

Programme OPERA – ENTRETIENS

Entretien – santé n°39

Pour citer cet entretien : Guigner, Sébastien, Lepont, Ulrike, Entretien santé n°39, Programme OPERA (*Operationalizing Programmatic Elite Research in America*), dirigé par W. Genieys (ANR-08-BLAN-0032) (*insérer hyperlien*).

May 19, 2010

Responder: So, there is a common misperception that I worked on the first legislation with Hillary, and I didn't. So, that's-- so, I started working on healthcare at the White House-- I started working on-- the first time I was working on national healthcare policy was at the White House, and I started at the White House-- I started on the domestic policy team in November of 1997, and my role there was sort of unique, limited but sort of unique.

So, my role was, I worked on the children and families team in the Domestic Policy Council, so there are three policy councils in the White House-- in the Clinton White House, and in the current White House, there are three policy councils, the Domestic Policy Council, the National Economic Council, and the National Security Council, so I worked on the Domestic Policy Council on what was called the Children and Families team, and that team handled issues like childcare, healthcare-- no, childcare, early learning, family work balance issues, but it-- for the President, and then for Hillary, for the First Lady, it was a unique thing, for Hillary, it handled all of her domestic-- like, our little team of three people handled all of her domestic policy.

So, when I came to the White House, the first work I did was on the-- when I came to work for her in the White House, the first event I did was on implementation of the Children's Health Insurance Program, so, CHIP passes spring of '97, it's now-- I think our first event on implementation was, like, February of '98, or maybe it was January, I don't know, maybe it was January, and so I was working there on those issues.

So, and that was, like, much smaller-- you know, this was, like, healthcare-- they tried healthcare, it didn't pass, so then they worked on implementation-- then they worked on, like, the incremental approach, so they did-- they had been doing-- the big policy had been the Children's Health Insurance Program, which was a bipartisan deal, and then we were working in implementation, and then in the late '90s, so when I was at the White House, the healthcare issues we worked on were not coverage issues, you know, they were rubric of quality issues.

Interviewer 2: Okay.

So, there was a Patient's Bill of Rights, there was the Medicare drug bill, offering drug coverage for Medicare patients, which, amazingly, they didn't have, so those were the big issues, and then, like, you know, nobody was really proposing-- everyone sort of, like, all the sort of lead Democratic people in 2000, both Hillary in her Senate campaign, and, more importantly, Gore in his presidential campaign, advocated healthcare coverage expansions, but not, like, covering everybody. I mean, not that much money was put in, and they weren't covering everybody. I mean, Hillary had a plan to cover, like, \$10 million more people, you know, sort of ensure that you were covering, all, like, more parents and more kids, but not really a-- no one was covering universal.

Now, (inaudible) put forward-- after Kerry lost, put forward a healthcare plan that was universal, and it really pushed-- it was sort of based on Massachusetts, but it was a universal health coverage plan building on what people had, you know, building on the current system, and it was that plan that was adopted, and when I was Hillary's policy director on her presidential, we adopted it, but Obama adopted it, and so did Edwards, and Edward went first.

So, his was, like, the framework. Everyone was like-- he took the, and he covered the same thing, and he did basically the same plan which was, like, you keep the system as it is, but then you create an exchange for people who don't have healthcare coverage to purchase healthcare, and then people who don't have coverage get subsidies, so that was like the basic framework, and he-- everyone kind of did that plan in the Democratic Party, and obviously, it was-- there was a difference between Hillary and Obama on the mandate, and that became, like, a daily debate for months in the primary.

You know, I led-- I was Hillary's overall policy director, but because it was such a point of contention on the campaign, I led the effort to criticize Obama. So, then, when I went over to the Obama campaign, you know, there was a big question about whether he would do healthcare, whether he would continue to make a big deal about healthcare, and a lot of his advisors wanted him to not do it, because, you know, they did polling on it, and Obama-- you know, he was like, healthcare is something people feel a lot of anxiety about, it's easy to scare people about it, so, you could scare people about the McCain plan, but you could also scare them about the Obama plan, and so they were like-- you know, it's not a general election issue, and we had this one meeting in June, which I think has been reported out several times now, July-- early July, where basically everyone was like, "Yeah, let's not do healthcare," and Obama was like "I want to do healthcare, so figure out how we win the debate."

Interviewer 2: In July 2008?

Yes, and then-- so, we basically spent the summer, like, working on polling and what were the best arguments to attack McCain's plan, you know, what was the best way to deal with it, you know, all of that stuff, so there was a big decision, and it was Obama's decision to attack McCain on healthcare in the fall, and then-- so, we had this plan to do it in the last week of September, and, you know, you have a lot of ads that go up around it, but then the AIG thing hit, so we moved it like five days back, but we still did it. AIG hit, so then we moved it to something else.

