

pleased to see improvements that address many of the concerns raised about implementation of the TJTC. For example, the minimum employment period required before an employer becomes eligible for the credit will promote longer, more meaningful work experiences for those hired.

As strong a piece of legislation as this is overall, however, I am concerned about three provisions, two of which I objected to when they were included in legislation I vetoed last year.

The first provision repeals the tax credit related to corporate investments in Puerto Rico and other insular areas. I urged the Congress to reform the credit and use the resulting revenue for Puerto Rico's social and job training needs. My proposal would have, over time, prevented companies from obtaining tax benefits by merely attributing income to the islands, but it would have continued to give companies a tax credit for wages and local taxes paid and capital investments made there, as well as for earnings reinvested in Puerto Rico and qualified Caribbean Basin Initiative countries. This legislation ignores the real needs of our citizens in Puerto Rico, ending the incentive for new investment now and phasing out the incentive for existing investments. I remain committed to my proposal for an effective incentive based on real economy activity that preserves and creates jobs in underdeveloped islands, and I hope that the Congress will act to ensure that the incentive for economic activity remains in effect.

A second provision repeals a 1993 initiative of this Administration that reduces tax incentives for U.S. companies to move jobs and operations abroad. Repeal of this provision will allow businesses to avoid taxes by accumulating foreign earnings without limit.

Finally, I have reservations about a provision in the Act which makes civil damages based on nonphysical injury or illness taxable. Such damages are paid to compensate for injury, whether physical or not, and are designed to make victims whole, not to enrich them. These damages should not be considered a source of taxable income.

Notwithstanding these objections, this is important, forward-looking legislation. It gives millions of hard-pressed workers a well-

deserved raise, will make adoption a reality for thousands of grateful families and children, takes a good first step toward providing adequate retirement benefits and security for employees of small businesses, and creates useful tax incentives for the benefit of small businesses and their employees. Where there are improvements yet to be made, we will continue to work with the Congress to make them.

**William J. Clinton**

The White House,  
August 20, 1996.

NOTE: H.R. 3448, approved August 20, was assigned Public Law No. 104-188.

### **Remarks on Signing the Health Insurance Portability and Accountability Act of 1996**

*August 21, 1996*

Thank you very much. Thank you so much. Thank you very much for that wonderful introduction, Merit, and thank you for the courage of your example.

I want to begin by recognizing the Members of Congress who are here who worked on this so hard. In addition to Senators Kassebaum and Kennedy, we have Senator John Breaux, Senator Bill Cohen, Senator Byron Dorgan, Senator Carl Levin, Congressman Mike Bilirakis, Congressman John Conyers, Congressman Harris Fawell and Congressman Dennis Hastert, Congressman David Hobson, and Congressman Bill Thomas. I thank all of them for their work on this.

I thank Secretary Shalala for her hard work; the SBA Administrator, Phil Lader, who is here. I'd also like to recognize a gentleman in the audience who did a lot of work with the First Lady on this and who is, I'm sure, happy to be here today, our former Surgeon General, Dr. Everett Koop. Thank you, sir, for being here. And Dr. Henry Foster, it's nice to see you; thank you for being here, sir.

There are so many others I'd like to thank. I want to thank all the consumer groups, the business groups, the labor groups, the grass-roots people, the people who were personally affected by health care problems and prob-

lems in our system, who are here. All of you worked so hard to make this day a reality. I want to thank all the people who worked on the staff at the White House, the people especially who worked with the First Lady from 1993 on. All of you should take some great satisfaction in seeing this day come to pass, and I want you to know that I will never forget the work that all of you have done and the service you have rendered to the American people, and we thank you.

But a lot of people who worked on health reform were just folks, people that Hillary met traveling around the country, or people that I had the good fortune to run into who told me their stories and who helped to work to make this day a reality. People like Dan Lumley, who is here with us today, a man we met on our bus tour, from Portland, Oregon. And there have been many others who have helped, like Kristin Hopper and Tensia Alvarez, who are here with their families today. We thank you for coming here with your families. And let me again especially thank Merit Kimball and her wonderful parents, Jack and Rosemary, who have come here today. They have had the courage to tell their story and to fight for their cause and on behalf of tens of millions of other Americans. They have given us the hope that together we can make things better for more Americans.

