan group in the House of Representatives would offer billions of dollars to low-income people to help them buy private health insurance, but it would not raise taxes or require employers to contribute to the cost of coverage for their employees.

The bill won immediate endorsements from the American Medical Association and a coalition of five big insurers: Aetna Life and Casualty, Cigna, the Metropolitan Life Insurance Company, the Prudential Insurance Company of America and the Travelers Corporation.

White House officials denounced the bill, saying it came nowhere near President Clinton's goal of guaranteeing health insurance for all Americans.

Lorrie McHugh, a White House spokeswoman, said: "This bill does not help hard-working middle-class people, older Americans or small businesses. It does not control costs. It does not add prescription drug coverage to Medicare. It keeps insurance companies in the driver's seat."

But members of the bipartisan group said that at the moment their proposal could probably command more votes than the much more ambitious bill offered by the majority leader, Representative Richard A. Gephardt of Missouri.

The chief architects of the bipartisan bill are Representatives J. Roy Rowland of Georgia, Michael Bilirakis of Florida, Jim Cooper of Tennessee and Fred Grandy of Iowa. Mr. Rowland, a family doctor, and Mr. Cooper are Democrats. Mr. Bilirakis and Mr. Grandy are Republicans.

Mr. Rowland said the bill would cover at least 90 percent of Americans by 2004. At present, 85 percent of Americans have health insurance.

Subsidies for the Poor

In the first five years, Mr. Grandy said, the bill would provide $117 billion in Federal subsidies to help people buy private insurance. In the next five years, subsidies would total $223 billion. The money would come mainly from savings in Medicaid and Medicare.

Low-income people who now receive doctors' services and hospital care through Medicaid would buy private health insurance with the Federal subsidies. Sponsors of the bill said the subsidies would cost less than the current Medicaid program, in part because some people now covered by Medicaid would be ineligible for subsidies. Those people have incomes well above the poverty level but also have high medical expenses.

The sponsors said they were confident that subsidized private health insurance plans would operate more efficiently than Medicaid.

The House Republican leader, Robert H. Michel of Illinois, introduced the final version of his health care bill on Wednesday. It resembles the bipartisan measure but would provide less money for subsidies to low-income people.

In general, subsidies would be available to people with incomes up to twice the Federal poverty level. Subsidies would also be available to children and pregnant women in families with incomes up to 2.4 times the poverty level. (A family of four was classified as poor if it had income of less than $14,764 last year.)

The bill would prohibit insurers from discriminating against people with medical problems. There would be a penalty for those who put off buying coverage until they were sick: insurers could refuse to cover such conditions for six months.

Employers would have to offer at least two health insurance plans to employees but would not have to pay any of the cost.

Optional Cooperatives

Under the bill, state government agencies and private groups could establish insurance cooperatives to pool the purchasing power of consumers and small businesses. If farm bureaus, chambers of commerce and other private organizations did not form such purchasing pools by 2000, states would have to establish them. No one would be required to buy insurance through such purchasing pools.

Insurance policies would have to cover doctors' services and hospital care under the bipartisan bill. But insurers would have more discretion in setting benefits than they would under the Gephardt bill or the measure proposed by Senator George J. Mitchell of Maine, the Senate majority leader.

The bipartisan bill would give doctors some relief from malpractice lawsuits. It would set a limit of $250,000 on damages that could be awarded for the pain and suffering of a patient injured as a result of a doctor's negligence. Doctors have long sought such limits, but consumer groups have vehemently opposed them.

Some members of the American Medical Association said that, in supporting the bipartisan bill, the organization had retreated from its commitment to health insurance for all Americans. But James H. Stacey, a spokesman for the association, said the doctors were still committed to universal coverage as a goal, and Dr. P. John Seward, chairman of the organization, said the bipartisan bill "is a substantial first step toward that goal."

Another version of a health care plan, but the White House is not impressed.

Stark's Objections

Representative Cooper, who seized the spotlight last year with his uninhibited criticism of President Clinton's health plan, said that under the bipartisan bill, "everyone will have access to high-quality, affordable health care."

But Representative Pete Stark, the chairman of the Ways and Means Subcommittee on Health, said the bipartisan bill would leave 27 million people without insurance and would lead to sharp increases in premiums for people who already had coverage.

Mr. Stark, a California Democrat, said that to cope with the proposed cuts in the growth of Medicare and Medicaid, doctors and hospitals would have to raise their charges to privately insured patients. Insurance premiums would increase as a result of such cost-shifting, he said.

The bipartisan bill was drafted over the last month by a group of 10 lawmakers. The other Republicans were Porter J. Goss of Florida, Dennis Hastert of Illinois and Bill Thomas of California. The other Democrats were Dave McCurdy of Oklahoma, Mike Parker of Mississippi and Charles W. Stenholm of Texas.

THE NEW YORK TIMES, FRIDAY, AUGUST 12, 1994

GRANDY

BIPARTISAN MEASURE

Grandy: Latest health bill is best Congress can do

The proposal would require all employers to offer insurance, but it wouldn't make them help pay for it.

By JANE NORMAN
Of The Register's Washington Bureau

Washington, D.C. — A bipartisan House group threw a new entry into the health-care debate Thursday: a bill that includes no tax increases, price controls or requirements that employers pay for health insurance.

The bill's backers said they aim to help the 15 percent of Americans who lack insurance without damaging coverage held by those already insured. "This is the best deal Republicans and Democrats can achieve in this political climate," said Rep. Fred Grandy, R-Ia., a leader of the coalition.

At a packed news conference, Grandy said Americans "clearly want reform, but they want it done cautiously. they want it done carefully" and without huge expense or government interference.

Rep. J. Roy Rowland, D-Ga., another sponsor, said the bill would cover an estimated 91 percent of Americans by 2004.

Moderate, Market-Oriented

The proposal, described by its sponsors as a more moderate and market-oriented alternative, is in sharp contrast with a plan being pushed by House Majority Leader Richard Gephardt, D-Mo. That bill would require employers to pay 80 percent of the cost of their workers' insurance and would create a new Medicare system to insure low-income people.

Rowland said Democrats and Republicans have been working for four weeks to shape a bill that members of both parties could accept.

Rep. Jim Cooper, D-Tenn., who wrote another bill with Grandy earlier this year, said this may be the only bipartisan measure to go before the House for a vote.

Unlike the old Cooper-Grandy bill, the new bill does not include a tax on high-benefit plans. Grandy said such an option was not acceptable to Republican leaders. The coalition is trying to pick up the votes of a majority of Republicans, combined with 50 to 70 conservative and moderate Democrats who don't want to force employers to pay for health insurance.

While the bipartisan bill is to the right of Democrats' plans, Grandy said it is better than a proposal offered by Senate Minority Leader Bob Dole, R-Kan. "Personally, I think the Dole plan is an option to do nothing," Grandy said.

Provisions

The bill's key provisions:

- Employers would have to offer health insurance coverage, but wouldn't be required to help pay for it.
- Subsidies would be extended for low-income individuals. Subsidies would begin by covering those at the federal poverty level and be phased in to cover those making 200 percent of that. Pregnant women and children would be eligible for subsidies up to 240 percent of the poverty level.
- Health-care coverage could be taken from job to job, and insurance companies would not be allowed to rule out coverage because of pre-existing conditions.
- Self-employed people, such as farmers, would be allowed full deductibility for their health-care premiums by 2000. Grandy said it would be too expensive to achieve full deductibility any sooner.
- Risk pools and voluntary purchasing organizations would be created.
- Employers would have to offer at least two standard plans, and one plan with a high deductible.
- The standard benefits package would be the same as the standard Blue Cross and Blue Shield package that covers members of Congress.
- Medicare, the nation's health insurance package for the elderly, would be cut by $61 billion over five years, and Medicaid by $66 billion over five years. Unspecified benefits for legal immigrants would be eliminated.



