

Health & Welfare Policy & Reform in the Florio Administration

A Roundtable Forum at the
Eagleton Institute of Politics, New Brunswick, NJ

Monday, April 8, 2013

The Program

- 1:00 pm *Introduction* by Governor James Florio
- 1:15 pm *The Administration's Goals for Health and Welfare Policy and Reform*
Panelists: Brenda Bacon, Amy Mansue and Bill Waldman
- 2:15 pm *The Legislature's Role: Debating and Enacting The Goals*
Panelists: Sonia Delgado, Kelly Ganges, Don Sico
- 3:15 pm BREAK
- 3:30 pm *Implementation, Impacts & Lessons for Confronting Today's Challenges*
Panelists: Brenda Bacon, David Knowlton, Betsy Ryan,
Amy Mansue and Bill Waldman
- 4:30 pm *Concluding Remarks* by Governor Florio

Governor Jim Florio: This is a very interesting exercise that we're going through and I take a certain amount of pride in thinking that our administration was as good as any in terms of going into office with policy thoughts all ready formed, in some respects, modified later on but advance information being provided to all of us and many of you were part of the process. And some of you may recall we had actually Saturday morning sessions here at Eagleton for about a year before the election on healthcare, housing, urban areas, things of that sort. And then out of Washington we put to use my congressional capabilities working under the direction of Greg Lawler looking at some topics in Washington that were in my committee's jurisdiction with a particular Jersey tilt on them. So we looked at environmental problems nationwide looking at Jersey. We had dealt with transportation problems nationwide focusing on Jersey. Amy was our human service person doing some of that. And then in the district we worked very closely trying to develop policy positions in advance of the election as well. Brenda was my sort of right hand in terms of educating me to health planning. She was the chairperson of the HSA health systems agency. And then the experiences that we had through the course of just performance of responsibilities. I mean two things jump out at me that informed my opinions in some respects. I recall that I was a

Congressman for Camden. And in Camden we had three at that time very vibrant hospitals: West Jersey, Lawrence and Cooper. Each of them had specialties of some sort. Cooper was cardiac. West Jersey was kidney-- I mean Lawrence was kidney disease. West Jersey was behavioral health. I remember being so negatively impressed that no one was satisfied with that. Everyone had to go into the other companies, and eat their lunch and everybody wanted to be a kingdom unto themselves so that health planning was focused upon by me as being as somebody that brings some order to chaos out of the whole process. And the other experience that some of you can remember was we had a big controversy between the osteopaths down at Stratford Hospital and the MDs at Cooper. And Stan Bergen who was just going into office at UMDNJ tried to convene a dinner meeting one night to have with me. It almost came to blows. He stood up, threw his dollars on the table and stormed down the <inaudible>. That sort of indicated to me that this was going to be something -- to bring to order to this big industry. May I just conclude by saying that I'm also struck just in preparation for coming here today and seeing now 20 years ago we tried to deal with preexisting conditions, community rating, inducements, again, more primary physicians and operation efforts, trying to deal with the whole question of affordability, of single coverage, insurance and it's all small group insurance. So many of those things that we tried to do 20 years ago some of which was successful, some not. Now, still on the front burner, so I think it's an interesting opportunity. And that, in a sense, is what we're trying to do here today, reminisce a little bit, look at the policy and more importantly take from those things important examples of efforts that could be put to use nowadays. So it's not just nostalgia. We're trying to help students and scholars of the future gain from our experience and be able to apply this for future use. John.

John Weingart: The first panel that picks up nicely on those comments is the administration's goals in this area and what they were and how they got formed. And the biographies of the panelists are both in the packet and will be on the website, but Brenda Bacon was in the cabinet, in Governor Florio's cabinet, as chief of management planning for the entire administration. Bill Waldman was Deputy Commissioner for Human Services and Commissioner for the Department of Human Services. Amy Mansue as the Governor mentioned was on Congressional staff, focusing on healthcare policy and worked at the Governor's office, and later was Deputy Commissioner of the Department of Human Services. And Betsy Ryan was governor's assistant counsel and chief of staff for the Department of Health at different points. Let me start with Brenda.

Brenda Bacon: Thank you. It's a pleasure to be here. I know from separate discussions with some of you that our memories of 23 years ago are a little hazy. I'm hoping that the format allows us to help each other out should we say something that simply did not happen. And Amy tends to do that, if she starts telling stories. I would say that as I see many of you, I do remember a sense of all of us trying to work together- perhaps not as

well as we could have in those days- but certainly better than we see today in politics. But we all had a sense, I think, of coming into office, wanting to do the right thing: . Whether it was about clean water, or other environmental issues or education funding or healthcare accessibility and affordability. The Governor is absolutely right that he – led us in believing that we could get these things done. And they were all centered around a sense of fairness, of doing the right thing, of making some logical decisions that made sense in talking about hospital and healthcare reform, in particular. And it was an exciting time. And I often describe it when I think about it as having post-traumatic stress syndrome. And Amy reminds me that it was an exciting fun time and it was and we did get a lot done. I think when we look back at the sequencing of things the first efforts we made were around the issues of accessibility, that people didn't have access to good healthcare because of the way that it was funded, the lack of insurance coverage for people with pre-existing conditions. The fact that there was no way to address preventative care and help people stay out of the emergency room. That the hospital system, the emergency rooms were basically the way that many people received their healthcare and that hasn't changed as much as it should have in 23 years. But supporting, you know, community health centers, and primary doctors in our urban areas were among the things that we thought were really important. And as I read through one of the bills, I forgot which bill it was -- 96 pages long -- but I tried to read it, again, last night and it reminded me of all of the things that we tried to do in kind of an omnibus situation and some I think successfully. Some of the information that's been written and the analysis done since that time says that certainly we were ahead of our time in terms of state government action. I think there's still an awful lot to do and I know many of you are still involved in policy in the state and Betsy certainly is as head of the Hospital Association. A huge improvement over perhaps some of the leaders in the past that we had the occasion to work with.

Elizabeth A. Ryan: Thank you, Brenda.

<group laughter>

Brenda Bacon: And I do remember the names, but I'm not going to say them. But anyway I know that some of the challenges are still there from talking to you over the years. And I would urge, you know, it's a good fight. It's a fight that we should continue to wage on behalf of the citizens of New Jersey. And so I just want to say that Governor, everything that we did or we'll talk about today was certainly under your leadership, your bravery, your determination to make a difference. And I think we're all better for it. So thank you.

