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INTERVIEW OF THE FIRST LADY
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Q I might as well just get on with it.

MS. CLINTON: You bet. Go right ahead because we've got all the way to the airport.

Q A lot of people were quite impressed with your performance on Friday and had a sense that in a sense you had made an active effort to put this whole Whitewater thing behind you. I was wondering, in light of that, do you have sort of a post-Friday strategy to concentrate once again on health care reform? It seemed to a lot of people it got derailed or sidetracked somewhat by all this Whitewater stuff.

MS. CLINTON: Well, you know, during the past three or four months, I have traveled nonstop on health care reform and I have been in numerous States and I've given speeches, and I've done events, and I've always answered press questions, but I think that was effective on the local level but it didn't penetrate nationally because there was some blockage. That's what I really began to realize, that I could travel all over the country and go to as many events as possible and I think it would have a positive effect where I was, but I couldn't really get the attention focused back on what I thought was so important which was health care without making myself available to the Washington press. So I'm going to try to keep those two things in balance better than I was. I think I have a better understanding of what the different roles and responsibilities are of different press operations.

Q You talked about being rezoned. Does that represent a rezoning of your views of your strategy towards health care issues in Washington in a specific way?

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MS. CLINTON: No. No. I really meant that more in terms of what now recognize and perhaps accept as inevitable with respect to the demands on people in public life, and particularly at my husband's level.

What I'm going to be doing is pretty much what I have been doing, working with members of Congress, working with interested groups and citizens, and trying to keep the attention focused on what the principles of health care reform should be and the different ways of accomplishing those principles. So this speech I did today here in San Francisco I had set up a long time ago and it was always going to be about health care and it primarily was about health care, so I'm really going to keep doing what I have been doing.

Q It sounded similar to the speeches I've heard before.

MS. CLINTON: But it's interesting how so many audiences are only now really paying attention closely to the health care debate because I have discovered that you can make a point over and over again but people tune into it at different stages and as you get closer and closer to congressional action occurring, more and more people, understandably, will pay attention. So you've got to keep talking about it as a way of giving people an entrance into the debate.

Q Do you feel that the health care debate does occur in phases and if so, have we reached a different phase?

MS. CLINTON: I do think so. I believe that there is a very strong commitment in the country to guaranteeing health care coverage to every American. That is a big step that has been made in the last year. So to some extent, accomplishing that has been the first necessary achievement on the road to health care reform. Then, I think there has been a growing awareness of the complexities of reform that just because you want everybody to be covered, doesn't mean it's going to happen unless you make some hard decisions and people beginning to understand all the tradeoffs.

What is really interesting to me is how in poll after poll, people are asked do you support or oppose the President's plan and a lot of people don't really know and they are confused, and they don't like what they've heard but

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they are not sure what it means. Then if you go through the principles of the President's plan, there is very strong support for most of those principles. The trick is how do you take the consensus that is developing about the need for insurance reform, the need for comprehensive benefits, the need to preserve choice, the elements of the health care reform, and focus in on those so that people can really understand what they mean. That's what is happening in the Congress which is why I believe we are right on track because now the Congress is having to wrestle with those decisions.

Could I ask what is this we're passing here?

Q This is City Hall on your right and that is a new library that is going up over there. This is the area that used to be filled with homeless people, a very politically controversial clearance of this civic center. They are about to move out of City Hall for the earthquake retrofit. This whole town was knocked to pieces a few years ago. We're just starting to realize that.

MS. CLINTON: I know.

Q If we accept the idea that maybe the message wasn't getting through to the Washington Press Corps for whatever their obsessions, is there a particular message that you feel was not getting through that you wish had gotten through in the last couple of months? The reason why I say this is that there does seem to be some evidence that there is a decreased support for health care reform in this country. The L.A. Times poll suggested that I think it was two-thirds of those polled said they wouldn't feel so bad if the Congress didn't accomplish health care reform. Polls can be taken with a grain of salt but that one was a rather surprising one.

Is there something you feel has been lost in the last several months?

MS. CLINTON: Well, I think that part of the challenge we've had is to deal with a well-organized and very well-financed campaign against health care reform which has been successful in creating confusion and sowing some misinformation. Maybe one of the biggest concerns is that people seem to think the President is proposing a government health care system, which is absolutely not the case. So we have to do a better job of reaching people. We don't have

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the resources that a lot of the interest groups are willing to spend, so we pretty much have to do the best we can working with other groups committed to reform in getting the message out that what the President is talking about is guaranteed private insurance.