The Health Insurance Portability and Accountability Act shows what happens, as Senator Kassebaum said and Senator Kennedy said, when we work together, when we cross party lines and put the interests of the American people first. This bill is a clear boost to our values as Americans. It offers opportunity by allowing people to take their health insurance from job to job. It rewards responsibility by helping people to work who desperately want to work. It brings us together in a common community to do what's right by all of our people, saying that we ought to make it possible for more and more people to succeed at work without losing the security of knowing that when they need health care it'll be there.

Health care reform is measured by how many lives it improves. With this bill we take a long step toward the kind of health care reform our Nation needs. It seals the cracks

that swallow as many as 25 million Americans who can't get insurance or who fear they'll lose it. Now they're going to be protected.

Never has such a measure been more needed for our people. Our new economy presents Americans with opportunities like never before to work their way into better paying jobs. And yet our health care system has worked to paralyze many workers who fear losing their health care coverage if they take those better jobs and change their employers. At the same time, millions of Americans find themselves labeled as people with preexisting conditions, from cancer to AIDS, which disqualifies them and their families for coverage, including the husband, the pregnant wife who lose their insurance; the young woman who can't change jobs because her new insurance doesn't cover diabetes; the small-business owner who faithfully pays group health insurance premiums for years and then finds that his coverage won't be renewed because one of his employees has developed a heart condition.

No more. This bill changes all that. Today we declare a victory for millions of Americans and their families. No longer will you live in fear of losing your health insurance because of the state of your health. No longer need you hesitate about taking a better job because you're afraid to lose your coverage. And no longer will small businesses be denied access to insurance for their employees. The health insurance reform bill I sign today will protect the health care of millions of working Americans and give them and their families something that cannot be measured, peace of mind.

The bill also addresses other problems in getting more affordable insurance to our workers. It makes it easier and less expensive for the self-employed to purchase their insurance. As Senator Kassebaum said, it phases in a tax deduction of 80 percent for the self-employed and helps to even the playing field with bigger businesses. Second, it prevents fraud and abuse. It toughens penalties and helps us to go after bad apple health care providers who bilk the system of billions of dollars from Medicare, from Medicaid, and from private insurance companies. I especially want to thank Secretary Shalala for her work on these fraud and abuse provisions.

Third, it makes the health care system more simple. It will modernize, streamline, and cut the cost of insurance paperwork by devising a uniform electronic system for paying health care claims. It will provide steps to protect the privacy of people in the system as it does so. Fourth, it allows the establishment of a limited number of medical savings accounts to allow us to study this approach and see how it works, to determine whether this new approach can make a positive contribution to health care coverage and to affordability. And fifth, it helps with long-term care. It provides consumer protections and makes long-term care insurance more affordable. This bill, in short, does a very great deal.

I want to echo what Senator Kennedy said: Senator Kassebaum, we are deeply in your debt. We're going to miss you, and you must be very proud that here in the last months of your career in the Senate you have done such a magnificent thing. We thank you so much, ma'am.

Senator Kennedy, as I told you before we came out here, when I woke up this morning and thought about signing this bill today, I remembered a day a very long time ago, almost 18 years ago now, when I moderated a panel on health care reform in Memphis, Tennessee, at one of our many conventions, in 1978. And you were there, telling the American people in 1978 that every person in America deserved the health care that your son had when he was first taken ill. I'm proud of you for these two decades of commitment, sir. Thank you.

And if you'll forgive me a personal note, I believe, Hillary, that this justifies all those days on the road and all those nights you stayed up reading the incomprehensibly complex issues of health care. Thank you.

I wish this bill had contained the provision to eliminate the differential treatment of mental health coverage or at least taken some positive steps in that direction. I know this is something that is especially important to Tipper Gore, and I know that we all know that we're going to have to deal with that.

And we have to do more, and this is also very important. We must find a way to provide coverage for workers and their families who are in transition. I have proposed a plan which we put in our balanced budget to cover

3 million workers and their families, including 700,000 children, who today have nowhere to turn for affordable health care because the worker is changing jobs. If a person is doing the right thing, trying to be responsible, dying to go to work, we should help those kind of people to get back on their feet without being thrown flat on their back without health insurance.