John Weingart: Bill, you want to go next. Take the microphone a little closer to you.

William Waldman: Governor, just before I start, on the human services policy, I just want to share with you, again, a memory that's been one of the highlights of my own career. I happened to be fortunate enough to be in Boston when you were selected by the Kennedy family to get the Profiles in Courage award. And if you look forward today what you had the courage to do then and what's happened since that time it really shows your vision and your courage.

<applause>

William Waldman: We had several important and I think very far-reaching initiatives for New Jersey in the human services side. The first one, probably, many people have forgotten of is that there was a point in time, and I remember this vividly as a county official, where the local property taxpayers were required to pay parts of the costs of human services that was for welfare recipients, for children in foster care, and also for the cost of care patients and psychiatric hospitals. I remember in the county level we used to complain about that all of the time. It wasn't a fair burden for the property taxpayer. The property tax was a more regressive tax. And one of the things that happened is we shifted that to the state, which took over those costs from counties, thereby permanently reducing, in my view, the base of county taxes. I don't think that's recognized enough today but that was a major achievement because if it hadn't changed the property tax crisis would be far worse than it is today. The second and very far reaching and significant one was the family development programs. Some of you may recall that. It was a waiver to the welfare programs. Some of you may be aware that the public assistance was enacted with the Social Security Act. It was a standardized federal program. To do anything different you needed to go through the torturous process of getting a federal waiver. We were able to do that. And in that program we did something that was truly revolutionary and formed the basis of later policy thinking that is we started to stress personal responsibility in the welfare system. I think in any policy thought in the human services, you have to kind of calibrate your approach to how much you believe personal responsibility is a cure or is a collective responsibility. And I think what the family development program did was recalibrate that and say to people in a different way than what was patronizing in the past, that we have expectations. That there are work requirements here, there is something we implemented first in the country called a family cap. And it said to families that, you know, if you have another child and you're on public assistance your grant doesn't go up. And at first that was very, very controversial but it moved us away from what I would call the soft bigotry of lowered expectations. It moved us to a point where we said to people on public assistance, we were going to help. There's a number of services and supports we're going to provide, but we do have some expectations. And further in that same idea of personal responsibility the Governor's administration really strengthened child support enforcement, the idea that if you have a child, your first responsibility should be to provide for that child. It should not be government's

responsibility. So a vast array of strengthening of programs in those areas were important. Third area also probably not remembered well is something that added significantly to the privacy and dignity of people on assistance, we moved away from welfare checks and food stamps. I don't know if any of you remembered food stamps looked like monopoly money a little bit. Well, people had to use those. They lacked privacy. They were very stigmatizing. And we made one of the early adaptations of information technology to the social welfare services, so that people would have the same kind of debit cards that all of us use at some point or another and didn't have to go to check cashiers, didn't have to stand in special lines in banks, didn't have to separate their food at the market from their paper and other products. And something a lot of people won't remember but from my own beginning as a welfare worker, I could see the enormous difference in dignity and pride that people had in the same line. Also we enhanced the opportunity for services for people on public assistance and education in other areas. So it was kind of a tough love approach. It was high expectations but strong services and supports promoting the dignity. A couple of things in the way of impacts, one is because it was a federal waiver, we're required to have an independent evaluation and that evaluation was very positive in showing real progress and impact on people on public assistance. The family cap of which we were the first in the country was challenged and it went all the way up to the U.S. Supreme Court which sustained the cap. In another area, I think, most significantly is the elements of our family development program became the same basic elements of the Clinton Welfare Reform Program, the Personal Responsibility and Work Opportunity Reconciliation Act it was called. The temporary assistance for needy families had the family cap as an option, had the focus on work, had a very strong focus on child support enforcement. So in some ways what New Jersey did was the precursor to national welfare reform. It set the bar in many ways. It also demonstrated that, you know, states can be the laboratory of democracy. That we can start some wonderful innovative programs and break free of federal regulations in a positive way. And however you think about this, it really set the stage for devolution as a policy that's still being debated. In other words, the delegation to the states from the federal government have greater responsibility and authority in running national programs. So I think that's as much as I want to say at this point. Thanks.

Elizabeth A. Ryan: The first thing I just want to say is how much my experience with the Florio Administration really shaped who I am today and my career. I remember interviewing to come into Cunsel's office. Amy was the policy person working for Brenda. And Jack Sweeney asked me what I wanted to do and I reeled off a couple of things, he said, "You should do healthcare. Governor Florio is going to do a lot with respect to healthcare. And I think you should focus on that." And I put down my head and just began to learn and grow, I think. And I just wanted to thank you Governor for the opportunity. There are so many things, like Brenda, I went back and read some of the bills. I heard Sonia Delgado was going to read the bill and we were always competitive, Amy, Sonia and I.

<group laughter>

Elizabeth A. Ryan: So I heard through Amy Mansue that Sonia was reading the bill so I had to read the bill. And there's so much in the Healthcare Cost Reduction Act of 1991 so many good and laudable things. I think as Brenda and the Governor said so many things we were tackling, some worked, some didn't and some we're still struggling with today as an industry. We tried to tackle station and county welfare workers at hospitals that worked for a time, but then the effort fell off. We set up a great pilot project between community health centers and hospitals to divert people from inappropriate use of the ER, the pilot work, the funding fell off and we tried it again in later years. There's still a 0.53 percent assessment on hospital gross receipts that was supposed to be temporary, that in my day job I hear about every single day. But that is an important funding stream for Federally Qualified Health Centers and for the charity care they provide to their communities. So there are many, many laudable things including and I remember, this provision very much a prohibition on physician self-referral that was very difficult to achieve and we got it through the legislature with Senator Codey's assistance and a lot of assistance from the Assembly. But unfortunately, we lodged enforcement in the Board of Medical Examiners and it was never enforced. And there's actually a recent court decision, recent maybe the past two years, Garcia, where a superior court judge kind of opined and was like "what happened, why wasn't this enforced?" And because of that we've seen a proliferation of physician self-referral and we did not tackle that problem the way we thought we would. New Jersey really has always been an innovative state with respect to healthcare. We are the home of the DRGs before Medicare adopted DRGs.

Amy Mansue: Diagnostic Related Groups.

Elizabeth A. Ryan: Thank you, Amy.

Amy Mansue: I get paid by it. I know what it means.