The ads that were run telling people that the President's plan would take away their right to choose their doctor were very effective and, in fact, the opposite is true, that if the system doesn't change, people are more likely to lose the right to choose their doctor than if we reform the system and guarantee the right to choose your doctor.

I understand how in the absence of a well-organized, well-financed countercampaign to counter the misinformation, people have been left with some misimpressions that we're going to have to try to dispel.

Q That kind of leads to one of the things I really want to talk quite a bit about. Tomorrow there is going to be in California a fair amount of press about the fact that the single payer advocates in the State will be turning in one million signatures, a little bit over one million signatures, to very likely qualify an initiative on the California ballot to put a single payer system in place in California.

I was wondering, first of all, are you following this at all in any way; are you aware of what the single payer initiative says?

MS. CLINTON: I don't know the details in the initiative. I am aware of it, but you know, in the President's plan, there is a single payer option for States, so this would be in line with what the President's approach would permit, an individual State either by legislative action or referendum deciding that it wanted to be a single payer State would be permissible.

Q I was talking to Congressman McDermott last week and he said that the bottom line issue for the single payer people is that be included in the bill. How strong -- do you think there is support or perhaps on the flip side, is there strong opposition to that provision in the Clinton plan?

MS. CLINTON: I don't know yet; it hasn't really

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surfaced, so I haven't seen a lot of strong opposition. The opposition is focused on the big picture items like choice and financing and insurance reform, so I cannot tell you how much opposition there will be, but I do think it is a very important feature in the President's plan.

I'm not sure that Congress could prohibit any State from doing that, if that's what a State wanted to do in any event, but we would prefer that it be an affirmative choice for a State.

Q Politically, what impact do you think there will be? If there is a single payer in California, it's likely to be a very high profile campaign, a lot of money going into it and a lot of publicity for the Canadian system. What sort of impact will that have on the debate in Washington?

MS. CLINTON: Well, I can't predict exactly but I think it might be healthy. I want people to see grassroots concern about our health care system and a vigorous debate about health care reform and the merits of various approaches to health care reform I think is healthy for the debate.

Q Didn't you support a single payer system in the past in the Children's Defense Fund work?

MS. CLINTON: I've never personally supported any system. I think there are features of the single payer system that I'm very supportive of -- universal coverage and elimination of administrative costs and duplication -- but I think there is a way for us to marry the good features of the single payer system with the competitive features of the market system that I think would be better for America, which is what the President's plan tries to do.

Q One quality that I think the single payer people have a very easy time of it when they're dealing with the press is selling the simplicity of the single payer plan. That seems to be one of the drawbacks that people mention again and again about the President's plan.

MS. CLINTON: Yes, and I don't understand that really because the President's plan is so much closer to what people already know and have. The President's plan would continue what most of us already do which is to get our insurance at our workplace; it would continue the custom of having the employer and the employee contribute to our health

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insurance; it would improve that system by taking the choice of health plan away from the employer and giving it to all of us as individuals, which I would think most people would be in favor of; it would eliminate the discriminatory practices of the insurance system; but it would preserve the choice of health plans and Americans value choice. I mean, they like the choice that they could maybe save some money if they had an HMO as opposed to a fee-for-service plan but it would be their choice instead of their employer's choice.

I don't understand why it is so difficult, but I believe some of the difficulty is due to the campaign against the President's approach because if we look at the way the Federal Government provides health insurance today for Federal employees in the civilian work force, that's really the model that we're suggesting every American have access to where your employer -- in this case, the Federal Government -- pays the majority of the bill but you make a contribution and every year, you get to choose from among the health plans that your employer makes bargains with for health plans to offer services. The reason the employer can get a better deal than you can is because of their purchasing clout.

I think here in California the Calperis (phonetic) System is another example. I don't know why that's so difficult for people to understand.

Q I think one of the reasons is it gets very confusing very quickly. For instance, the President's plan, as written right now, would eliminate the Calperis System. It would replace it with a similar system along regional lines but the Calperis people obviously have a very simple message, we won't exist anymore.

MS. CLINTON: But what difference does it make, they're performing functions that would be performed by people just like them. From my perspective, what I care about is who is my doctor, who is my nurse, and what hospital do I go to. I don't care how the money that I put up for health care winds its way through the system. I would like it to be more efficiently used than it is today but I don't want to pay for more bureaucrats, whether they are government bureaucrats or insurance company bureaucrats than I have to.