Our mission in pursuing health care reform from the start has been to provide more fairness and quality for the American people. That's why we worked to strengthen the Medicare Trust Fund, although we must do more, and our balanced budget plan does that. That's why we've worked to preserve and to protect Medicaid, why we focused on the problems of health care costs, which, thanks to efforts in the private sector, to our own efforts, and to the general direction of our economy with growth with low inflation, inflation in health care slowed to 3.9 percent in 1995, the lowest in 23 years. And for the first half of this year, it is down to less than 2 percent and may go lower still. We must not let this be a temporary development.

That's also why we've worked to raise childhood immunization rates dramatically, to increase investment in biomedical research, including funding for breast cancer and AIDS; why we've expedited the FDA review process in approval for new drugs, so that people who need a miracle might be able to find it; why we fought to protect our children from the harmful effects of tobacco advertising aimed at them.

But now we need to build on what we have achieved. I was encouraged to see Senator Kassebaum with her coach's mentality saying that the game is not over, and we still have another month this year. And Senator, I'm suited up and ready to play. And I appreciate you saying that.

This is a particularly happy day for me because, like yesterday when we signed the minimum wage bill and the bill which gave such strong incentives to small businesses to invest in their own businesses and made it so much easier for people to adopt children who were willing to take on that profoundly important responsibility—these 2 days together, and this day especially, helps ordinary Americans to benefit from the growth and

progress in the American economy. America is on the right track, not only when the overall numbers look good but when every responsible American family can participate in that.

It's good that we have 10 million new jobs, record numbers of new businesses, that we have the lowest deficit and the highest rates of homeownership in 15 years. That's very good. But it's even better when every single American who is willing to be responsible for his or her family and his or her work can participate in those trends. And with portable health care, the minimum wage increase, additional incentives for small business growth, more pension security, moving people from welfare to work, that will help all Americans to be a part of our 21st century America.

We have more to do in educational opportunity, in helping people with their child care and childrearing obligations, in helping people to buy their first home, in finishing the job of balancing the budget so that we can keep interest rates down and inflation down. But we are clearly moving on the right track.

I look forward to working with Congress when they come back in September and to continuing this effort. I want to say again, this bill passed almost unanimously. This is a bill that both Senators Kennedy and Kassebaum can be proud of because they brought all their colleagues along with them. This is a bill that people who have been working in the House for years and years and years on health care reform can be proud of, and so can everybody else who showed up and voted for it. And Congressman Hastert, I want to echo what Senator Kassebaum said, we appreciate your work and we know how much you did to get those last few difficult issues resolved in a way that we could all live with.

We can do things when we work together and put the American people first. And whenever we work on behalf of our families and our children, as we do with the Health Insurance Portability and Accountability Act, America always wins.

So now, in the names of the families and children who will have better lives because of it, I am honored to sign this profoundly important piece of legislation. And I'd like to ask the Members of Congress to come up

and join me, along with the families who are here.

Thank you very much, and God bless you.

NOTE: The President spoke at 2:50 p.m. on the South Lawn at the White House. In his remarks, he referred to Merit Kimball, director of communications, Alliance for Health Reform; and Henry W. Foster, Jr., Senior Adviser to the President on Teen Pregnancy and Youth Issues. H.R. 3103, approved August 21, was assigned Public Law No. 104-191.

### **Statement on Signing the Health Insurance Portability and Accountability Act of 1996**

*August 21, 1996*

I am pleased to sign into law H.R. 3103, the "Health Insurance Portability and Accountability Act of 1996." For the first time, this Act will ensure the portability of health benefits when workers change or lose their jobs and will protect workers against discrimination by health plans based on their health status.

For too long, tens of millions of Americans have been denied health insurance coverage because they have preexisting conditions. We have all heard their stories.

- A husband and his pregnant wife lose their insurance and then find they cannot buy new coverage because her pregnancy is considered a preexisting condition.
- A young woman starting out in her career cannot accept a promotion with another company because its health insurance policy won't cover her diabetes.
- A small business owner faithfully pays his group health insurance premiums for years only to learn that his coverage won't be renewed after one of his employees develops a heart condition.

Since taking office, I have been fighting for changes that would stop this kind of unfairness and make health insurance more accessible for all people, including the most needy. I am pleased that the Congress has responded to my call. In passing this Act, a modest but important step has been taken