<group laughter>

Elizabeth A. Ryan: And in many respects I think that the some of the experiments we tried during the Florio Administration that became law led up to the Affordable Care Act. And I don't know how many of you know this but the solicitor general actually pointed to New Jersey as a case of where you really need the individual mandate, plus the insurance reforms, or the insurance reforms guaranteed issue and community rating alone do not work. So in the second say of oral argument he pointed to New Jersey as an example of

why you needed-- the Supreme Court needed to uphold all three. So in many ways we are a pillar for the Affordable Care Act. And who couldn't be proud of that.

Amy Mansue: So, of course, what Betsy didn't say is when I told her Sonia was reading the bill, she then said to me, "Well, I know you're not going to read it because you never read the bills."

<group laughter>

Amy Mansue: I would begin by saying, I mean the Governor has heard me say this forever, I was a 22-year-old kid who showed up on Capitol Hill with a Master's Degree in social work and thought that I could change the world. And he gave you the opportunity to try. And that was just an amazing time. And really the time coming into government was his entire career. Twenty years you spent in Congress and every time an issue would come up and they would say well, that's a state issue I don't have jurisdiction you could see in the gleam of his eye "I will someday but I don't have it now." And so we really went in with an agenda. I mean I vividly remember as a young staffer sitting there with Dr. Susan Reinhart from the Nurses Association saying we need nurse practitioners to be able to prescribe. I remember the number, 38 states have it. This is ridiculous. Dr. Bergen coming in saying physician assistant's score higher than any other PA's in the country on their tests. It's outrageous that 48 states have PA's and we don't allow them to prescribe in New Jersey. The social workers coming forward and saying this is an access issue. All of these folks will never get access to psychiatrists or psychologists. You need to have licensed social workers to be able to make sure that people had access to the critical services around that. And so for my short time in Congress it was very, very clear what our focus needed to be. And I think that I didn't under-- there was so much I didn't understand at the time. And my hubris embarrasses me at this point. But I think that you had to have that. You had to believe and walk through fire and it's such a young man's, young person's game. Because when I think about the things we attempted to tackle and how we attempted to tackle them it's almost inconceivable. When you think about today two summers ago there was medical waste on the beach, right. You never hear about that anymore. And we could track the medical waste and we knew exactly where it came from and that was because of him. That wasn't because of some, you know, policy wonk. It was his vision when we were Congress that said this is outrageous. These beaches are important. This is economic development. We're going to go after this. And this relates to the healthcare for all of us. When we look at our young children and our mothers and the need for them to have prenatal care and make sure we had access to it, not in big fancy buildings that were open eight to five but buildings that were open at night, making sure that we really thought about those things. All of that was predefined before we ever got here. And I think that was the thing that was so

humbling is we all, of course, thought we were going to have three terms. We never thought we'd only have one even though we knew that was illegal because we had so much work to do. And you said to us, "Go get it done." Governor, I don't have the votes. "Figure it out." Jamie Fox, to this day and I'm glad Jamie's not here because he would make some face, Jamie Fox feels about the bike helmet law because I was on a mission. There was a way to prevent traumatic brain injuries, ironic where I am now, the way to prevent traumatic injuries and we need this bike helmet law. And Jamie is like, "We are not doing this. We are not going to be big brother. Blah, blah, blah." And sure enough, we got it passed. We never ever questioned what the governor would do with it. And, you know, having worked for another governor I could write a policy paper today, submit it to Governor Florio and I know besides TTM, which meant talk to me, I know where you would be. Your moral compass was always clear. And having worked in other administrations, that was not the case. And I think that is underestimated in so many ways. The other thing I would say is just the chance to work with the team. Betsy and I were talking this weekend, obviously, we have done a lot of work on this to make sure that nobody misstepped. And we were talking about how when you look at our careers now, it's like well, that, of course, makes perfect sense that you would end up there. But it wasn't perfect sense in the process that you were going through. In many a time you didn't know where you going to end up. And when Brenda went back home and said I'm not doing this, I'm going to go to the campaign I thought I'm going to be out of a job, like I don't know where I'll be. She gave me and the Governor gave me the privilege to go work with Commissioner Waldman somebody who had spent his entire life in the trenches, literally, as a case worker in the community he grew up in. And the chance to see how important it was to have your-- have validation for the people for the people within the trenches who actually knew the deal. Governor made-- Bramucci, right, the B team, be there when you get there, be there when you're gone. That's what Ray always used to say. The A team would come in with the Governor but all of those people who were actually making the work they're just waiting until you leave so the next guy can come in. And to have actual folks that were validated by that B team, who really knew that you knew the drill. And now that when I go back in and I understand the operations in a way I never did when I was that young, it really was so important. And I think that Governor, you found people in each part of the government to make sure that we had that validation and had those people there that would carry out day-in and day-out. And then I would also say to my colleagues in the Assembly and in the Senate, I mean it was a-- I mean we thought these were our ideas, right. We really didn't care that they had been there for 20 years working on these issues and we came in like bats out of hell saying you're going to do and it was a quick hard slap, I think, Betsy, when it was clear that we needed to learn how to play well with others. And I will tell you that 23 years later it was probably the best legislative work and policy that I have ever done working with Kelly and Sonia, Kelly Ganges and Sonia Delgado. And it was also driven because their fundamental commitment was to do the right thing for people, not about the polling, and not about the latest, what is going to play in the press. It was about having to

go home at night and stare yourself in the mirror. And I think that we all could benefit from more of that and less of the other.

Brenda Bacon: Except we never got to go home. Do you remember that?

Amy Mansue: Do I remember that? Yes, Brenda, I remember that. I think that's where we'll leave that. I also think that, as Bill said, there will be thousands of things that we may never remember that we did that continue to this day. The traumatic brain injury waiver is one example of that where we made sure that 50 people got out of nursing homes and could go live at home. And that continues and that makes a huge difference in people's lives, the ability to really set the stage to say, you know, what people don't need to live in developmental centers and they deserve the right to live at home with something that was moved forward under your administration. The whole effort to hold people accountable in reference to managed care. The insurance companies couldn't come in and just take this money and walk away. They had a commitment. They had an obligation. And, obviously, when we talk about lessons learned I think we know and you can see clearly, when that subsidy went away on health insurance and that access program was no longer funded those people went uninsured quickly and all of the efforts were for not. And so as we think about going forward it's wonderful to pass it. But that implementation and that stewardship of it as you go forward is just absolutely critical.

John Weingart: I have a question taking off from what a number of you have said, to what extent were these initiatives a difference in policy from the previous administration, from the Kean Administration or new ideas that hadn't been thought of or ideas that the department had been pushing in the Kean administration that never got anywhere. They didn't spring from a vacuum I assume.