If you look at what Calperis does in providing the bureaucracy for what 3 million enrollees with a very small central staff, why don't we want to do that for everybody?

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Q It's interesting that the one organization that seems to be really pushing the government system, the Federal employee system, is the Heritage Foundation. I get stuff from them all the time touting the government health care system, saying this ought to be made available to everyone.

Do you see any common ground with the far right in this health care debate right now?

MS. CLINTON: Well, what they would like, as I understand their proposal, is to make that available to people but not have any requirement that people actually have health insurance or that employers help to pay for health insurance. They view it as something individuals could buy into or if employers wanted to contribute, they could as well.

That doesn't end our cost shifting problems and it doesn't end the cost spirals that grow out of shifting costs around from one part of the economy to the other. So though it does something to recommend it, it doesn't get us to where we need to go. We've got to get everybody covered, we've got to get everybody in the system. In the absence of some kind of requirement, whether it be a tax under a single payer system or the mandate on employers and employees, or an individual mandate like some of the Republicans in Congress want. There has to be some way to get everybody in the system. Only then can we begin to contain costs and decrease costs as we squeeze the excess bureaucracy and administrative costs out of the system.

Q Just stepping back to that single payer initiative in California, if you had a friend in California who asked you how you would like her to vote on it, what would you tell her?

MS. CLINTON: I'd say to follow the debate closely and try to make sure she was as informed as possible about what it would mean to her and her family. I think it's a little early to tell exactly what shape the debate will take in the next months.

Q Are there disadvantages to the single payer system?

MS. CLINTON: I think if you look at other countries that are single payer, their cost increases have,

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in the last years, gone up significantly, particularly in Canada which has had some real cost pressures. They have not had the kind of leading edge technology or pharmaceuticals or research that we have which has been a great benefit in many instances for Americans which is why many people from other countries come here, for the most advanced medical care.

I think there is a very good argument that substantively it is better to preserve incentives for private firms, whether it be in technology or pharmaceuticals or organizing health care, than you're permitted to do under the single payer system. The second point is that we start right now from such a variation in cost levels around our country. Medicare has struggled with this, which is a single payer system; Medicare is a single payer system. Most Americans don't know that but it is and Medicare has had a terrible time figuring out how to reward efficiency and penalize inefficiency in the financing and reimbursement of Medicare so that you had some regions of the country where it costs three times to take care of the same kind of patient with the same kind of problem than it does in another region.

So if you were to layer a single payer system over the existing inefficiencies and practice style patterns, I don't know how you would ever get costs under control in our country because you would be starting from a higher base than anywhere in the world without any real capacity that I can see in a single payer system to force a lot of that waste and other excess out of the system. If you retain incentives for the private sector to realize benefits so that you've got a Mayo Clinic which has cost increases below the rate of inflation and provides the highest quality care, you then have market driven incentives as opposed to political pressure beginning to help squeeze out a lot of the excess cost so that we can get to a better allocation of resources.

Those are the two things I worry about with a single payer system coming in on top of the American system as it is today.

Q You sound a little bit there like Alan Intovin (phonetic) down the road whose ideas are the basis of much of the theoretical framework but who himself finally said, after much grumbling, that you ought to check out the plan. Have you had any opportunity to talk to the Jackson Hole people in recent days or recent months? Do you see any room for common ground with those folks anymore?

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MS. CLINTON: Well, I hope so, but you know, I'm kind of reassured that the President's plan is criticized from both the right and the left and suggests that maybe we've got it right in the correct sense of the word, because yes, there is a lot that was borrowed from the concepts of managed competition, but the President believes there ought to be some kind of mandate to get everybody in the system and he does not believe that we ought to be driven toward the lowest common denominator so that you deprive people of any tax preference unless they go into the lowest cost plan no matter what that plan is. We don't think that's good in the long run for the quality of medical care, but many of the other principles we support. So I can critique both the managed competition and the single payer system and point to the features we have borrowed from both and the changes we have made in both which we think will be better for Americans.

One of the big problems we've got with the Jackson Hole approach right now is how do we get everybody into the system and if we don't get everybody into the system with some kind of budgetary mechanism, there is no end in sight for the cost increases and the drain on the Federal Treasury. The Congressional Budget Office, in attempting to cost out the managed competition proposals is coming up with very big deficit figures. We can't do that; we have to reform health care in part because our State and Federal Governments can't bear the continuing costs of health care increases. How on earth can we adopt a system that would increase the deficit?