Rep. Fred Grandy
Iowan cites "political climate"

The Des Moines Register
8/12/94

The Des Moines Register 8/10/94

Grandy unveils a new health-care package

The compromise bill attempts to be the 'most cautious' method of ensuring reforms, the Iowa Republican says.

By JANE NORMAN
OF THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — A bipartisan coalition including Rep. Fred Grandy, R-Ia., plans today to unveil details of a new compromise health-care reform bill that could become one of the alternatives considered by the House.

Grandy said the proposal would rely much less on government intervention than bills backed by Democratic leaders in the House and Senate, and likely would be to the right of a bill he and Rep. Jim Cooper, D-Tenn., put forth earlier this year that won the approval of many in the business community.

That market-based bill contained no requirement that employers help foot the bill for employee health care costs, and did not promise universal coverage.

Ambitious, Modest

But Grandy also said the new proposal will be more ambitious than an initiative proposed by Sen. Bob Dole, R-Kan., and backed by most Republicans in the Senate.

"What we're trying to do is find the most cautious but nonetheless consistent way to get rid of the disfunctions in the marketplace, urge private sector reform, underwrite a subsidy program to low-income individuals that does not create a vast new entitlement, and change the way insurance laws are written so that people cannot be selected against just because they get sick," Grandy said.

He acknowledged that it's also a more "modest" proposal than what he and Cooper backed earlier this year — and that conservative Republicans criticized then as too much like President Clinton's own plan.

Debate on health care reform opened Tuesday afternoon in the Senate, which is expected to vote on its version of a bill in advance of the House. Debate in the House is not expected to begin until next week.

Grandy said his group aims to capture the votes of 140 to 160 Republicans for their alternative. That would mean they would need 60 to 80 moderate and conservative Democrats to win a majority in the 435-member House.

A group of 52 Democrats has signed a letter demanding a vote on a bipartisan plan that does not include price controls, employer mandates or insurance premium caps, Grandy pointed out. The 52 signatures were rounded up in an hour, he said.

Disputes Remain

Grandy said members of the coalition have been meeting four or five hours a day. He said they agreed on the need for a bipartisan alternative to the Clinton health-care plan that is "real and meaningful but not as ambitious." Still in dispute are issues such as how to fold Medicare benefit increases into the system.

From Grandy's general description, it appears the plan will not promise to cover a certain percentage of the population by a certain date, unlike plans like that of Sen. George Mitchell, D-Maine. It also will be unveiled without numbers to estimate its cost, because the congressional agency that makes those estimates is backed up working on other health-care plans.

Grandy said Republican leaders also oppose any tax on health plans with a more generous level of benefits. He said that item is important but "if our guys won't go for it there's no point in trying to sneak it into the package."

The bipartisan plan also won't include mandatory purchasing cooperatives, organizations through which insurance would have to be bought.

Campbell pushes crime bill's passage

The candidate meets with the vice president and the attorney general to lobby for the $30 billion package.

By JANE NORMAN
OF THE REGISTER'S WASHINGTON BUREAU

Washington, D.C. — Iowa Attorney General Bonnie Campbell, who is also the Democratic nominee for governor, was here Tuesday to meet with U.S. Attorney General Janet Reno, Vice President Al Gore and state prosecutors to lobby for passage of the crime bill.

Meanwhile, Rep. Fred Grandy, R-Ia., said he likely would vote in favor of the bill — which in its current form is opposed by leaders of his party. Grandy said there was some "junk" in the $30 billion bill, and it's not everything he would have wanted, but it's worth backing.

"The perfect has become such an enemy of the good" in Congress, said Grandy, who also chatted on the phone with Campbell while she was in town. Grandy lost the GOP nomination to incumbent Gov. Terry Branstad earlier this year and has not endorsed the governor's re-election bid.

Campbell, while declining to disclose details of the conversation, said she and Grandy talked about the crime bill and the governor's race.

On the crime bill, which Campbell said would provide $30 million for Iowa, the Clinton administration is working to round up votes on a procedural motion so the legislation can be brought to a vote in the House. Republicans and some conservative Democrats are opposed to a provision that would ban 19 assault weapons; some Republicans oppose social welfare spending on items such as midnight basketball leagues.

In addition, some Democrats are unhappy about additional death penalties in the bill.

To get the procedural motion passed, Democratic leaders are seeking the votes of moderate Republicans who backed the ban on assault weapons in an earlier House vote. The only member of the Iowa delegation to vote in favor of the ban was Rep. Jim Leach, R-Ia. An aide to Leach said the Davenport congressman had not decided how he would vote on the procedural motion.

Also, Rep. Neal Smith, D-Ia., said he had not yet decided how he would vote on the motion, although he said he would back the bill. Smith said some members may be justified in wanting separate votes on the gun ban, death penalties and provisions that were added in conference committee.

At the White House, Campbell said she had long advocated a section of the bill that would strengthen prevention of violence against women. The bill includes additional funds for prevention as well as civil rights remedies for women who are victims of violence because of their gender, she said.

Also Tuesday, Campbell's campaign announced a plan to pay for tougher inspections of nursing homes. She proposed Monday to increase by tenfold the amount of fines that could be levied against nursing homes.

On Tuesday, she said in a prepared statement that the increase in fines would raise $600,000 that could be used to hire additional inspectors.

Campbell also charged that some of Branstad's contributions were coming from nursing home owners. She said one came shortly after one home owner was fined "only $500" for failing to meet care standards in the death of a patient.

Brian Kennedy, the manager of Branstad's campaign, said the fine levied "was the maximum available under the law and was approved by an assistant attorney general."

- GRANDY CARDIN WALKER

The Washington Times FRIDAY, AUGUST 12, 1994

Ready to crow, Clinton squawks

Crime bill defeat ruins party plans

By Frank J. Murray
THE WASHINGTON TIMES

The failure of his Democratic majority to bring his crime bill to the floor for action was a major political defeat for President Clinton, and he let his anger show last night.

"I can say that I worked my heart out on it and I did everything I could," Mr. Clinton said hoarsely as he ate earlier words of triumph about breaking the National Rifle Association's stranglehold on Congress by winning a weapons ban in the bill.

"On this day the NRA and the Republican leadership had their way," Mr. Clinton said, ignoring 58 Democratic votes against him in the 225-210 procedural vote that party leaders had made a loyalty issue.

"Did I lose tonight? You bet I did, in the sense that I wanted it to pass," the president said. "But what happens to me is not important. If everybody in America had the security I have, we wouldn't need a crime bill."

Mr. Clinton cast the issue in terms of separating those who favor political tricks from those who want to keep children alive.

"I believe the American people will not like viewing this as some sort of political circus up here. I'm on their side, and I think we better see who's on what side," he said.

Startled White House officials had orchestrated a chance for the president to crow about his anticipated victory during a photo opportunity with visiting Ethiopian President Meles Zenawi. Press access to the meeting was postponed during the vote, then canceled when the crime bill lost.

Instead, Mr. Clinton held a 6 p.m. news conference at which he clenched his jaw, ground his teeth and sputtered at times.

He accused the House of letting the nation down. "Tonight a majority of the House attempted to take the easy way out, but they have failed the American people."

Mr. Clinton dismissed questions about the 58 Democrats who opposed him, excusing 10 members of the Congressional Black Caucus who he said based their no votes on a "principled position" on the death penalty.

He called the vote rejecting rules under which the bill would be debated "a procedural trick orchestrated by the National Rifle Association, then heavily, heavily pushed by the Republican leadership in the House."

Mr. Clinton argued that Congress should cancel or postpone its scheduled vacation and stay in session until it passes a crime bill and an acceptable health care bill.

"I don't think they ought to go home. You know, the people who are committing these crimes are not going to take a vacation. They're going to be out there working overtime," Mr. Clinton said.

The president said the bill has the votes that the procedural vote couldn't muster, and he urged Congress to find a formula that keeps the main provisions of "prevention, prisons, police and punishment."