Brenda Bacon: They certainly didn't spring from a vacuum but I would say that I don't think that the health department at that point spent a lot of time thinking about new policy initiatives, and I'm not sure, certainly, we didn't feel that the previous governor's office had. Governor Florio and I had been working on healthcare issue for a long time as many people are, and many people still do. I mean these issues were long standing. They weren't new. Talking about affordability and access and hospital funding, New Jersey was on the cutting edge with rate setting, but it had a lot of issues that didn't make sense in going forward. The problem that Blue Cross and Blue Shield was experiencing, the fact that the union sued us, and won on the Uncompensated Care Trust Fund, which expired. I think that when a new administration comes in certainly one that has a leader with the conviction and the knowledge that the Governor had. And I think that's an important thing that this Governor has a deep knowledge of healthcare that was developed over many years in Congress. And

we spent a lot of time talking about the different healthcare issues. So it wasn't as if he arrived in Trenton and said, okay, should we do something about healthcare? He had spent a lot of time, knew these issues several levels deep, and had lots of meetings with many people over the years. I remember, we're talking about the doctors and the hospitals. We certainly had many contentious meetings with doctors and hospitals. And I remember one in particular with the Bergen County Medical Society in the Governor's office. And were you there, Sonia, do you remember this meeting?

Sonia Delgado: I wasn't at the meeting, but I remember about the meeting. Yes.

Brenda Bacon: You remember? And it was an interesting meeting. And usually, you know, if things were a little out of control, you'd kind of take a break and whatever. I did not want to take a break. And the Governor ended up stepping on my foot like this, pressing on my foot to try to make me shut up during this meeting. <laughs> I still remember that. I'm like he's crashing but I wouldn't stop. <laughs> Because working with doctors is, as you guys know, an extremely challenging situation. And no matter how much you had talked about the common good and why we were doing something-- and I would say that we didn't do things willy-nilly. That's what I'm trying to say. It wasn't kind of kneejerk stuff. It was things that we had spent a lot of time thinking about and trying to make sure that they worked and working with a lot of the different constituencies. But it was always a challenge particularly with doctors and some hospital systems. And I think what they learned kind of over the years, certainly in the years that have gone since then that they've lost a lot of clout, and a lot of ground because they were not willing to sit down and work things out with people as healthcare reform moved ahead.

Jim Florio: Can I just share an example of something that Betsy said and Brenda as well? I remember going to the Medical Association's annual gala. It was at Atlantic City. It was a cocktail party. And the two doctors from Bergen County, again, came up to me after they had probably a couple drinks too many and they put their finger in my chest lamenting the fact that my administration would not give them approval for their second MRI because the first one was running 24 hours a day and the wanted a second one in their office, which tells you about planning and self-referrals and things like that.

Brenda Bacon: Yes, exactly, very much focused on their income stream and access for their clientele and not maybe concerned as much as they should be about the overall good. So I would say in answer to your question that there are probably two things that happen. One is that when you come into state government and you're there for a while, you're so busy dealing with kind of the day- to- day things that you have to deal with in state government that you probably don't spend a lot of time saying what hill do I want take

next? What group do I want to take on? And as you can see from listening to Amy if you can imagine what she was like at 25 - if we said we're going to go to take that hill we took it. And a lot of times we ran into a lot of walls and we punched through the walls because we simply believed we were doing the right thing. I mean back to Bill's comment about welfare reform certainly that was something the Governor believed very strongly in, you know, that we needed to change the patronizing system that we had that said that said there's a certain population that we don't believe is capable of taking care of themselves or being an inspiration to their children or increasing their education. When you start to take this on, a lot of groups who are well-meaning who have been in this kind of poverty business for many, many years but well-meaning were very opposed to it. And Senator Bryant who was very much the catalyst behind this with the Governor, I remember him saying to me he says, "We've got to stand in front of the Governor on this." And we did. And I think that welfare reform was a really transformational thing that we did here in New Jersey and something I'm very proud of and think about all of the time and I know Senator Bryant is proud of it as well and Kelly and Sonia, everybody worked on this. I remember being on the Floor(of the Assembly), trying to get those last few votes and being told that we weren't allowed on the floor after we were there. Not that we didn't know we weren't allowed the Floor but some people needed, you know, maybe to just come on have the courage to do the right thing. So I can think of many things that we did like that. And it's not the fault of those that were in government because I think towards the end of our administration we were weary too. And there's only so much-- that's why it's so important in the beginning of an administration to pursue and pursue with vigor all of those things you really want to do.

Amy Mansue: I would also say especially in the health department there were really, really smart folks. Dr. Molly Koi Coyei had brought in the program from Wharton, I think, David a masters in public health from Wharton. And part of their payback on their loans was to give their time to state government. So they were there. They just didn't have anybody that they thought had the courage to actually do some of the things they were thinking of. And so there was like a whole bevvvy of people that Brenda would come up with these ideas and she'd go, "Go talk to Dr. Siegel and see what he and his team can come up with." Bee Manning, Nancy Featherstone, all of these people would come back with these elaborate ideas and great things. And you'd be like are we really going to do this? Of course, Brenda would cock her head and she'd be like, "Are you going to go tell the Governor no?" I'd say no, off we go. And so here we are off to the races. And I think the same was true in human services, Bill. I remember you saying to me, you know, when we talked about welfare reform. You said, "Look everybody knows the issues, just nobody has the courage or the moxie or the wherewithal to withstand it." And even talking to Kelly about those days when you guys went into the belly of the beast and some of those inner cities and our democratic strongholds and you were not necessarily welcomed with open arms there when we were talking about making those changes. So it was hard.

John Weingart: When people talk about the Florio administration and summarize it in a sentence, or summarize the first year it's about three issues of auto insurance, guns and taxes and education. So is health and welfare one that just was up there too? I mean it sounds very similar of the focus before the election and then having a running start when you came into it.

Brenda Bacon: It was. And I think, again, the Governor had a lot of initiatives, a lot of things that he thought needed to be done and there was no sense of, you know, well, we'll do this then and that then. And we talked about this before and was probably the root of some of our political challenges is that we wanted to do so much and do it so quickly. I think the education funding and clean water and assault weapons ban were certainly at the top of the list but we were working on healthcare all of the time. And it just became a time when we could start to get those things through. Welfare reform probably came a little bit after that when we took that on. I don't know if other administrations are doing transition teams say well look we're going to do this and then this and try to do it that way. We never did. We tried to do everything at one time. Yes, we did. Maybe that's not the best way to do it but I do believe you have to-- it's probably not the best way to do it. We ought to just give that point. But when you have the enthusiasm and the energy and the belief that you can really make change, you do get worn down after a while after so many fights. So maybe there is a reason to start to make progress on several different fronts at one time.