So, you know, it was kind of a-- but the President was, like, committed. You know, a lot of people are like, "Why-- you should be talking about the economy when this happens," and he felt very strongly that we should make the case that healthcare was an economic concern, and

we couldn't get our long-term economic issues together until we tackled healthcare, and he really, like, in several meetings, or this one big meeting that we had, he was like "I want to do healthcare when I'm President, and I won't be able to do healthcare when I'm President unless I talk about it in the campaign. So, I've got to make it an issue in the campaign in order to claim a mandate to pass it," which was great, and totally right.

So, we win, and that was good, and then a week-- I think it was like a week later, but you can check the dates, Baucus did his white paper.

Interviewer 2: Right.

So, that was very important, it was one of the big differences between '93 and 2009, was that Baucus was heavily invested in healthcare. I don't know why, but he was heavily invested in healthcare, heavily, heavily invested, and Moynihan had, like, opposed doing healthcare, so that was a big difference, and so he had a white paper-- the longest version of our campaign plan was 18 pages, and then he did a white paper that was basically 54 pages of our healthcare plan.

The only differences in it were, you know, it had a mandate, it had more in payment reform. It didn't really spell out-- it just sort of hinted at, you know, excise tax or-- no exclusion, doing something on the tax, but it was very-- it was very-- it was good.

So, it was very close to the President's plan, so, then, during the transition, I don't know, is this what you want me to do, or--

Interviewer 2: We will maybe come back to ask you a few questions afterwards.

Yeah, okay, so, during the transition, there's a big question, debate, about whether or not the President should do healthcare, make it his top priority, because you have to do a budget, so the question was-- let me just check one thing. The question was, like, whether-- there's basically two questions which were interrelated. One, would the President make healthcare his big, domestic priority, because that in a-- the idealism-- you have to put some money down, put some money in the budget around it.

So, they wanted to make (inaudible) whether they were going to make healthcare a big deal, and then how much money to do it. And, you know, I mean, this also will be well-reported by the end of this, but the President didn't want-- the President's advisors, most of them, like, all of them except for Tom Daschle didn't want to do healthcare, and then-- but the President wanted to do healthcare, and then the question was, what to do around the budget, like, how much money to put forward.

Because, it costs about \$100 billion and, you know, that's a significant amount of resources, and the other big decision was whether to pay for it, so, the President made a decision early on, like, in the (inaudible), to ensure that the healthcare bill was paid for, and this was kind of a big deal, because no one has paid for anything in the Congress, and when I say "paid for," I mean, like, raise revenues and cut spending to pay for-- like, to match the costs of the healthcare plan, and no one has done that in, like, ten years. I mean, I don't remember anyone doing that since the '97 Budget Act.

So, I mean, obviously, those tax cuts and the Medicare Prescription Drug Bill were all deficit spending. So, he made a decision, which was a big decision, that it should be paid for, but he still wanted to do it. And Daschle-- I mean, everyone was sort of for that. I was, like, a little-- do we have to say it's totally paid for, because we might want some wiggle room, but no one supported that.

So, he, basically, made that commitment, and then he made the commitment to do it, but then question was, like, how much money to put, and you know, there was just disagreement, like, Larry thought we should pay maybe \$90 billion. It was probably going to cost around \$100 billion a year, we didn't have full estimates, so what some people were arguing was to do the whole amount, some people were arguing just to do, like, a small down payment of \$30 billion, and then some people were arguing to do, you know, \$60 billion.

So, this compromise was reached that we basically put forward half the money, so it basically cost \$120 billion, and we put forward \$60 billion, and we had it in revenue and savings, and one of the big problems is, the revenue source for it was the tax on charitable giving, raising the rate on charitable giving. Totally unpopular, like, hit a wall immediately.

We did Medicare savings, which was okay with them, but the charitable giving, so, we had like a big-- not only did we-- we didn't do the whole amount. It was probably \$100 billion, but we also didn't do it. We also didn't have our reasonable funding source for that, so, they kind of had to make up a lot of money.

But, the thing is, the big issue was doing something big enough that-- doing something big enough that didn't require-- that really showed the President's seriousness, that was the threshold, and that worked on that level. People thought it was serious, it showed his commitment. The Congress would have to come up, too, but they could both do it.

So, then we did the budget, and then shortly after the budget, the President had a summit at the White House on March 5th on-- where he brought everybody together, and that was another way for the President to communicate his priority, because, like, the big thing to move the Congress was to show them how important it was to the President to do it, so the summit was a bipartisan summit, it brought in Republicans, it brought in stakeholders like the insurers, you know, people who didn't-- weren't supporting it before, and so then, after that, we had a series of meetings about, like, the President's proposal and what we would argue to the Hill, internally, and really, what came out of that was-- what came out of that was an understanding that we were really pushing the Congress to act, and then we started holding unit meetings with the Hill, and so they were, like, drafting legislation.

You know, there were differences, so we had a unique thing which was very important, which is there were three committee as jurisdiction in the House, and they decided to work together, which has, like, never happened in the history of humanity that they draft one bill, so they all came together, like, we would have meetings with all three of them at the same time, and, like, you know, the House was maybe more liberal, shockingly enough, than the Senate, but, you know, I would say, overall, the President let them-- you know, his-- he was not that involved in the summer.