Earlier, he feared that the bill could not be fixed if the procedural vote failed.

"We were afraid that this would be like Humpty Dumpty, you know, and, of course, that's what they want, the people that are fighting against it," Mr. Clinton said.

He portrayed the vote as a rejection of sheriffs, police chiefs, prosecutors and attorneys general, whose endorsements had been solicited throughout the administration's campaign for the legislation.

Bipartisan plan offers 90% solution

10 House members unveil health bill

By J. Jennings Moss
THE WASHINGTON TIMES

The health care reform plan crafted by a bipartisan group of House members would insure at least 90 percent of the public through a combination of health insurance reforms and subsidies for low-income households.

Released yesterday, the package is the only comprehensive reform plan that has five Republican and five Democratic sponsors. It was developed through four weeks of meetings among lawmakers who had endorsed competing proposals.

Rep. Fred Grandy, Iowa Republican and one of the leaders of the effort, described the difficulty of creating a bipartisan health plan as "the Bermuda Triangle of policy-making."

"Lots of folks go in, but not too many come out," he said.

Democrats who back House Majority Leader Richard A. Gephardt's reform plan scoffed at the group's effort, saying it would do little to help middle-class Americans and would result in higher costs.

"They provide subsidies for low-income people. Wealthy people can afford insurance. The people who are left out are people who are working who don't have any insurance and would not be able to afford it," said Rep. Benjamin L. Cardin, Maryland Democrat.

But Republicans said they are looking seriously at the proposal, partly because they acknowledge that House Minority Leader Robert H. Michel's plan has no chance of passage.

"Our people who negotiated the bipartisan agreement did so in close consultation with Republicans, and most Republicans have come to the conclusion that they came out with a pretty good deal," said Rep. Robert S. Walker of Pennsylvania, chief deputy GOP whip.

Members of the bipartisan group said they had not started counting votes. If the House's 60 moderate-to-conservative Democrats and most of its 178 Republicans support the bipartisan proposal, it could get the 218 votes needed for passage.

The bipartisan plan more closely resembles Mr. Michel's bill than Mr. Gephardt's in that it calls for no tax increases and a series of incremental steps toward reform.

The bill would:

- Cover the health insurance costs of at least 90 percent of the public by 2004. Currently, 85 percent of the population has health insurance; about 38 million people do not.
- Require employers to offer, but not pay for, health insurance for their workers. Employers would have to offer at least two standard health plans, as well as either a low-cost plan with high deductibles or a medical savings account.
- Allow people to carry their insurance with them when they change jobs, but place some restrictions on those who have medical conditions.
- Allow small-business owners to band together to purchase insurance and negotiate for better rates.
- Give self-employed workers a 100 percent tax deduction on the cost of their insurance premiums.
- Move most Medicaid recipients out of that health program for the poor and into private insurance. Instead of Medicaid, people at and below the poverty line would get full subsidies for health insurance. People who earn up to 200 percent of the poverty line, and children and pregnant women who earn up to 240 percent of the poverty line, would receive smaller, incremental subsidies.
- Finance its provisions through $61 billion in Medicare savings, $66 billion in Medicaid savings and $34 billion in other savings over five years.

The bill's sponsors include lawmakers from two key factions: Mr. Grandy and Rep. Jim Cooper, Tennessee Democrat, who had proposed a more ambitious plan to move Americans into managed care plans; and Reps. J. Roy Rowland, Georgia Democrat, and Michael Bilirakis, Florida Republican, who had written a bill similar to the bipartisan proposal.

"I think this approach adds a much-needed dose of common sense to the debate right now," Mr. Cooper said. "Some of the expectations about health care reform are unrealistic. We've got to be able to deliver on what we promise."

GRANDY COOPER

Battle Lines On Health Care Drawn in House

GOP, Southern Democrats Offer Conservative Plan That Covers Only 90%

By David Rogers
Staff Reporter of The Wall Street Journal

WASHINGTON – The health-care debate is rapidly dissolving into a classic confrontation, with business and medical interests lined up against the Clinton administration and its allies in labor and lobbies for the elderly.

After more than four decades of failed attempts, this was supposed to be the year that a broad-based coalition of interests would finally push health-care reform into law. But yesterday in the House, the lines of battle were drawn when Republicans and Southern Democrats announced a conservative reform plan that will be a rallying point for opponents of the Democratic leadership's bill.

The Mitchell Health Bill
Could the health bill proposed by Sen. George Mitchell work in real life? It wouldn't be easy. Article on page A12.

With the setback hours later to the administration's crime bill, Republicans are further energized to block the president's agenda. Top White House aides came to the Capitol last night to confer on legislative strategy for health care. Democrats must overcome not only internal divisions but the mood of uncertainty that dogs their party going into November's elections. "This is the Weimar Republic," laughed Sen. Christopher Dodd (D., Conn.) last night.

Senate Democrats have no intention of altering their plans to continue on health care next week. But Speaker Thomas Foley indicated that House action on the issue will be postponed at least a week as the chamber struggles with the crime bill and awaits budget estimates on the various health proposals.

"I think the members want to do both," said House Majority Leader Richard Gephardt last night. "I think we will do both."

The new conservative reform plan in the House promises to achieve only 90% coverage over the next 10 years, leaving more than 27 million people uninsured. But by avoiding the taxes, employer mandates and cost controls espoused by the administration, it offers a safe haven for medical and business interests who have grown fearful of more ambitious reforms.

Already endorsed by the American Medical Association, the measure will be quickly embraced by lobbies for retailers, other business, for-profit hospitals and research drug firms. The success of health-care reform has depended on many of the same groups' feeling secure enough to make concessions in the name of improving the current health system. Their embrace of the conservative bill underscores how far those hopes have faded. And instead of coming together in the name of change, competing interests now seem determined most to protect what they already have.

"People want reform, but they want it done cautiously," said Rep. Fred Grandy, an Iowa Republican and part of a younger intellectual cadre who once favored a more ambitious approach to reform. "Some of the expectations about health-care reform are unrealistic," said a Grandy ally, Rep. Jim Cooper (D., Tenn.). "We've got to be able to deliver on what we promise."

What the conservative bill promises is a mix of insurance market reforms and subsidies targeted to families earning as much as 200% of the poverty level. Much of the current Medicaid program for the poor would be folded into this subsidy system. While the resulting savings are significant, the plan is severely restricted because of the decision to avoid even a modest tax increase on cigarettes.

By the year 1998, the proponents hope to be able to subsidize coverage for families below the poverty level, but it could take another six years before the same assistance is fully available for those up to 200% of the poverty line. This is a far slower pace than that proposed by moderate Republicans in the Senate. And while pregnant women and children would qualify for assistance up to 240% of the poverty level, the bill offers far less for working-class families than what has been proposed by the Democratic leadership.

As outlined, the bill would expend about $140 billion over the first five years. Apart from the subsidies, the measure includes expanded tax deductions for the self-employed and workers who buy

Please Turn to Page A4, Column 3

Callers Protest as AARP Endorses Health Proposals

By a Wall Street Journal *Staff Reporter*

WASHINGTON – The American Association of Retired Persons was flooded with calls protesting its endorsement Wednesday of the health bills offered by the Democratic leaders in Congress.

So many calls poured into the group's Washington headquarters yesterday that its phone lines were tied up for much of the morning and afternoon. John Rother, the AARP's chief lobbyist, estimated that about 1,000 calls came in Wednesday and yesterday, the bulk of them blasting the group for its stance.

But he added that it wasn't a surprising reaction, given that the AARP has about 33 million members. "Our members span the ideological spectrum," Mr. Rother said. "Whenever we do something like this, we hear from the extremes first."

The United Seniors Association, a conservative group opposing the Clinton and Democratic leadership health plans, said it had heard yesterday from more than 300 "angry seniors who say they've had it with the AARP," according to spokesman Mike Korbey. "We've been swamped."