John Weingart: I'm going to ask one more question and then open the floor to other who wanted to add, but what were the policies in the first term where it didn't work, where you didn't get them implemented either because you had to compromise or just never got-- was that part of the agenda?

Brenda Bacon: Well, Amy has the best memory. I would say that there were many things we compromised on. I don't think-- I can't think of one thing where we said this is what we want to do and Sonia and Don and everybody said oh that's just wonderful, let's just do that. I don't remember one of those things. Do you remember? You do remember one?

William Waldman: One was we had really started the policy and made progress on reducing the state's reliance on large institutions to care for people with disabilities. And we downsized the institutional population. Amy and I would have loved to have been able to go further and actually closed several of the ones that were no long required, that really constrained the potential of people being served. They were unnecessarily expensive. But that was a very heavy lift for a whole lot of reasons but we started the ball.

Elizabeth A. Ryan: The one I would point to is the deregulation of the hospital industry in terms of rate setting. That came about because of a court decision. Brenda referred to it. We all call it the Woolen decision but it was United Wire versus Morristown Memorial and that happened in '92. And what is the quote? "Nothing concentrates the man like threat of an imminent hanging." Well, Judge Woolen came out and said that our system of funding uncompensated care violated ERISA. And he ordered the Governor and the legislature I think within ten days to come up with a statement of principles to move forward to reform the industry but not funding it through a hospital surcharge, which by that time had grown to 19.1 percent on every single hospital bill. So I remember that time I was transitioning to the Department of Health and I was called back and I was thrilled to have that experience. But I don't think anyone in hindsight. once the Governor signed the bill to deregulate the industry. thought it was the perfect bill. But it was the only thing at that point that could be agreed to, I think, between the Governor and the Republican legislature at that point. And then the irony that a year later the third circuit overturned Woolen and said oh, that system was fine but we had revamped everything and it really caused a schism in the hospital industry. I think labor was upset because we were tapping into indirectly because you couldn't do it directly the unemployment insurance fund. And that was a trend that continued for many years to come. So that was something that had to be done but I'm not sure we got it right.

Amy Mansue: And I will remind you, God rest his soul, you chased Bruce Coe into the men's room.

Brenda Bacon: I did no such thing.

Amy Mansue: Yes, you absolutely did. We had a deal. We had a deal on the employer mandate. We had a deal that all employers were going to have to offer insurance. We absolutely had that deal, pinky swear, and he came back the next morning and said I can't go through it and he pulled...

John Weingart: He was the businessman...

Amy Mansue: He was the president of NJBIA at that point, New Jersey Business and Industry Association and he pulled his support and we lost the votes. And that was one that, again, I think especially as you look at today and look at where the conversation is going how different the world would have been.

Brenda Bacon: I think also probably something that we made very little or no progress on was consolidating hospitals. It was very clear then that you could-- that there were many hospitals probably ten to fifteen that didn't need to be operating. And those hospitals were costly. They were causing us not to be able to invest in hospitals that needed to be invested in. And we came out with a list after some study. But the list wasn't that hard to come up with. I mean we could all name those hospitals. We could have named them 23 years ago, 15 years ago, we could name them today. Today, some of them are out of business simply because they hit the wall and the money just wasn't there anymore. But as long as you had a rate setting system and had other things to prop up failing hospitals, then they were just going to continue to go on and on and that's something where we said let's have a rational approach to consolidating hospitals. But that is probably one of the toughest things to do and I think we made probably no progress on that.

Amy Mansue: Well, that as our first override, right. It was not guns, which most people think of is that the legislature overwrote us on guns. It wasn't. It was on the healthcare planning act when we created the plan that actually would have said who closes, who stays, how it would have been distributed and that the legislature was the first override for us.

Elizabeth A. Ryan: And I recall just on that point, Bruce Siegel, who couldn't be with us today, Governor Florio's second commissioner of health, I believe, he had been appointed but not confirmed. And his confirmation hearing became not about his qualifications but about the closure list and why was so-and-so on the list. And I can remember the legislature posing the questions and the hospitals that they represented that were on the list.

John Weingart: Other people want to comment? Questions?

Jeanne M. Fox: I was a DEP at the time at the second election. I had a lot of plans for the second term. What were your thoughts, where would we have gone? And I know you had great things in mind.

Brenda Bacon: I'm sorry, I didn't hear the...

Amy Mansue: Second term.

Brenda Bacon: The plans of the second term? I think the Governor is probably in better shape to answer that in terms of-- our efforts in health and welfare were probably to

continue to implement and support the changes that we had made. And the point that both Amy and Betsy have made that you can make changes, but if there's not a steward of those changes, an ability to adjust them as you go forward then they'll die just on the vine. But Governor I turn to you to say what were your priorities if there had been a second term?

Jim Florio: A healthcare planning initiative was something I felt something about, particularly carried through the nation. And we were expanding it beyond just the hospital but incorporating the certificate of need process into a healthcare plan to have more rational allocation of resources around the same. Ironically enough, I can recall after we left office having a couple of hospital people come up to me lamenting the fact that we didn't do that because they were having free standing facilities being operated across the street siphoning off some of their best paying clients. So I sort of laughed at them.

<group laughter>

Amy Mansue: I would also remind us just our history is that President Clinton had won at that point. And so the chance to have a partner in Washington was a whole new ballgame. And that, I think, many of us were looking at as a way to do experiments, to have the success that we'd had under the Healthcare Reform Act, actually have some data to then be able to take those to the national level. I mean look when you're 25 you've got big plans. So I had huge plans.

Brenda Bacon: What is interesting though if you interacted with the Clinton Administration when they first came in, the transition team and the beginning parts of that administration on the healthcare side, particularly, but on other sides as well they were every bit as naïve about what they could get accomplished as perhaps we had been when we came in. And I remember sitting in a room because I participated in the transition team and sitting there and watching all of these people around the room saying they were going to do all of these things. And I'm like no, you're not. I'm like they never met Chuck Haytaian and all of these things.

<group laughter>

Brenda Bacon: They're going to meet people that are simply going to say this isn't happening. But it was amazing to watch, again, the energy and the idealism that was not tempered at all about ever having to get a bill through a governing body. And it was-- even watching the preparation for Donna Shalala when she was being confirmed and the preparation of that was they were filling her with all of these things that we're going to do.