When things-- like, we had all these meetings into April to, like, sketch out the parameters of what he supported, and then he decided a bunch of things had followed, like, the basic

campaign plan, except he was willing to go for a mandate in line-- to think about an exclusion, which were the big differences from the healthcare plan in the campaign, and then he basically was like, you know, let them go hash this stuff out, as long as they are like-- with my principles.

There was a letter he sent which gave them, like, advice-- gave them, like, his broad views in June, but I would say, like, we were up on the Hill, but they were really drafting, I mean, they were drafting. They were very much the lead. Then, the bill started coming under attack.

Interviewer 2: Right.

Then the President got more engaged, and then we got into-- so, he got more engaged, and he had decided to do this joint address to Congress and talk about, you know, kind of talk about what he should do, like, talk about his views, and so, I guess, we prepared for that, and then he was basically working on his plans.

Again, he-- in that joint address, articulated his views and the costs and the fact that he actually-- you know, for the first time really said that he supported an exclusion, and, you know, there had been a lot of talk about moving a bill without Baucus, and there was, you know, we had been sort of working on a bill in the background, but then Baucus moved, and so we didn't do a bill.

Then, I mean, the big-- we had lots of back-and-forth on the public option and all those issues, and I would say, throughout the whole process, the President-- well, it's sort of ironic, that we had all these meetings in the summer about the policy and what we wanted, and everybody-- a lot of the President's advisors said we would wait until a conference, you know, when the two bills pass, and then we merge.

You know, Geithner was, like, maybe he's trying to influence the process before we get to conference, they were like, "No, no, no, no let's do it then," and then we never had a conference.

Interviewer 2: For sure.

So, there was a big effort in the fall to just move the legislation. Senate Finance took a long time to move, and that was like, I mean, months of waiting for them to move the bill, and then finally they moved it, and then there was a merger process of the Senate Finance and Health Bill, which came closer to finance, and then they then took forever because, like, the White House wanted to pull out the public option, because it didn't have 60 votes, but we didn't want to do that, and then we had to go through this whole exercise of re-chewing the caucus that he was trying, and there weren't the votes for it, and then he pulled it out, but that was like-- it took a month and a half, and then he finally pushed the bill, you know, as everyone knows, on Christmas Eve, and there was a big abortion battle in there, which is obvious, but whatever.

Interviewer 1: What was your role during this process?

So, you know, I was on the President's healthcare team, so I was basically negotiating-- you know, I was part of the team that, like, negotiated with the Hill on what the plan should be and at different points in the beginning. I did that all throughout. I probably worked most on

issues like, hard issues like abortion, immigration, more politically-difficult issues. I did a lot of work on abortion, (inaudible) the ration charge. I did a fair amount of rapid-response.

It was all-- but, so, my actual role was, the policy operation for the whole bill was Nancy Ann DeParle at the White House, and then-- there were some people at the White House, but there all these folks represented, so, OMB, HHS, Treasury, and for every issue, you know, one of us sort of took the lead on-- I did a lot on the public option for a very long time.

So, we each took the lead. So, I was on the teams that pushed for the bill.

Interviewer 2: There's something-- you were in the HHS or in the White House?

So, I was in the HHS. I was paid out of HHS and all that, but I worked on the healthcare team at the White House, so I was at the White House every day, so, I still needed to be waved in, but I worked on the-- I was on the White House health reform team, but I was totally paid by HHS.

Interviewer 2: Okay, so what is the difference between the HHS healthcare team and the White House? Is there a difference?

So, HHS-- the healthcare-- so, the way it was structured was, the White House had a sort of inter-agency group that handled all of the substance of the bill, so, like, Nancy Ann didn't handle the whole bill, so, like, Gene Sperling from Treasury handled small business. Jason Furman, from the National Economic Council, handled a lot-- (inaudible), but typically, he probably did the most on the exclusion.

So, I was at HHS, and I did a lot of-- and it happened to me because I'm probably more politically-minded, I did a lot of the hot-button issues, so I did abortion, I mean, we all worked on the bill in the raw, and we all went to-- I did a lot of work in the beginning on, like, just how the exchange would be structured and not-- there was a big issue of, like, having people drop out of the employer-based market into the exchange, and so making sure the exchange worked was, like, a big thing for me, but then I moved more to the public option, because it was an area of sort of conflagration and opposition, so I worked on that, and then other things.

So-- but there were like-- Zeke Emanuel was like a big person from OMB, (inaudible), Peter Orszag, obviously, so-- it was all-- we all kind of did all the different parts of the bill, so, then, the summer was, like, negotiating on the Hill, and this fall, I mean, it was a lot of, like, trying to work on what was going to be in the final package, and, like, a lot of issues would just come up from the Hill, like, would be a problem.