Bipartisan Group in House Offers Conservative Health Reform Plan

Continued From Page A3

their health insurance without any employer contribution. Medicare and Medicaid savings would finance the bulk of the package, but the measure also includes a potentially controversial provision to eliminate existing aid for legal aliens whose financial sponsorship agreements have lapsed or defaulted.

The expanded deductions have been a major cause for the National Federation of Independent Business, and the U.S. Chamber of Commerce rushed to praise the bill. The AMA won malpractice reforms including a $250,000 cap on noneconomic damages. The Health Insurance Association of America, which has fought bitterly against the administration this year, also is expected to be sympathetic to the measure, though Mr. Cooper and his allies were able to win tougher fair-rating practices than first proposed by the House GOP, making it harder for companies to deny insurance or charge higher rates to women, for example, or the disabled.

At its heart, the bill remains a stalking horse for the Republican leadership, which hopes to take advantage of divisions among Democrats and replicate its victory on the crime bill. Minority Whip Newt Gingrich has quietly lent support to the alternative. In a dig at the Georgia firebrand's tactics, Rep. Gephardt refers to the new conservative entry as "Gingrich-bipartisan."

The House schedule on health reform is driven in large part by the need to finish Congressional Budget Office estimates for the competing plans. And the process has been further extended as all sides make revisions in an effort to build support.

Until the CBO completes its analysis, the full cost of these modifications won't be known, but Mr. Gephardt has plunged ahead in an effort to fortify alliances with large state delegations. California-based Amgen Inc., a large supplier of a drug for chronic renal failure, stands to benefit from concessions to the biotech industry. And adjustments in a new $50 million-a-year program could open the door for additional non-profit hospitals in New York, North Carolina, Indiana, and California to apply for interest subsidies on large development projects under way.

In an effort to appease liberal critics, the revised Democratic bill would set a substantially lower out-of-pocket cap on personal medical expenses than had previously been approved by the House Ways and Means Committee. The new ceiling, $3,000 per individual and $6,000 per family, is still much higher than that proposed by President Clinton and contained in many private health plans. And within the Medicare program, the leadership would require higher-income recipients to pay more for their Part B non-hospital care benefits to provide more money for long-term health care.

CHAFEE·
AKAKA·
GRANDY
COOPER
PACKWOOD·
DOMENICI·
KENNEDY·
ROCKEFELLER·
KERREY·

PRESIDENT DRAWS HIS BOTTOM LINE ON UNIVERSAL CARE

MITCHELL BILL IS LIMIT

Giant Elderly Group Endorses Both Democratic Plans — More Debate in Senate

A1

By ADAM CLYMER
Special to The New York Times

WASHINGTON, Aug. 10 — President Clinton said today that he could not accept health care legislation with less of a guarantee of universal coverage than Senator George J. Mitchell's bill, which would require employers to pay half the cost of their workers' health insurance if other measures did not reach 95 percent of Americans by 2000.

The majority leader's bill has been criticized by some liberals as moving too slowly toward universal coverage from the current level of 85 percent. But the President said in a telephone interview that he accepted the bill's premise that "if you can get 95 percent by the year 2000, that's evidence you can get to universal coverage without a mandate" requiring employers to pay.

But, he insisted, "you have to have some sort of backup mechanism in case that fails." Asked if there were any other approach that would substitute, he replied: "Everybody sat around here breaking their brains over what other alternatives were available. None emerged before he put his bill in. I can't imagine — I just don't know what other alternatives there are."

He and Mr. Mitchell got a major assist today when the American Association of Retired Persons endorsed the Mitchell bill as well as the more-sweeping House leadership bill.

The giant organization, which had held back from formal endorsement of any proposal until today, said neither bill was perfect, but it was time to make "difficult choices." It cautioned, "If either bill is defeated, health care reform will be dead for years to come." [Page A20.]

The group's endorsement is likely to produce a torrent of phone calls and letters to Congress from the 33 million elderly people who are members.

On Capitol Hill, the Senate debated the Mitchell bill for a second day, with Senator John H. Chafee, Republican of Rhode Island, striking a particularly conciliatory note. "I firmly believe that the Senate has the courage and the wisdom to put partisanship aside to reach health care reform with broad support for the good of our country," he declared. [Excerpts, page A21.]

Mr. Chafee, the leader of a bipartisan Senate group that has been struggling to find a compromise on health care, praised Mr. Mitchell's handling of the employer payment issue, but he identified several areas where he believed Mr. Mitchell should shift. When he finished speaking, Senator Edward M. Kennedy of Massachusetts, an important Mitchell ally, went over to his desk and they talked earnestly for about 15 minutes.

But other Republicans repeatedly criticized what they called an excessive government role in the Mitchell bill. And they complained that Mr. Mitchell had presented them today with an altered bill, just when they had finished reading the last 1,410-page version.

Reprieve for Residencies

The most significant of the changes was one of considerable importance to New York City — a deletion of a provision that would have sharply reduced the number of residencies that hospitals were allowed to offer medical school graduates. A limit may be set later, but no number is established in the bill.

In the House, where debate is scheduled to begin next week, the effort to introduce a bipartisan substitute was coming to a rocky conclusion. Its sponsors were trying to devise a program with benefits sufficient to attract Democratic votes but without the need to pay for them with taxes, an idea that Republicans could not stomach.

On the Senate floor, Democrats lauded employer mandates in Hawaii, which established them 20 years ago. Hawaii requires employers to pay 50 percent of their workers' insurance costs; as a result 96 percent of the state's residents have insurance and the state enjoys better health standards and lower insurance rates than the mainland, despite its generally higher living costs.

Senator Daniel K. Akaka, Democrat of Hawaii, said that contrary to assertions that an employer mandate would cripple small business, his state is the most attractive in the nation for small companies.

Hawaii was on President Clinton's mind, too. In the telephone interview he described a meeting today with the state's governor, John Waihee 3d, and said he was surer than ever "that the closer you move to universal coverage, the more you achieve the other goals of the health care system which are higher quality and lower cost."

Republican Bureaucracy

Mr. Clinton said he intended to "keep hammering home" the story of Hawaii's success. With those arguments, he said, "we might be able to do some good with some of the wavering Democrats."

He also criticized Republicans who complained about bureaucracy in the Mitchell bill. He said those provisions were required by Mr. Mitchell's efforts to accommodate diehard Republican opposition to employer mandates. If Republicans had been willing to accept a system like Hawaii's right now, he said, "you can do that with no bureaucracy at all."

He added, "The only thing you have to do is say to every state that they will have to organize buyers' co-ops, and make it voluntary" for small businesses to purchase insurance through a co-op.

"If you fight the mandates until the last dog dies," he continued, "it puts Mitchell in the position of doing what he did. You had to have some system by which you would try to induce small business to buy into a health insurance program."

Mr. Clinton did not say what he would do if presented with a bill that has a lesser commitment to to universal care than Mr. Mitchell's has. But there is no prospect that the Democratic leaders, if unable to pass a bill he would agree to, would go to the trouble of passing a lesser measure. Instead they would blame the Republicans for deadlock.

Wavering Coalition

The House bipartisan group of moderate Republicans and conservative Democrats did not prove immune to the fundamental problem that has hampered all bipartisan efforts this year: the Democrats' desire to increase coverage balanced against the Republicans' unwillingness to raise taxes.

Potential Democratic supporters were briefed on the measure on Tuesday night but gave it a chilly reception, some participants said. They said the bill would raise coverage only from 85 to 88 percent.

Representative Fred Grandy, Republican of Iowa, disputed those numbers, saying the bill would produce 90 percent coverage. He said it would do so by subsidizing insurance purchases by Americans up to family incomes of $29,528, or twice the Federal poverty level for a family of four. It would be financed largely through savings in Medicare and Medicaid and would seek to keep prices down through insurance law changes intended to encourage competition.