Q Dingell is trying to bring in some votes from all his third-year Democrats. One of the things that he recently seems to have publicly traded away is the breakthrough drug provision for biotech companies and pharmaceutical companies, basically saying he is willing to toss out that provision that would allow a governmental entity to set the price of a breakthrough drug. Can you live with that?

MS. CLINTON: I'm not going to comment on the congressional process at this point. I think it needs to kind of proceed further and play itself out, so I don't know what will be the outcome of a lot of work that's being done in the committees. I think the Administration wants to wait and get a better idea of that before it does comment.

Q Let me pursue that a little bit though. There

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is a perception, maybe it's a 3,000 mile away perception, that in recent months, the issue has really been taken away from the White House and is in the hands of Congress among people like Pete Stark, Dingell and others and Moynihan, who essentially are going to just do what they want to do. How can you continue to shape the debate at this juncture where the decisions after all are going to be made by people in Congress?

MS. CLINTON: Well, I think that's where the decisions ultimately have to be made, but certainly the members of Congress, particularly the Chairs of the major committees, know they have to produce a bill that this President will sign, so it's a partnership. We always knew - in fact, counted on -- producing something that would be broad enough that every issue was touched on but then it was going to be the congressional responsibility to work out the kinks in the proposal, to worry about how to get the votes in committees, all the things that Congress has to do.

The Administration is working every day with members of Congress. We have a full team up there on the Hill, we spend countless hours providing technical assistance and information that members of Congress need, so we are deeply involved. I don't want anybody to have the impression that somehow we're sitting down at the other end of Pennsylvania Avenue and the members of Congress are not communicating or working with us because that is not the case, but the fact is, it is the committee responsibility and the leadership responsibility to really fight through a lot of these tough battles.

We presented what we thought made sense and we really did try to look at every possible issue. There are different ways of getting to the goals the President set, and we respect the congressional process and want to work with it and do everything we can to see it be successful so we can get a piece of legislation by the end of summer.

Q Pete Stark, our local congressman, has a bill that's quite different. It is a single payer system. What do you think of the Stark bill?

MS. CLINTON: Well, the President said he could sign it because it met his number one priority, which was to guarantee insurance for everybody, but that bill is also going to be going through some changes in the full committee.

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We don't know what the outcome is going to be, so we want to encourage members of Congress, like the congressman you've mentioned, to continue to work to put together the majority that is needed to pass health care reform. What it looks like finally is going to be something that the Congress and the Administration will work out themselves.

Q Can you do it without Republicans?

MS. CLINTLINTON: Well, we hope we don't have to but, yes, you can, and, if necessary, will but we hope that won't be necessary. We want this to be bipartisan; it should be beyond partisan politics, but it's too important an issue to let it get diverted. So if it is necessary, there's a majority to be put together and we hope it will have people from both sides of the aisle.

Q Do you care to make a prediction about when health care reporters like me will have a clear idea of what we're going to be voting on?

MS. CLINTON: I think by June.

Q By June?

MS. CLINTON: Yes. I think you'll have a much clearer idea than you do now. I don't know whether it will be the beginning of June or the end of June but I think June will be a very critical month.

Q Any particular congressional process that you're talking about?

MS. CLINTON: No. I just think that, June, a lot of the committee work is going to start taking shape and you will see what the options are that are out there. At least that's what I see.

Q It seems there may be a maxim that the amount of work being done in Congress is inversely proportional to the rhetoric and noise that you hear. Right now, it's very quiet in Congress, almost too quiet. Is there something going on right now?

MS. CLINTON: Yes, there is. There is a tremendous amount of work going on. There is also a lot of education of members going on. You know, most members who are not on the committees of jurisdiction have not had to really learn this

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issue. They are learning it. I really wish you could be 3,000 miles away because with your interest in this and your grasp of the issue, I think you would pick up what is happening there. I am so excited because I've never seen more serious, hard work and it is going to pay off, but it's the kind of work that doesn't grab the headlines. It is bonecrunching, tough work that they are doing and that's what they should be doing.

I need to go.

Q Ms. Clinton, I want to thank you very much.

MS. CLINTON: Thank you. I enjoyed talking to you. You really have a grasp of this which is a pleasure.

(End of tape.)