So, the big thing was trying to figure out a compromise for abortion. We gave them the idea around having a state opt-out, which, you know, is bad policy, but it got the bill done, so that allowed Nelson to vote for the bill, so, like, that was a lot-- I mean, in the process, that was a lot of, like, there was a problem to get a vote, and so you would have to work on policy issue to bring the caucus together, and, you know, we didn't have any room to lose in the Senate, though we did in the House.

So, abortion became an issue in the summer, but it was a big issue in the House vote in November, and then the Senate vote at Christmas.

Interviewer 1: So, you were in the HHS to be a sort of taskforce, especially, in particular, for this bill?

Yeah, I didn't work on any other issue, just healthcare-- this healthcare bill, so this was the only thing I worked on.

Interviewer 1: That's why you left HHS when the bill passed?

Yeah, so, my view of it was-- so, I've never specialized this much, I've never worked on one issue this long, I've always, like, throughout my career, I worked on-- like, when I worked in the White House, I worked on healthcare and education and crime, and when I was Hillary's LD, like, in the Senate, I worked on all of her issues and policy, I always worked on a lot of issues, so this was the first time that I worked on one issue for so long.

Even though it's big and complicated and, you know, but it's still, like, healthcare. So, there was a real-- on our team, there were a bunch of people who were healthcare people, like, Nancy Ann was a healthcare person, Jeanne Lambrew was a healthcare person, you know, Mike Hash was Jeanne's-- who was Nancy Ann's deputy, is a healthcare person, and Zeke Emanuel is a healthcare person.

Then, there were a bunch of people that were not healthcare people, like, Gene Sperling worked on this issue, broad portfolio. John-- Jason and myself, Jason Furman. Now-- all of-- so, everyone who had broad portfolios have, like, moved on to other things, so Jason doesn't work on healthcare anymore, neither does Gene, really, that much.

But, the other people are all working on, like, implementation of the bill.

Interviewer 2: This-- we are also really interested by your transition from Hillary Clinton's campaign team to Obama's campaign, and by the process of creating the healthcare program in the two candidates, and--

Well, I don't know anything about how Obama created his thing, because I wasn't there when he created it. So, for Hillary, we had a sort of issue day in, I think it was like in December of '06, so she was deciding whether she was going to run, it was like mid-December of '06, might be December 13th or something, and so-- and she had not decided whether she was going to run, but she was deciding, and then she wanted to have a day where she went over the issue terrain of what-- come in.

What?

Unidentified Participant:(inaudible)

Okay, well, does it--

Unidentified Participant:(inaudible)

Okay, I'll come and-- so, she had a-- so, we had a conversation, like, we actually did healthcare, education, energy and national security, and then she basically was like-- but we did healthcare first, because that was her driving passion, and so we, basically, were like-- she started off our-- so, the people in the room, I should say, were people who were only supporting Hillary, so it was like her little brain trust, it was like Chris Jennings, me, her LD in the Senate, Laurie Rubiner.

Interviewer 2: Rubiner?

Rubiner. Rubin-er, and Gene Sperling was there, because he always did the tax stuff, and, you know, Hillary in the beginning, you know, I said, you know, the big question was whether to do the universal plan, and that was tough, because it was expensive, and there are about a million ways to do it, and you know what Hillary says at the very beginning of that? And she was-- you know, if she couldn't do universal healthcare, she didn't want to run for President, and so it might be difficult to run popular, but it was one of the reasons that she was running, to do it. It was very inspiring, and so then she wanted options of how to do it.

So, we always had this, like, CAP option as the basic plan, but she wanted to look at, like, Australia's system and Switzerland's system and, you know, all these different ideas, and, you know, the big tension in developing the plan was, you know, and she-- you know, given all of her experience, she was very focused on, like, the inefficiency in the system, like, there is a lot of wasted money that doesn't make any sense, but the big tension in healthcare in America is that we have had this system that, like, has grown up.

So, you know, you can save more money by reforming-- by changing the way healthcare is delivered throughout the country, you know, single-payer or even other methods.

Interviewer 2: Right.

But, that really is disruptive to people, and for Hillary, in particular, it was important for her to communicate that she wasn't changing peoples' healthcare. So, what was unique about our experience, so, Edwards did a plan that was close to the plan she did, and Obama did a plan that was close to her plan, except it didn't have a mandate, so, when Obama put out his plan in May, I called Hillary and said, "What do you want us to say," and she said, "What do you think," and I said, "Well, you can criticize it for being universal, but then you're going to have to support a mandate in your plan."

She was like, "Well, of course I have to do that, because I have already supported mandate," like, she supported mandate in her '93-- she supported multiple mandates in her '93 bill, so, she had already supported, and she said "I would be attacked if I didn't." I said, "That's true," and she said, "What do you think," and I said, "Well, you should do it."

So, I issued a statement attacking-- not attacking, but saying that we welcome Obama to the debate, but it's good that he focused on access, but his-- we basically said that his plan wasn't universal, like, while he-- it's great that he's focused on access, but Hillary Clinton supports universal health care.