Out of Patience

Mr. Grandy acknowledged that this bill would "not do as much as fast" as the bill he originally proposed with Representative Jim Cooper, Democrat of Tennessee. Mr. Cooper said the architects of the new measure were still trying to find ways to sweeten the plan, with such devices as a tax credit for purchasing insurance covering long-term care.

In the Senate, the early arguments today centered on Republican objections to Mr. Mitchell's revising his bill overnight. "I'm telling you, I've reached the limit of my patience," said Senator Bob Packwood, Republican of Oregon.

President embraces idea of 95 percent coverage by the year 2000.

When Mr. Mitchell took the floor to say that at least he had produced a bill, while the Republicans had promised one for weeks and only delivered it this week, Mr. Packwood rejoined that was because the Senate's legislative staff had given priority to drafting the Finance Committee's bill.

For Mr. Mitchell to accuse the Republicans of delay, Mr. Packwood said, "borders on a bit of hypocrisy."

Then Senator Pete V. Domenici, Republican of New Mexico, complained that Mr. Mitchell's bill was "such a piecemeal project, I believe we would be back in six months with major surgery," and that rather than reducing costs, it would increase them.

"As we move to improve the physical health of Americans, I believe it is imperative that we preserve our fiscal health," he said.

Senator Kennedy replied, "Bipartisanship requires coming at least halfway."

Senator Chafee spoke next, and for the rest of the afternoon the tone was more conciliatory. The senators are expected to continue making statements tomorrow.

Senator John D. Rockefeller 4th, the West Virginia Democrat who support the Mitchell bill though it moves more slowly toward universal coverage than he had wished, pleaded for bipartisanship.

"If too many Senators treat this debate upcoming as only a chance to score points," he said, "their win is the American people's loss."

Senator Bob Kerrey, the Nebraska Democrat who opposes Mr. Mitchell's bill, also called for bipartisanship.

"The question before us is whether we have the capacity to bridge the differences between Democrats and Republicans and pass a bill that's urgently needed by the people, urgently needed," he said.

THE NEW YORK TIMES, THURSDAY, AUGUST 11, 1994

- Kerrey
- Bryan
- Kohl
Foley
Gephardt
Cooper
— Grandy
Rowland
Bilirakis
Gingrich

TODAY IN CONGRESS

SENATE

Meeting time unavailable.
Committees:
Environment & Public Works—9:30 a.m. National Highway System. Transportation Sec. Pena. 406 Dirksen Office Bldg.
Foreign Relations—9 a.m. Nominations of Phyllis Oakley to be assistant sec. of state for population, refugees & migration & Richard Greene to be chief financial officer at the State Dept. 419 DOB.
Judiciary—10 a.m. Confirmation of Judge Stephen Breyer to be associate justice of the Supreme Court. 216 Hart Office Bldg.
Joint Economic—9 a.m. Economic developments in the former Soviet Union, Eastern & Central Europe. 628 DOB.

HOUSE

Not in session.
Committees
Natural Resources—10 a.m. National parks, forests & public lands subc. Markup to improve administration of Women's Rights National Historical Park in New York, to amend act establishing Lowell National Historical Park; to establish New Bedford Whaling National Historical Park in New Bedford, Mass.; to establish Lower East Side Tenement Museum National Historic Site. 1324 Longworth House Office Bldg.
Small Business—10 a.m. Regulation, business opportunities & energy subc. Employee profit-sharing. 2359 Rayburn House Office Bldg.

New DNC Health Ads Wind Up Offending Senate Democrats

By Dan Balz
Washington Post Staff Writer

The Democratic National Committee unveiled a new round of ads yesterday designed to bolster support for President Clinton's health care plan, but wound up offending three Democratic senators the ads were supposed to influence.

The new ads attack a Republican health care bill drafted by Senate Minority Leader Robert J. Dole (R-Kan.) and were scheduled to run in three states—Nebraska, Nevada and Wisconsin—where Democratic senators have not signed on to the plan Clinton is backing.

An angry Sen. Bob Kerrey (D-Neb.) blasted the latest effort by the DNC and the White House. "I think they are number one, a waste of money, number two, counterproductive, and number three, I am urging all my friends for the moment not to give money to the Democratic National Committee," Kerrey said.

The Nebraska senator, who clashed with Clinton last year over the budget, said he favors a bipartisan plan and added he warned the White House Wednesday he was unhappy with the ad campaign.

"I said go ahead and have your fun, but I'm going to kick the crap out of you because it's a waste of money," Kerrey said.

Sen. Richard H. Bryan (D-Nev.) complained that neither the White House nor the DNC adequately had consulted with him before launching the new ad campaign in his state.

"It seems to me that those of us who know our states would have been consulted in what was the most effective way to craft a message," Bryan said last night.

Bryan said that while his office was informed Wednesday that the ad campaign would begin, a copy of the ad script did not arrive until yesterday morning, and he still has not seen the ad.

Sen. Herb Kohl (D-Wis.) also issued a statement decrying the partisanship of the new DNC ads. "Instead, we should be trying to build a coalition behind a bipartisan health care bill," Kohl said.

In his news conference unveiling the ads, DNC Chairman David Wilhelm attacked Dole's plan as "a disaster for the middle class," saying it provides no guarantee of coverage, would not control health care costs "and worst of all, slashes health benefits for older Americans."

Responding to the complaints, DNC press secretary Jim Whitney said, "What we're trying to do with these ads is create an environment so a Democratic senator can stand up to Republican pressure and vote for a bill with universal coverage"—the strategy Clinton will pursue in a public campaign for health care reform that will begin today in Pennsylvania. The new ads replace a DNC parody of the insurance industry's "Harry and Louise" commercials that began airing barely a week ago. Democratic senators complained about that DNC ad, which they believed unfairly attacked members of Congress, and even White House officials privately said it was ineffective.

Meantime, on Capitol Hill, the House Democratic leadership and a rival bipartisan group of moderates and conservatives met yesterday to advance competing plans for House floor debate.

A session with House Speaker Thomas S. Foley (D-Wash), Majority Leader Richard A. Gephardt (D-Mo.) and other Democratic leaders produced agreement that the bill reported from the Ways and Means Committee would be the basic vehicle for constructing a leadership proposal.

Provisions from plans considered or approved by the other committees will be fitted to the Ways and Means model, which the Congressional Budget Office has determined to be fully financed.

That bill would require employers to provide health insurance for their workers and calls for expanding the Medicare program to pick up as many as 55 million additional people.

Sources in the meeting said the measure will provide financial relief for small business, but the scale and mechanism have not been decided.

Senate sources said Majority Leader George J. Mitchell (D-Maine) is considering a suggestion from Sen. Edward M. Kennedy (D-Mass.) to cut the employer share from 80 percent in the Clinton plan and its congressional variants to 50 percent.

The effort to craft a more conservative, bipartisan alternative in the House was pressed forward at two meetings, involving Reps. Jim Cooper (D-Tenn.), Fred Grandy (R-Iowa), J. Roy Rowland (D-Ga.) and Michael Bilirakis (R-Fla.) and a handful of allies.

House Minority Whip Newt Gingrich (R-Ga.), who earlier told Republicans he opposed efforts to improve the Clinton bill and make it more politically palatable, said in an interview he was encouraging these bipartisan talks.

He renewed his strong criticism of the provision of the Cooper-Grandy plan that would tax high-benefit health insurance plans, but held out hope for crafting something that would attract most Republicans and 60 or 70 Democratic votes.

Staff writers David S. Broder and Spencer Rich contributed to this report.

McCURDY
PETERSON
-GRANDY
BREAUX·
KERREY·

Window for health-care compromise closing

Democrats, Republicans are on a collision course

By Richard Wolf
and Judi Hasson
USA TODAY

Efforts to find a bipartisan compromise on health-care reform stumbled Wednesday in Congress, leaving Democrats and Republicans on a collision course with the first votes possible this weekend.