And some of us said, you know, you can't go before the confirmation committee and say you're going to change the world and kill the doctors and the hospitals and all of this stuff. You simply can't do that. You have to say things we want all children to have access to healthcare. That's what you do at that point. But to sit in that room you kind of saw yourself rolled back four years and said this is going to be rough. And they, in fact, did have a rough time. They tried to do the healthcare bill and they got nowhere on that.

William Waldman: One thing I would add Jeanne, too, is this was an initiative we actually started under the Governor's initiative but didn't continue in the next administration. Governor, you remember we moved juvenile justice from the Corrections Department to the Human Services Department. If you think about it the juvenile justice code in the state speaks to rehabilitation and clearly that wasn't happening in the Corrections Department for them. And from my end having responsibility for foster care, I could see kids move from foster care to juvenile justice to adult corrections. And the time we had, we had an opportunity to invest services and supports and to turn some lives around and that got changed in the next administration and it got moved somewhere else. I wish we had an opportunity to finish that one.

Amy Mansue: I will tell you one of the management lessons for me is that I always count my votes and that was something I learned the hard way because I didn't understand the importance of that. And now there isn't a room I walk in it where I don't know exactly where people will be when I'm asking for something.

Jim Florio: In a subsequent conversation with President Clinton he actually acknowledged the fact that New Jersey was the inspiration for the assault weapon ban and for the welfare reform bill. And he was very kind in terms of the welfare reform bill saying that he agreed with our idea of having welfare reform that was not punitive. It was really rehabilitative and that he tried to do same thing. I think we probably did a better job on that than the federal legislation.

Raymond Bramucci: I can second that because my hat was in Washington then and there was a battle going on for jurisdiction on getting the hardest to employ back to work under the welfare system. And I can remember Secretary Herman saying to me, "Well, in Jersey, you guys did it first. And you didn't die from it." Because there was a lot of residual support in unusual places. But the president and his advisors didn't trust the so called welfare community to get people back to work. So they gave it to the Labor Department. And they gave us only a 1.6 billion which was like chicken feed but we worked hard at it and this was a sincere effort by the president. And he was scorned by many including my boss, then older boss from before, I came to Trenton, Bradley didn't think it was the right thing to do.

And I thought it was terrific because it wasn't mean spirited. It was being dignified and saying we expect something from you. We're going to stay with you for a while, but after a while you've got to get your act together. And I think that that very few people in this whole universe understand the momentous importance of that act in New Jersey.

Brenda Bacon: Right. Because you have to say I remember we used to say that people on welfare had more challenges by noon than most of us have all day long. So if they can deal with that in their lives then they can clearly, you know, if we believe in them get the education and the training and they want to be-- who does not want to be a role model for their children? And you have these second and third generation welfare situations where children have never seen a parent get up and go to work. That has to stop. And people talked about breaking the cycle. But in order to break that cycle, I mean you really had to break it. You had to do something dramatic and the things like your check doesn't go up if you have another child. And welfare is supposed to be a temporary support, not a way of life. And so you've got to move on to education and training.

Raymond Bramucci: One last point. I can remember this vividly. I was in Oakland talking to a group of mothers because welfare reform was about women, not about men. There were no men. And this woman was telling me about her life and we were circled by people like her and she had three children. There was no father for any of them. And I said to her well didn't somebody teach you how to work? And she said, "I don't know anybody that works." I mean in the whole world, you never saw anybody get up and go to work, to meet a bus? No. Because it was never even suggested to her that it was the thing that they have to do. Amazing.

William Waldman: I think one of the things that Senator Bryant pioneered on and it changed people's thinking in his advocacy was recognition of the old system being a trap for people. That fundamentally people had to spend all of their energy and all of their dignity surviving on the very modest amounts that we were able to pay them. By empowering them to get a job, an education and move on was a big step forward.

Jeanne M. Fox: I had a discussion with Senator Bryant about this issue back then. And I was very active with the Women's Political Caucus and the National Women's Political Caucus. The Women's Political Caucus was going to take a position against this law. And I made an impassioned, being a part of the Administration, but made an impassioned argument for why they shouldn't and they did not. But it was a huge, all of the reasons that Wayne Bryant said out and then you guys pointed, out because of that. And so that organization, at least, did not come out that way even though there was a hard push on the women's side of the issues because they were saying it was hurting women. And specifically

my point that I think they got which I got from Wayne Bryant was that if you're going to have another child and you're working, you're not going to get an increase in your paycheck. You have to live within that budget. And that's the thing that I think made the persuasive argument on that one.

Brenda Bacon: Right. It was interesting when you looked at the groups that did come out against it and many of them came into the governor's office and met with the Governor and with us. And you had the right to life and the right to choose people both against you. You had the Catholic Church, the Episcopal Church. Many organizations that devoted their whole being to helping the welfare population who thought this was punitive and kids were going to starve to death and how could we be so heartless. And it took a while. And I think we did win some of them over but it's very hard to have-- and my undergraduate degree was in social work like Amy -- so you kind of grow up with that feeling that you're going to change the world. But I remember being a welfare case worker in the intake department in Philadelphia when I first came out of school and people would come in to apply for welfare and I would have the classified ads, back when the newspaper was full of classified ads. And I'd sit with them and I'd say here's a job I think you could do. And they'd look at me like where did she come from? Because they didn't think in terms of that. It was when you're 16 years old or some age you could get emancipated. You were an emancipated minor and you could get your own check. And so when people start to think that that is all they can aspire to is to have a baby and get their own welfare check something is desperately wrong with us as a society and how we work with this population and with people who need help. And so if we look at what's happened since then, No, babies didn't die. And abortions didn't increase that we know of. I mean all of the statistics that have been done show that welfare reform certainly has had a positive impact on the lives of people.

Amy Mansue: And that's actually an interesting thing in business on a regular basis we are asked to come back with our business plan that we've all ready implemented and show where we actually were wrong in our initial projections. And you never have to do that when you legislate. So those docs who said that nurse practitioners were going to put them out of business and they would no longer be able to feed their families, or the psychologists or psychiatrists who said these social workers were going to decimate their business-- I remember vividly and the Governor will not remember this at all. There was a bill before Congress that required semi-trucks, the big trucks, to have a drop down bar at the end so cars didn't run under them because all of the crashes came in. And so New England Motor Freight, Mike Chavell.

Brenda Bacon: How do you remember that?