Then, so, when she did her plan, you know, what was different about us is, when Obama and Edwards did their plan, like, nobody cared. I mean, people cared a little bit, but it wasn't that

a big deal. When Hillary did her plan, like, the Republican National Committee came out in force to attack her, so when we drafted our plan, we had already been thinking of Republican attacks. So, we did a bunch of things with our healthcare plan that allowed us to defend against Republican attacks.

So, we took a mandate, we knew we were going to do the mandates, so we had this thing called the premium cap, which made sure that no one ever paid more than a certain amount of money for their healthcare. We knew we were going to get attacked on small business, so we had a small business tax credit, and, Hillary made very fundamental commitments, like she said “If you like your healthcare, nothing changes,” which was a core promise for her.

So, she did her healthcare plan, which had modest differences from Obama, but significant ones, and then, which was all fine, Obama attacked it for not doing enough on healthcare costs, which is ridiculous, since we did more than he did, but whatever. Then, when the debate very much heated up in the fall, you know, that was a big area of difference, and the thing is, it became a character issue, because we worked very closely-- I worked very closely with Hillary on this.

So, what happened is we did our plan, then he did his plan. We had a few debates, but then we had a debate in October, mid-October of '07, where he, like, viciously attacked-- whatever, he went after her, everyone went after her, but he went after her as basically like a liar, and then she had this big problem with drivers licenses, which will haunt me the rest of my life.

Then, we went into this other debate, and we never attacked him on healthcare. Like, there was a difference. We never attacked him on healthcare, so, we went into this debate prep, and basically, Howard Wilson, who was Hillary's communications director and I were like-- Howard was like, “You're going to get attacked on character, because he's going to basically call you a liar, so we need a counter-offensive.”

So, I said, and Howard backed me up, I said that we should attack Obama and say that we don't need lectures on courage from someone who, when he put forward a plan on healthcare, would not commit to covering every American because he's scared of Republican attacks. So, we prepped for, like, three days in debate prep for this, so, the first question to Hillary is, Obama says, “You're a liar and weak and whatever, and so she totally, like, lowered the boom on him.”

Like, she did this attack, we had never issued the attack, he was, like, totally-- so, she did it in the debate, he was like, “I do cover everyone,” and she, like, went back and forth with him, and he totally lost, and then we attacked him all the time, and then he attacked back, like, this is what was totally weird and weird about a Democratic primary is that he was, like, attacking a mandate throughout this process. Like, he attacked Hillary for having a mandate in Des Moines, and his campaign was, like, all over the place, because some of his advisors said, like, he eventually will support a mandate, or he supports a trigger, I mean, they were definitely all over the place.

So, I mean, we just didn't have that many issues where we were different, so she like, totally-- every debate from then on was like a 10 minute back-and-forth on healthcare, and she would never let him have the last word. Like, he would attack her, she would attack him, but what was useful about this, like, in the long run, was that the issue of healthcare, I mean, everybody

heard-- I mean, this was the most intense primary in American history, and this was the biggest issue in the primary, so, everyone heard this issue every day, like, for the whole campaign.

That was the thing. Obama-- I personally was like, you know, everybody asked, "Why did Obama do healthcare?" And I was like, you know, I think he also felt like if he had come into office and dropped it, like Hillary Clinton-- because, basically, she was like, "You don't care about healthcare as much as I do," and he just didn't want her to be, like, totally right about that, you know, and I think he also promised Kennedy that he would push healthcare.

But, the thing about him is, like, during the transition, he's totally okay-- he's like, "I kind of think Hillary was right about the mandate," like, he was totally open about that.

Interviewer 2: How would you explain this change? Like, the fact that there was this adoption of the individual mandate at one point?

I think, you know, he was like, I think Hillary made a persuasive case, and he couldn't acknowledge that in the campaign, but he is very, like, rationale. You know, he is very rational and he is totally willing-- I mean, Obama is a very confident person, so he is also very willing to acknowledge being wrong about something. He doesn't spew into anger about things, he just was-- I mean, he was like, "I think she was kind of right."

Like, his advisors didn't want him to ever say he supported a mandate, because that was a flip-flop.

Interviewer 2: What kind of advisors?

Like, David Axelrod and other people didn't really want him to-- but the issue really was that the other thing is, like, the Hill, I mean, the big issue here was that the insurers wanted a mandate because if they were going to, like, come to the table on all of this stuff, like, guarantee issue and pre-existing condition, they wanted a mandate to bring in all the people to get coverage, so that was like the other big sort of institutional thing.

Like, when Hillary did her plan, that same-- like, a week before she did her plan, the insurers came out supporting universal coverage with guarantee-issue through, like, subsidies. So, they basically supported, like, they had moved, like, 10 years over. So, then Congress was like-- everyone in Congress thought we should do a mandate, I mean, it was hysterical.

Because, like, when I went over to the Obama campaign, they were like, "Congress is never going to pass a mandate, the Republicans are never going to pass a mandate, and I was like, there are Republicans on the (inaudible) Bill, what are you talking about, it has a mandate. You know, I was like, you're totally wrong, the Congress is going to pass a mandate.