Democratic leaders pressed their case for universal coverage and strict cost controls, showing no sign of cutting short an ambitious, vacation-delaying timetable.

Republicans, in response, stepped up their attacks on the White House-backed plans, criticizing the level of taxes and bureaucracy they see, as well as a requirement that employers pay a portion of workers' insurance premiums.



AP

McCURDY: Taking a moderate approach

But for much of the day, attention focused on a smaller group of moderates, conservative Democrats and liberal Republicans, who, after months seeking the elusive middle ground in the health-care debate, finally settled on insurance reforms — making coverage easier to get and harder to cancel — and low-income subsidies to buy it.

"At least we're going to give members a choice," said Rep. Dave McCurdy, D-Okla., leader of the conservative Mainstream Forum. "It's a free-market approach without government intervention that doesn't rely on taxes."

But the first indication those efforts may founder came in the House, where leaders of the bipartisan group found only scattered support for their emerging plan from other moderates in both parties.

The reason: Republicans' refusal to consider tax increases limits funding for benefits and subsidies, leaving the bipartisan approach struggling to extend insurance coverage to 90% of Americans. The Democratic leadership's plans seek to attain 95% or more.

"If you don't get over 90%, it's not worth doing," said Rep. Pete Peterson, D-Fla. Rep. Jim Chapman, D-Texas, called it a "basic collapse" of the bipartisan effort at compromise, adding: "There's just no money to do anything."

At the same time, Democrats' insistence on subsidy levels and market reforms that go beyond those contained in Republican proposals may scare away potential GOP votes.

"This is going to be tough to sell to a lot of Republicans," said Rep. Fred Grandy, R-Iowa, a moderate. "They're going to say this is too much government."

The moderates' difficulties pleased Democratic leaders. House Speaker Thomas Foley, D-Wash., said their plan fails to meet the "requirements for reforming the health-care system."

In the Senate, a similar bipartisan group is poised to act as Majority Leader George Mitchell, D-Maine, and Minority Leader Robert Dole, R-Kan., lobby hard for votes to either pass or defeat the Democratic plan.

"We're still sitting on the fence and have to jump off," said Sen. John Breaux, D-La. The Mitchell plan, he said, "needs some bipartisan support, and they don't have it."

While Democrats and Republicans held dueling press conferences and lambasted each other's plans on the Senate floor for a second straight day, some of those in the middle pleaded for compromise.

"The American people are counting on us to set aside our differences and get a bill this year," said Sen. Robert Kerrey, D-Neb.

Fed chief: Data often miss mark

By Mark Memmott
USA TODAY

▶ Greenspan explains effects of iffy statistics, 4B

Government reports that policymakers and financial markets rely on to tell them how the economy's behaving often aren't very accurate, Federal Reserve Chairman Alan Greenspan says.

The list of problems with federal estimates of unemployment, inflation, production and other key indicators "is depressingly long," he told Congress Wednesday.

Those comments underscore something economists have been saying for years: The U.S. economy is changing too rapidly and is too big for government statisticians to accurately measure. Anecdotal evidence on jobs, sales and demand often provide better information about the economy's health, they say.

"Greenspan's right," says David Jones, chief economist at bond brokers Aubrey G. Lanston. "We shouldn't be lulled into a false sense of security about the accuracy of the government's numbers."

Ironically, Greenspan's remarks came just before the release of two closely watched reports that could roil financial markets if they contain any surprises. Today, the Labor Department is expected to say wholesale prices rose 0.3% last month. Friday, Labor is expected to say consumer prices also rose 0.3% in July.

Whether or not economic reports are accurate can be critically important:

▶ In 1973 and 1974, federal estimates of the size of business inventories failed to pick up a sharp increase in stockpiles of unsold goods due to dwindling sales. So policymakers did relatively little to stimulate the economy, even though it was in recession. The result: a recession turn that lasted into 1975.

▶ If the consumer price index overstates annual inflation by a percentage point for just one year, that adds an estimated $2.5 billion to federal spending on Social Security and other retirement programs the next year. Those programs' cost-of-living increases are based on the CPI. Many economists say the CPI routinely overstates inflation by as much as 1.5 percentage points a year.

Some reasons reports from the government can be faulty:

▶ Federal budget spending restraints and paperwork reduction efforts that limit how much information the government can collect.

▶ The changing economy. The past 50 years, Greenspan said, "we've moved away from manufacturing." Services have grown to about 40% of economic output. But the value to the economy of many services is tough to measure.

Hatch, Grandy

care reform legislation.

BC-PETPROJECTS-w-IDEAS national editors:WA
Members of Congress making sure their pet causes are part of minimum health benefits package
By Brenda Rios
Knight-Ridder Newspapers

WASHINGTON They may argue that health reform isn't needed this year and that forcing employers to insure workers will costs jobs. But just in case something passes, some members of Congress are making sure their pet causes are part of the package.

Sen. Orrin Hatch, R-Utah, made a successful plea for colorectal cancer screening, even though he thinks health reform equals government-run medicine and he voted against the overall plan in committee.

And Rep. Fred Grandy, R-Iowa, made sure children's hearing aids are part of the minimum benefits package, even though he, too, voted against the bill as a whole. Grandy said it was his duty to make the measure ''better'' even if he wasn't going to vote for it.

However, pet projects such as these are putting lawmakers in a bind as they try to create a nationally guaranteed package of minimum health benefits at the lowest price possible. Three of the four congressional committees that have approved health reform plans have included such a benefits package.

''How do you say 'no' to hearing aids for children?'' asked Bob Laszewski, a health care consultant to insurance companies. ''But at some point, someone is going to have to start saying 'no'''

Health care spending accounts for nearly one-seventh of the economy, and adding benefits to the minimum package would push rising costs even higher.

''There isn't a benefit that I haven't met that I wouldn't endorse, but I don't have the money,'' said Rep. Fortney ''Pete'' Stark, D-Calif.

Most of the health reform plans now headed for debate in the House and Senate include a minimum benefits package that covers hospital stays, doctor visits and diagnostic tests. They also include some preventive care measures, such as routine physicals, which are not now covered by many insurance plans.

The other big winners in the proposed benefits package are mental health care, mammograms, lead paint screening, prescription drugs and family planning.

John Rother, chief lobbyist for the American Association of Retired Persons, said the benefit plans focus on preventive care that can save dollars because

. . . Puts Gephardt Style to Stiff Test

chameleon. Part of the problem was cosmetic: Not only had no House member captured the White House in a century, political observers had a hard time reconciling Gephardt's starched white shirts and impeccably coifed hair with his working-class "It's your fight, too" rhetoric.

House colleagues maintain that the perception of Gephardt as opportunist was off. Instead, they see a conciliatory manner that may have served him poorly on the campaign trail but works in the House. Indeed, back in Washington, little has changed about Gephardt's style.

On health care, for instance, he first was the blue-suited insider, privately cataloging each Democrat's needs in a bill and keeping his own counsel. And then, when he presented his handiwork to colleagues July 29, Gephardt delivered a tub-thumping speech about Democratic principles that left caucus members cheering.

"When Gephardt gets his dander up, it's tactical, it's part of his job," says Burdett Loomis, a political scientist at the University of Kansas.

Moreover, some of the changes in Gephardt over the years have reflected actual shifts in his views. Gephardt arrived in Washington a moderate and a decided critic of traditional Democratic thinking. In 1984, he was a founding member of the Democratic Leadership Council.

For his presidential primary bid just four years later, however, Gephardt distanced himself from those roots, shifting positions on a few key issues, notably abortion. Once a foe of abortion rights, he now supports them.

On health care, the change has been dramatic. In 1979, just three years after he was elected on a ticket topped by Jimmy Carter, Gephardt was a leading foe of Carter's proposal to control hospital costs. Defeat of that bill was a major political blow to the last Democratic president, and today Democratic health care proponents, including Gephardt, call it a mistake.