Amy Mansue: Mike Chavell came down to Congress and he was all fired up. And he sat in the Congressman's office and he said, "Five thousand people are going to be out of work." And he's raising his hand and the Governor, Congressman never ever flinched. He nodded. He looked at them. He left. I said, Congressman, what are you going to do? You're going to run for Governor and 5,000 people are going to be out of work. And he said, "Amy, if putting a bar in the back of the truck does that to his business he has bigger issues than that bar."

<group laughter>

Amy Mansue: And that was it. That was matter of fact, that was it, move along my friend. And it's an important lesson and I'm so careful about it when I lobby now is all of those it's going to devastate; you just undermined yourself because it almost never happens. I mean very, very rarely does it totally decimate an organization. Even Planned Parenthood, who Governor Christie has unfunded completely, they're still operating. You know, not nearly as well as they were. but they're still operating. And I think it's important for us to think about because you lose credibility when you make those statements when you're on the other side of the table because you know that it almost is never going to happen that way.

John Weingart: In terms of accountability, were there policies that you advocated that got implemented where you were wrong? Where the policy proved wrong?

Brenda Bacon: I can't think of one.

<group laughter>

Amy Mansue: Yes. I would say that and I don't know that I would say it was wrong. But I would say in the Small Group Reform Act the implementation of the five standard plans and how you do the community rating and how you put those products on the street and all of those issues, we completely under estimated how complicated that is which is why, again, I think this President has underestimated what it's going to take these exchanges up and running. The complexity-- in order to do the fairness, it's complicated. And I remember being yelled at by the industry guys and at that point I hated the doctors, I hated the insurance guys, so I had learned from Brenda it doesn't matter what they say. But I now know...

Brenda Bacon: That's harsh.

<group laughter>

Amy Mansue: It was true. It may be but it was true. But I now know just how difficult those implementation things are and how when you don't do those things right up front you have trouble. And I think if there were things in the implementation of the individual reform if we had done just a little bit differently you would not see the death spiral that we see now. I think the funding of the access program which was the subsidy much like we're going to see now under healthcare reform clearly was an issue but it also was in how that was structured. We felt so passionately that you couldn't allow these small businesses to game the system and come in as a coalition and so we set up these very strong barriers. And I think all we did was, in essence, take out a group of people that really could have had insurance in a different way. So that was one that I wish I had to do over.

Russ Molloy: Can I ask question about the role of the legislature in this? I mean so far we've pretty much talked about it from the executive branch perspective. But clearly, it's been mentioned in passing there's a requirement that you actually get the other branch engaged to some degree in this.

<group laughter>

Brenda Bacon: That's next.

Amy Mansue: We weren't very good at that.

<group laughter>

John Weingart: We may be at a good point to morph into that panel unless any of you have something you want to add at this point? We're not going to take a break at this point but if anyone wants to get up, please do so quietly. But the second panel and Russ was paid to provide this transition...

<group laughter>

John Weingart: ...is on the legislature's role and Sharon Harrington, who was not in the Administration but played most other roles in and around Trenton over the years has agreed to moderate this.

Sharon Harrington: Thank you, John. Well, during this period of time I was a government relations public affairs representative. And so go to-- which means a lobbyist with Public Strategies Impact, but I also had the privilege as serving as a member <inaudible> on the New Jersey State Council of the Arts, which gave me great satisfaction. And I'm happy to help facilitate this panel this afternoon. The three people who will speak to the role of the legislature and who were there at the time on these issues on the ground Sonia Delgado who was with the Senate democratic staff at the time and was the healthcare expert, is currently a representative with Princeton Public Affairs group but has been for as long as I've known Sonia, a healthcare policy expert having served as the Chairman of the University of Medicine and Dentistry Board and having worked at both the UMDNJ hospital and some other...

Sonia Delgado: That's enough.

Sharon Harrington: ...Mercy Health Plan and the HIP health plan. Kelly Ganges who currently serves as chief of staff to the county executive in Mercer County, Brian Hughes, at the time we're talking about, was one of the principal staff people at the Assembly Democratic office and has a strong background in healthcare and served as the staff liaison to the Governor's Commission on Healthcare Costs. And balancing this is Don Sico who served as the executive director of the Assembly Republican office and who was at that time considering the fact that there were-- the balance was 44 democratic Assembly members to the 36 republicans. And the Senate was also very strongly Democratic, 23 to 17 republicans. So Don had the opportunity to sort of counterbalance some of this. But as the Governor has talked about this, was such a leadership role when we look now 20 years later. It took the federal government 20 years to catch up with the kinds of initiatives that you had put forth. So Sonia why don't you start by talking about some of the Senate balancing of this.

Sonia Delgado: Well, I'd like to start by thanking Governor Florio. His leadership and vision was captivating. It was engaging. And it really didn't matter that the legislature was feeling a bit weary or even a little bit testy. When the Commission on Healthcare Costs released those 90 recommendations there were a lot of legislators who saw ample opportunity to make a big difference with some small piece that they could contribute to the overall bill. And that's actually really important because legislators are not experts. And this was an awful lot of information. It was coming fast and furious. It was complicated. And so you had to be able to engage a legislature, not in the whole bill, but in one aspect of the bill that would captivate and hold their attention long enough so that they could actually complete the marathon, which is what it was. The energy of the Florio team was infectious.

That's really it was just that simple. On any given day Dick Codey might remind me that I didn't work for Brenda.

<group laughter>

Sonia Delgado: And another day I might remind Dick that he didn't work for her either. And it sort of had that back and forth. I think what was successful about the legislature's role in the management of the welfare reform bill and the healthcare reform bill was the relationships that existed in the legislature. Unlike the administration that was relatively new, new relationships, people coming and going, what we had was a fairly stable group of men and one woman in the Senate. One woman. But they had been colleagues and friends for quite some time. And those relationships were not necessarily partisan relationships. They were across the aisle. So while we were working on this legislation it was no unusual for Senator Codey to say, "You better go find out what Assemblyman Dorsey thinks about this." Or "Doc [Assemblyman] Colburn isn't happy about that provision, you need to make sure that you can talk to someone there about how to move him along." And it wasn't just the staff that was engaging in ferreting out that information from the colleagues and then sharing it and working with the sponsors to figure out how to move them along. It was also the quiet conversations that those legislators were having with one another, many of which we were not privy to. And we certainly didn't always hear it from them. I think one of the most uncomfortable things for me was knowing that on any given day I could walk over to talk to Betsy and Amy and they'd be telling me something that Dick had said to them but I had no idea what I was supposed to do with it. Or sometimes the Senator would say to me, "I think you need to go and talk to Eleanor Seell." I'd say to myself why would I do that? Eleanor never says a word. Why would I do that?