And then, it was interesting. The first letter the Republicans sent in March, they didn't mention a mandate, they mentioned the public option, and the costs of the bill, but they never mentioned the mandate.

So, you know, I think the thing was that Obama was-- he's, like, a reasonable person, and facts change. He was never, like, super-wedded, and he couldn't be like, "Oh, yeah, you're

right,” and I think he saw political advantage in attacking on the mandate, and this was, like, what really angered Hillary, was his position on the mandate in the primary would have hurt his ability to move in the general, like, if he was President, but he didn't care. He totally moved.

Interviewer 2: And what did you-- when you went to the Obama-- what kind of experts did you bring from--

So, what really was the big difference is-- the big thing that we did is that Hillary had already thought-- Hillary and I and our team had already thought-- and Gene Sperling was a big person behind this, had already thought, you know, how would the Republicans attack her plan, right? So, we not only made the plan slightly different, like, we had the small business tax credit, there was no mandate on small businesses, we had the premium cap, so we did-- we changed our policies, like, we had adopted policies that defended us, and then we also developed a way to talk about healthcare that defended us that helped.

So, the first thing Hillary said in her remarks everywhere she went was, “If you like your healthcare, nothing changes except lower costs.” So, like, I was the person who did all of that for Hillary, and so, when I went over to Obama, there was a big trepidation about his plan being too liberal, so we modified his plan, we did a small business tax credit, and Jason Furman did a lot of this. We did a small business tax credit, we had no mandate on small businesses, and this became an issue in the debate.

Like, Obama kind of changes his plan in the general, and, like, McCain didn't notice, and in the debates, McCain is like, “You tax small businesses for healthcare,” and Obama's like, “No I don't.” He's like, “Yes I do,” and he's like, “No, I don't. Look at my website.” It was ridiculous that McCain could not get updated, and his people, like, his policy person in a debate with me on PBS said the same thing like two weeks earlier, and I was like, “No, he doesn't. We have a small-business tax credit, all this stuff,” and then the other thing was that we-- I changed the way he talked about it, so in his debate, he said, you know, if you like your healthcare, nothing changes.

Like, he adopted-- like, no one has ever noticed or anything, but he totally adopted the way Hillary talked about healthcare, because it was more effective.

Interviewer 2: That's interesting.

No one noticed, I mean, Hillary noticed, I'm sure, but-- and like, I noticed, but I did it. You know, he's very practical. He's not, like, you know, my idea-- he is a little bit, like, “I'm always right,” but he's not ideological about these things. He's like, “I found her arguments persuasive.” People will game the system and wait to get health insurance until they're sick, and that's why you need a mandate.

And he's always like, “Yeah, whatever.” But he was also-- you know, we spent-- one thing on the mandate, because on the mandate we-- like, he had a back-and-forth with Hillary, but, like, he didn't-- and like, he attacked the mandate, but only after several months, and he didn't put that much money behind his attacks on the mandate. He unloaded like \$100 million of ads against John McCain's decision to change the exclusion, to change the tax credit for healthcare and, like, limit the exclusion.

Like, we spent, like, literally most of our time attacking John McCain on this policy, and then, like, he adopted a version of it in healthcare. So, it was like, but, that was an area where he needed revenue, and he was like, I mean, “Write the policy as moderately okay,” and it was a way to move the Congress and find revenue, and he was, like, totally fine with it.

I mean, his advisors weren't, so-- I have to leave in, like, 15 minutes, sorry.

Interviewer 2: Maybe another question about, like, what happens to Obama's first group of advisors that was advising--

In the campaign?

Interviewer 2: Right, the first version--

So, when I got there, his campaign advisors were basically David Cutler, Jeff Liebman and David Blumenthal, and they were, you know, I would say they were institutionally-minded, but not political, and so when I got there, I was the lead on healthcare, but then I went to-- and Jason Furman worked on it, too, with me, but I did-- like, I was the lead.

So, you know, we had a much more political mindset around healthcare. I mean, we had-- we were the ones in the campaign who moved it to how to talk about it in the general election, how to attack-- I mean, what was fascinating was Jason, who has, like, written whole articles on how we should change the exclusion, like, was leading the attack on McCain on the exclusion.

Then, in-- as part of his counterattack, McCain's campaign cited Jason's previous defense of the exclusion, which I was like-- I told Jason, “That might happen, so maybe you shouldn't attack it.” So, anyway.

So, David Blumenthal is an expert, and he did a lot in the campaign on health information technology, and so he moved into there. Jeff Liebman was a friend of Peter's, and so he went to OMB, but he worked in healthcare in the-- he was on our healthcare team, and then David Cutler, like, is a Senior Fellow here, so did a lot of stuff from here, so he did a lot of outside work on how this lowers cost, and how you can save money, and all that stuff, from here.

Interviewer 2: I was asking, because that's-- what's striking us is that the people who were working on the reform were, a lot were already present during the Clinton's Administration--

Yeah, in the first one, yeah.