Today, he manages his dissent more gracefully. On the North American Free Trade Agreement (NAFTA), he split from Clinton and stood by his longtime opposition to such agreements. But his most visible statement was a televised debate with Republican Sen. Phil Gramm of Texas, a likely presidential challenger — hardly a bad move for a Democrat.

As NAFTA illustrates, Gephardt has stood more firmly in recent years, though clearly to the left of where he began. Colleagues accept the evolution as natural in a politician who got his start as a St. Louis alderman at age 30. But it also leaves both the left and the right feeling he is, or ought to be, one of them and frustrated by the ambiguity.

House liberals grumble that Gephardt does not offer sufficient contrast to Foley, who was elevated to Speaker from the leader's job precisely because of his collegial, institutionalist instincts. They want Gephardt to play a contrasting role, much as Foley had played the moderate to Speaker Wright's partisanship.

"The entire leadership is not very effective. They're too consensus-oriented," says the liberal Ways and Means Health Subcommittee Chairman Pete Stark of California.

At the same time, conservative Democrats complain that the leadership team is premised too heavily on partisanship and leaves them cold. "The leadership is designed now to seek partisan solutions," observes first-term Democrat Jane Harman of California. "Gephardt could be a catalyst to pull the center together, but he'd have to find a new type of leadership."

That rift is clearly being played out on health care as splintered Democrats argue over whether leaders should fight harder for ambitious change or move to the center.

"The entire leadership is not very effective. They're too consensus-oriented."



—Rep. Pete Stark, D-Calif.

Whichever way Gephardt goes, Republicans already perceive him as a harsh partisan. During the Reagan and Bush administrations, he often played the role of party spokesman. "To a lot of our guys, Gephardt is the Democrats' Gingrich," says Rep. Fred Grandy, R-Iowa, referring to the combative Republican whip, Newt Gingrich of Georgia.

For his part, Gingrich says he perceives Gephardt as more interested in being bipartisan, but he agrees that their styles differ from the leaders they now serve. "We're both younger and more aggressive," he says. "We're more direct about our disagreements and more interested in being professional than collegial."

Heavyweights Absent

While Gephardt is often asked to take the lead sorting through complex issues, his stature on health care is singular because the committee chairmen who are typically at the front lines are maimed.

On Energy and Commerce, the powerful Chairman John D. Dingell, D-Mich., a master deal-cutter, did not mark up a health care bill because he could not win. On Ways and Means, Rep. Dan Rostenkowski, D-Ill., who has finessed many a tough negotiation, is sidelined by a federal indictment. His successor, Sam M. Gibbons of Florida, moved a bill through committee, but he lacks experience and grit.

The absence of other party heavyweights in this debate may highlight Gephardt's clear path to the Speaker's post whenever Foley steps down. The only person to mention a challenge is Charlie Rose of North Carolina. His accommodating style of old-school politics, however, strikes many Democrats as inappropriate for the current era.

"Rose's run tells you more about Rose than Gephardt," says Norman J. Ornstein, a congressional scholar at the American Enterprise Institute. "The fact is, who would be a better leader than Gephardt? Rostenkowski? Dingell? The Democrats don't have many choices here."

—Beth Donovan

Rep Grandy

Self-employed lose health insurance break

By Phillip Florini
USA TODAY



GRANDY: Trying to save self-employed health care tax break.

The demise of health care reform could be the death knell for the 25% tax deduction the self-employed get for their health-insurance costs.

The deduction expired at the end of 1993. Lawmakers in both parties had hoped to restore it — provide an even more generous break this year in health reform legislation.

With that opportunity gone for the year, Reps. Fred Grandy, R-Iowa, and Jan Meyers, R-Kan., are pushing bills to salvage the tax break before Congress recesses this week.

Rep. Sam Gibbons, D-Fla., Ways and Means chairman, is supportive but [illegible]s Congress has little time. "We're all on pins and needles," says Grandy aide Kathleen Quint-Black.

C[illegible]panies can deduct 100% of the cost of providing health insurance to employees. Many health reform bills proposed the same for the self-employed. The deduction was trimmed to 80% in a House Democratic plan and 50% in a proposal by Senate Majority Leader George Mitchell, D-Maine.

"We're still hopeful. Unfortunately, the tax measures that this could be attached to don't stand strong chances of passing," says Rebecca Anderson of the National Association for the Self-Employed.

A 1993 survey by her group predicted 400,000 more self-employed would go without health insurance if they lost the 25% tax deduction.

The tax break applied to insurance bought by the self-employed for themselves, spouses and dependents. It's worth $280 a year to a person in the 28% tax bracket who spends $4,000 on health insurance. But it cost the T[illegible]ry $500 million a year. A 100% deduction would cost $2.5 billion a year, the IRS estimates.

More than 12 million Americans are self-employed part time or full time. Almost 3 million have no health insurance, the Employee Benefit [illegible]rch Institute says.

▶ Picking up pieces of reform, 6A

GM strikers stall output of new models

By Jayne O'Donnell
USA TODAY

Union workers struck General Motors Tuesday, threatening to shut down the automaker just as the 1995-model year opens and GM is rebounding.

The strike, the fifth against GM this year, is at the Flint, Mich., complex known as Buick City. The stoppage is dramatic evidence that GM — demanding more overtime and faster production — has pushed workers to their limits.

Today, two more GM plants could be shut down, leaving their 6,550 workers idle.

Even if peace is quickly negotiated with the 11,000 Buick City members, more strikes are likely because GM is trying to pump out more vehicles and parts with overtime and faster production — not by hiring more full-time workers.

GM has cut 52,000 hourly jobs since 1991 to help cut costs as it has struggled back from multibillion-dollar yearly losses. The UAW complains that those left behind are being overworked. Assembly-line workers often complain of repetitive-motion ailments, which worsen when the speed of the assembly line is increased.

"It makes no sense for GM to put at risk the quality of its products or the health and safety of the loyal workers who have given so much to bring the company back to health," says Stephen Yokich, director of the UAW-GM Department.

William Hoglund, GM executive vice president, says GM went on a hiring binge in 1985 and negotiated lifetime benefits for the workers. The company can no longer afford those kinds of fixed costs, Hoglund says. But he admits the company "obviously has some work to do in terms of labor-management relations."

The strike comes at a critical time for GM: Plants are running full speed for the new model year. Several hot models are already on back order.

Series II 3800 V-6 engines, which power one of every five GM cars, are made at Buick City. Buick's most popular model, the LeSabre, its Park Avenue sedan and Oldsmobile's Eighty-Eight are built at the plant. Transmissions supplied to all of GM's 22 car and truck assembly plants, and suspensions for several GM cars also come from Buick City.

"Within 24 to 48 hours, we're going to shut down most of the assembly plants," United Auto Workers Local 599 President Dave Yettwa says. That would cost GM millions of dollars, and Yettaw says: "You don't have to be Socrates to understand those numbers."

INSIDE TV / BY PETER JOHNSON

Rather has no apologies for tough Bush interview

No regrets from Dan Rather about his feisty Iran-contra interview with George Bush during the 1988 campaign.

"My attitude was that I had done my job. I felt I had asked at least some of the right questions," Rather writes in *The Camera Never Blinks Twice* (Morrow, $23). "I believed others in the media would follow up on the questions that I had tried to ask; I was dead wrong."

Instead, the media — helped by the Bush campaign — pounced on the way Rather treated Bush, then vice president. This, Rather says, probably "discouraged other reporters" from continuing to press Bush on the matter.

"I was acutely aware that it had ended too abruptly. It was like a door slamming in someone's face," Rather says of the interview. "The phrase I would keep hearing over the next few days was, 'It could've been done more gracefully.' "



By Anthony Edgeworth

RATHER: Journalist's book reflects on media moments.