Interviewer 2: And were already working with Hillary Clinton.

Right.

Interviewer 2: So, it was, like, whether that was Hillary Clinton's people, or--

Yeah, so, Nancy Ann-- that's true and it's not true. So, Nancy Ann was working-- did work in the first effort, but she was the OMB pad, like, she was not-- she was, like, on the big team, but she wasn't, like, orchestrating the efforts or anything. And Jeanne Lambrew worked on it, but she had a much-- you know, she was like a junior role, and Chris Jennings was a big person, but he was-- you know, he's working outside, he's not working inside, and Judy Feder had a senior role in '93, and she was working from here.

So, there weren't that many people. I mean, like, Rahm and Peter Orszag, but they weren't, like, it's not like they had the role of, like, Ira Magaziner or something. So, I mean, I always felt that that was sort of overblown, because they were, like, just doing, they weren't, like, getting the bill done or whatever. They weren't, like-- they were, like, on the broad team.

I mean, on our team, we would have meetings with, like, 40 people, and then there would-- there would be, like, a (inaudible) of 40 people or something.

Interviewer 2: 40?

40. I mean, our team meetings were, like, 10 people when we're doing the-- I mean, you know, you would have these principal meetings at the White House which were, you know, all the principals, Larry, Ron, David, (inaudible) came to them occasionally, but then the policy staff was really 10 people, maybe 7 or 8. That was, like, Zeke, me, Nancy Ann, Mike (inaudible) didn't come until late, Jeanne Lambrew, although Jeanne didn't come for a while. Anything else?

Interviewer 1: Yes, a lot.

Interviewer 2: Go ahead.

Interviewer 1: Let me ask you a question, because you talk about people being (inaudible). What do you mean by this expression?

What do you mean?

Interviewer 1: What do you mean by institutionally-minded people?

Institutionally-binded?

Interviewer 1: Minded.

Institutionally-minded. Oh, I don't know. You mean, on the team?

Interviewer 2: Yeah, in the first-- Obama's first campaign, the people-- David Cutler, or--

No, no, I mean, like, I'm sorry, I didn't say that properly. They were much more like policy wonks, like, much more-- they had much more-- like, they had expertise in the-- in particular areas, but they had not very much expertise in, like, what could sell. I mean, just the fact that they totally thought, in a Democratic primary, that you could not have a mandate, and that would be a strategically advantageous position.

Like, it was the policy people who didn't want to do the mandate, which was crazy. So, they weren't, like, politically-minded. They weren't as politically savvy. So, the people on our team, Hillary's team had been, like, Chris Jennings and Gene Sperling. I mean, they were wonks in the White House, but they had all worked in the political process. So, and I helped do the CAP plan, so, I knew healthcare enough, like, on that level, but, you know, in a campaign, you really need-- you make a series of judgments about what will be attacked and what won't be attacked.

I mean, we were just-- when he didn't do a mandate, I was, like, shocked, and it was like they kind of thought Hillary wouldn't do one, and I was like, "You're crazy, like, why would you--" But, anyway.

Interviewer 2: Two questions. One about-- how would you explain the similarity between the proposals of the three candidates?

Okay, so, Edwards and Hillary were pretty similar, I mean, they all had the same structure of maintaining the current system, building exchanges-- building a system of insurance regulation and an exchange, providing subsidies for people who can't afford health insurance, and then regulation of the insurance market. So, they all had those basic features.

The big differences were-- and the differences between Hillary and Edwards were minimal, like, I don't even remember what they were. Like, we had a small business tax credit, he didn't. We had the premium cap, he didn't. There was something else, there were, like, smaller policies that he had.

Everyone had an employer play-or-pay, we had a waiver for small businesses, like he didn't, but with Obama, the big difference was the mandate and the premium cap.

Interviewer 2: But this similarity, like--

Oh, why is there so much similarity? Oh, because, well, the big thing about it was we had Massachusetts, you know. There was, you know, people wanted to do-- I mean, and CAP had this plan, had the same plan, essentially, and we wanted to-- you know, the way to-- it was like a consensus plan, because it modeled-- it was basically, like, you have a liberal goal, and I've written about this now, extensively, the very liberal goal, which is to cover everybody, but it was a relatively centrist way to do it, meaning, like, I didn't really--

The big thing, and I tried to allude to this before, is that the big conflict in healthcare plans in America is efficiency versus disruption. So, you can have greater efficiency by changing so more people have healthcare, and so the compromise consensus was minimal disruption, liberal goal, but probably less efficiency.

Interviewer 2: Right.

And so it was a politically palatable plan to do, essentially, what Democratic primary voters wanted, which was to cover everybody. So, like, it became the consensus plan because-- and with tweaking, there were tweaks between them, like one didn't support a mandate, one

supported a premium cap, but it was because, you know, I like to think that, like, CAP came up with this great idea, because we were--

Interviewer 2: You were working in Massachusetts for a long time?

No, no, no, I-- I mean, I lived in Massachusetts, but I worked-- my big thing was like, I was here when CAP developed its plan, so, I worked on the CAP plan and I was Hillary's policy advisor, so it was pretty easy to take-- but we had already been talking about doing this kind of plan before-- I mean, like, you know, I was trying to convince Hillary to do this plan the entirety of the-- 2007, and then she just finally did it in her plan.

You know, as a political person, I understood that Hillary was particularly vulnerable to a charge that she was taking away peoples' healthcare, in a way that Obama and Edwards were not vulnerable to, because she, you know, obviously, survived-- you know, lived through these attacks in '93, '94. So--

Interviewer 2: Was there some forum where this consensus was reached, for instance, forums or think-tanks, a group where people were doing such a--

Well, you know, there was a-- so, we did our plan and then Massachusetts did its plan, like, right around the same-- like, we announced our plan in March of 2005, and then I don't remember when Massachusetts announced its plan, but after Massachusetts announced its plan, like, a lot of people in the progressive world were pushing towards-- and the idea was that it could get bipartisan support, which was totally false.

Interviewer 2: What do you mean by "We?"

Oh, so, CAP did its plan, right, and then Massachusetts did its plan, and I just sort of think that, like, all the progressive, or, like, you know, center-left policymakers would sort of convene on this kind of thing, but, you know, Hillary, like, we wanted to-- like, again, I suggested to Hillary that she do this plan in December of '06, and she went through this whole-- I mean, we had to get her stuff on, like, every single kind of plan.

You know, Medicare for all, like, single-payer, everything. I don't know that Obama went through this, but, like, Hillary definitely wanted to know, and every time, I would be like, "Okay, well, if you do this plan, it's like changing all the way these people get healthcare, so the problem with that is, you will be viciously attacked for taking away peoples' healthcare."

Interviewer 1: Maybe-- can I ask a quick question?

Sure.

Interviewer 1: So, how do you rate the relative importance of key actors during the negotiating process?

On the Hill? Negotiating on the Hill?

Interviewer 2: On the Hill, administration--

Interviewer 1: Yes, in the White House, Congress, or--

So, I-- I see what you're saying. I think, overall, the most important groups for actually writing a bill, they didn't-- you know, the Hill wrote the bill, like, we kind of pushed them on certain things, but the Hill wrote the bill. The President was-- I mean, his basic, central thing was creating the dynamic by which they had to push the bill.

So he, you know, the White House, and Rahm, in particular, pushed very hard to get the bill done. Like, very, very, very, very hard.

Interviewer 2: How did he do that?

Well, he would go to meetings and basically say, "Like, when is this bill coming, and why--" I mean, he would kind of order members around, and with our staff, he would constantly-- like, we would go to committee meetings, and they would be, like, resentful that we were pushing them so hard to get the bill going, because, you know, it was a big bill, and drafting it took forever, and that kind of thing.

So, and the President went over, he talked to members who were like, "you know, you need to push the bill, and his negotiations with the finance committee," I mean, there were issues, like, the President created political opportunities, like, he made it easier for them to do the excite tax, or the Cadillac tax-- or, the so-called Cadillac tax, because he came out for it in September.

But, like, the real-- you know, we all went up there and stuff and talked to them, but they were, like, really drafting the bill. I mean, in the end-- the President-- in the conference, which, really, only helped litigating up the reconciliation package, the President weighed in there, you know, like, that was basically the President's policies, that-- you know, we didn't weigh in-- because, remember, it was always, like, we would say we want to do this, and Reid would say-- "This is what I need to do for my caucus to get 60 votes," and that was, like, the trump card.

Because, you know, whatever you could pass that was functioning, you know, to get 60 votes, was important. So, it's not like the President was opposed to the public option, he supported the public option, but there weren't votes for the public option in the Senate, so he just dropped it.

Interviewer 2: So, the White House was more pragmatic, really--

Yes, they are very, very pragmatic.

Interviewer 2: Sorry.

But, like, something would come up, and they would say, "We need an abortion deal," so then we would get pulled in. So, I mean, we gave the idea of state opt-out to Nelson, and they took it, and that was, like, good enough to Nelson.

Interviewer 2: What kind of other options did you support?

What do you mean?

Interviewer 2: You said that opt-out-- you were supporting opt-outs?

Oh, the state opt-out. So, like, there were all kinds of, like, things about, like, you know, there was all this work that we did around the subsidy level and how to get the subsidy level and, like, what level of subsidy maximizes the number of people without dramatically increasing your costs.

That was, like, a lot of the work that was done throughout the year, what do you do about-- we did a lot-- I would say, on payment reform, to be fair, the administration really pushed the House-- the Senate was receptive, but really pushed the House, and it was a lot of White House ideas around funneling, around innovation centers-- around changing the payment system.

So, unfortunately, I'm going to have to go. I hope this was helpful.

Interviewer 2: Sure.

Interviewer 1: It was great.

If you have questions, you can always e-mail me.