But Rather refused to apologize — although he did say on air the next day that there was "no disrespect intended." Bush never gave Rather another interview.

Revelations in the final months of the Bush administration, Rather says, showed Bush has "much greater knowledge of the Iran-contra affair than he'd ever publically avowed. The fact is, he lied. It is an unpleasant fact, but a fact nevertheless."

Summing it up: "Not a great day for American politics — but not a great day for American journalism, either"

BMW to recall cars that failed crash test

By James R. Healey
USA TODAY

The U.S. government says that many 1993 and '94 BMW 3-series cars fail its crash tests and must be recalled.

BMW says it's not as bad as it sounds. Government tests are done with seat belts unfastened. "Most people wear belts," says BMW's Rob Mitchell. If they don't, government tests show that in a crash, they would slam into the BMWs' steering wheel and dashboard at forces 5% to 18% greater than the law permits.

BMW is notifying dealers this week that it will recall 57,000 325 coupes and sedans to modify the steering column and the knee cushion under the dashboard. Cars with automatic transmissions get new transmission mounts. Parts will be sent to dealers next week, and owners will then be notified.

Not recalled: 3-series convertibles, and four-cylinder models, known as the 318.

The cars being recalled account for about one-third of BMW's U.S. sales.

The government says it soon will test 318 models to see if they, too, fail the crash test.

Other recalls Tuesday:

▶ Chrysler is sending rubber plugs to owners of 285,000 1994 and '95 Dodge Dakota and Ram pickups. Those go into access holes on the steering columns to prevent keys from getting jammed and fouling up steering.

▶ Ford Motor recalled 214,000 1994 Crown Victoria, Mercury Marquis and Lincoln Town Car sedans to fix potentially faulty nuts and bolts that could cause the brakes to fail.

—Rep. Grandy
Rep. Hoyer

Clinton Health Reform Effort Collapses (Washn)
By Karen Hosler= (c) 1994, The Baltimore Sun=

WASHINGTON President Clinton's ambitious attempt to overhaul the nation's health care system, having faltered for months, finally collapsed Monday for lack of support.

Almost a year to the day after the reform proposal one of the most far-reaching social programs offered in decades was unveiled with great fanfare before a joint session of Congress, Senate Majority Leader George J. Mitchell announced that he lacked the 60 votes needed to get even a modest version of the Clinton plan past a Republican filibuster.

''Under the rules of the Senate, a minority can obstruct the majority,'' said Mitchell, a Maine Democrat. He put the blame squarely on Republicans eager to deny Clinton a victory on the program he had made the centerpiece of his presidency. ''That is what happened to comprehensive health insurance reform.''

Bob Dole, the Senate Republican leader from Kansas, fired back: ''Senator Mitchell blames the Republicans for everything except the plane that crashed into the White House, and that may yet come. ... In fact, it was an overwhelming consensus of the American people to put the brakes on (health care reform.) It's my view that we saw democracy in action.''

Clinton, who invested enormous time and prestige in the issue, chose to take the Republicans up on their promise to tackle the issue again next year. He leveled his most bitter complaints at the ''special interests,'' which, he said, had spent more than $300 million to stop health care reform.

''We will fight for campaign finance and lobby reform, so these special interests do not continue to obstruct vital legislation, and we will return to the fight for health care reform,'' Clinton said in a statement issued from New York.

Beneath the bickering and recriminations, there was deep disappointment among some lawmakers, such as Sen. Edward M. Kennedy, a Massachusetts Democrat who had hoped to see the fulfillment this year of a goal he has held for nearly all his three decades in public life.

''We had a historic opportunity this year to make a real difference in the lives of all Americans,'' Kennedy said, referring to preventive care for children and pregnant women and prescription drugs for the elderly and home health care for people with disabilities.

Lawmakers said the reform effort fell victim to several factors: its own complexity, intense industry opposition, partisan maneuvers, tactical missteps and a lack of consensus among the American public.

Legislators promised to return next year with renewed efforts. But unless the political climate changes dramatically, it's unlikely they will attempt anything as comprehensive as Clinton proposed. Even to succeed with more modest, incremental versions, the lawmakers must overcome many of the obstacles that tripped them up this year and perhaps some new ones as well.

''As long as a majority of the people have the attitude, 'I'm OK, the rest of you are screwed,' I don't think anything is going to happen until there's another crisis,'' said Rep. Fred Grandy, an Iowa Republican.

One of the most repeated observations of the debate was that the task of overhauling one-seventh of the economy is enormously difficult. The most recent comparable achievement by Congress was the enactment of Medicare in 1965, which, Mitchell noted Monday, had been pending for a decade and didn't pass until President Johnson won election in a landslide in 1964.

The Clinton bill included several flaws that made it vulnerable to attack. One was a provision to force everyone to join regional alliances that would bargain with insurance companies on their behalf. That gave opponents the chance to raise the specter of an inefficient, government-run health care system that would eliminate people's right to use doctors of their own choice.

That provision was eliminated by the first congressional subcommittee to tackle the Clinton plan. Mandatory alliances were out; choice of doctors was assured. But the legacy of those original proposals lives on in the rhetoric of Republicans who are trying to defeat Democratic incumbents in the midterm elections.

''Too much complexity, too much cost, too much bureaucracy, too much government, too many mandates,'' Dole said of the Clinton health care proposal.

Yet even Democrats started bailing out on the Clinton plan once they recognized that their constituents feared it. Neither Mitchell nor House Majority Leader Richard A. Gephardt, a Missouri Democrat, had enough support from their ranks.

''We were getting mixed signals,'' said Rep. Steny H. Hoyer of Maryland, chairman of the House Democratic Caucus. ''People say they want us to do all kinds of things in health care reform, but they also they don't want the government involved.''

For Democrats: Getting Worse
(c) 1994, The Baltimore Sun=

The following editorial appeared in Monday's Baltimore Sun:

It has been 134 years since a speaker of the House of Representatives lost a re-election bid. After last Tuesday's voting in the state of Washington, some political analysts believe it may happen again this year.

Washington has an open primary in which all candidates from both parties run against each other. The highest finisher from each party gets the nominations. Speaker Tom Foley was the only Democrat, and got 35 percent of the vote. A Republican won a four-way race with 30 percent. Considering that in 1992 Foley increased his primary vote by only 2 percentage points in the general election, Democrats are apprehensive.

In fact, ''apprehensive'' isn't the word for it. Tuesday's voting in Washington was enough to create what House Democratic Chief Deputy Whip Bill Richardson called ''near panic out there,'' referring to the Democratic side of the aisle in the chamber of the House. But the speaker's poor showing wasn't the only alarm bell that day. Rep. Mike Synar, an eight-term veteran from Oklahoma, lost in his primary run-off to a 71-year-old novice who spent only about $20,000 while running a throw-the-rascals-out-campaign.

Rep. Vic Fazio of California, chairman of the Democratic Congressional Campaign Committee, said of those outcomes: ''I don't think it's as much anti-Democrat as anti-incumbent.'' That's whistling in the graveyard, and no comfort to his party. There are 225 Democratic incumbents running for re-election, but only 157 Republicans.

The ''out'' party usually does better in open seat races those in which incumbents are retiring or running for higher office. This is more bad news for the Democrats. Thirty-one of those open seats are now held by Democrats and only 21 by Republicans. Republicans are thought likely to do especially well in Southern open-seat races. There are 15 of those, 12 of which are now held by Democrats.

Republican Whip Newt Gingrich has predicted that his party may win a majority in the House in November, making him speaker even if Tom Foley is re-elected. There hasn't been a Republican majority in the House in 40 years, but some Democrats are beginning to believe the unthinkable is thinkable. Representative Fazio had been predicting his party would lose only 25 seats in November. That would leave it with a 231-203 edge over the Republicans. This week he said, surveying the primary damage and the dismal polls for Democrats, ''Obviously, it could be worse.''

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