<group laughter>

Sonia Delgado: And then I would think about it and I understood then that I was supposed to go and share information with Eleanor. Eleanor was doing something with that information. It wasn't so much that I needed to be asking Eleanor for something. And there's something to be said for the relationship between the legislature and the Office of Legislative Services at that time. That was a collegial, respectful relationship. The legislature understood its limitations about how to draft legislation, how to massage the language and use it in a way that was accessible to other legislators who might not have the same understanding of the issues. And there was trust. If Senator Codey went to Eleanor and said "I need to get this done in a certain way," and they had that conversation that was it. It was very hard to actually get in the middle of that. And so I think that dynamic was clearly very important for the legislature and particularly for the sponsors who were trying to move

the legislation along in a caucus that was at that point feeling a little uncomfortable. I think it was also the timing. There were real key drivers in all of the different provisions that were important. You know, the access issue was huge at that time. I was sharing with Kelly and I think I shared it with Diane, that, you know, I can point to at least seven or eight different things in those healthcare reform bills that are alive, sustained and doing well today. Our FOHC's today have 110 different sites. They take care of over 477,000 people, women and children. The family care program uses about a \$1 billion in federal and state resources today to serve over 300,000 people today. And I could go on and on and talk to you about all of the different infrastructure, the real grass roots of how you create a delivery system. Those things are still alive and well as a result of that legislation. The financing piece is a whole other matter, but I will say that even with uncompensated care where we're spending roughly the same amount of money now, as we were then, even though it is underfunded and certainly doesn't pay for the cost of care, the philosophy that we should pay for it is something that no one talks about. We just know that that's our responsibility and that that's something that we really need to do. And I think unlike Amy, I actually think that the changes we made to the insurance program okay, they weren't perfect, but that barebones policy is your essential health benefits policy today. That came from New Jersey. That's now in the Affordable Care Act. And there are elements like that. But the story I like to tell about the legislative process is the one that Amy likes to tell so I thought she was actually going to share this story. Brenda and I had a disagreement about lithotripsy services. And Dick didn't really care about the issue but he enjoyed watching the two of us argue about it. So he took us to lunch in the cafeteria one day and basically said, "I need each of you to make your case." I remember being fairly annoyed because I knew he had all ready decided what he wanted to do. He actually took it out. Yes, he took it out. But he wanted to show us, I think, and more me because I was obviously young and badgering him about this issue that you needed to make a case. That it couldn't just be an emotional plea for something. And now I can look back on it and say that both of you were right that it didn't need to be in there because no one would ever go and have a stone zapped if it wasn't there. But at the time I felt really passionate that the lobbyist for that issue had not done a very good job. So I'll leave it at that. So I felt like they hadn't really given me enough information. And I want to say something about the lobbyists' role here because I am a lobbyist now. I think it's incumbent upon a lobbyist to not only represent their client, but to understand that they have a role in educating their client and helping their client educate a legislator. And I think that in this regard, this issue, there were a lot of lobbyists and they all knew that there was an opportunity that this bill was going to pass and it was going to get signed. And so you could see those lobbyists that were doing a really good job and those that weren't.

Sharon Harrington: Thank you. That's an important factor that we'll probably circle back to.

Brenda Bacon: You need to probably define what lithotripsy is. I don't think everybody...

Sonia Delgado: It's a machine that basically is used to eliminate kidney stones.

M1: <inaudible>.

<group laughter>

Brenda Bacon: I don't think anybody without a kidney stone would find it useful.

Sharon Harrington: Now, we're going to move on to Kelly who worked very closely with Senator Bryant who was in the Assembly at the time. As we were getting ready for the legislative panel and looking at the sponsors, the common theme through all of this was Senator Bryant, then Assemblyman Bryant, and his leadership and his determination and his real commitment to the governor's vision.

Kelly Ganges: Right. Assemblyman Bryant. Not Senator Bryant. I would first identify myself just as Bill Waldman did. I was one of the social workers on staff. I'm an MSW from Rutgers. You're in my old stomping ground here on the university real estate. Wayne Bryant, my whole connection with welfare reform came down to a quick meeting one day that I had with Wayne Bryant. He said to me, "Sit down, I want to talk to you about something I've been thinking about." And he proceeded to tell me about conversations he'd had with Governor Florio and his desire to advance welfare reform in New Jersey. He indicated to me that the reason that he wanted to do this, and I said this earlier to Sharon and to Don and to Sonia as we talked, his intent was to strengthen the family, and to promote marriage. His intent was to uplift people and empower them. It was not about punitive, demonizing of poor people. And I'll use that word poor people, and I mean it, poor people and to vilify impoverished people. You've got to know Wayne Bryant. You've got to know Wayne Bryant. Wayne Bryant is from an area of our state where there was significant challenges, although he's from Lawnside, he knows all of the ins and outs of poverty because of his association with Camden. And Wayne came to Trenton not to serve himself irrespective of what might be said but to uplift others. And I believe to this very day he still means that and I know that's where he was. I warned John that I was going to hit the soapbox, but that's okay.

<group laughter>

Kelly Ganges: And just for the sake of full disclosure I advised the former Assemblyman/Senator that we were doing this workshop and I communicated it to him through family because I owe him a debt of gratitude. He allowed me to participate on something that all of America now embodies in all of their public policy. And much of it started in New Jersey through the efforts of Governor Florio and Wayne in the Assembly and folks in the Senate. I want to say that Wayne as a legislator never took on issues that were routine. And this is another example because I want to tell you he took a lot of heat on this. And I can say that personally as a black man he took tremendous, tremendous attacks from the black community. One of the things that we did with the welfare reform bill, we had five bills and keep in mind, five pieces of legislation that did not appropriate money. It did not appropriate money. We used existing resources to plug in welfare recipients to existing services, but no money because back in those days had it appropriated \$100,000 stuck in the appropriations committee and you'll never get it heard. So Wayne's whole approach was we're going to uplift people, use resources, and we're going to make change on the policy. That's the way we're going to uplift people. And Wayne wanted to have public hearings. He was not afraid of controversy. He was not afraid of attacks. As a matter of fact, he relished it because he loved to debate. So we had a Governor who loved to debate public policy and in the Assembly Wayne, as our majority leader then, he loved it too. He'll go toe to toe with anyone. So he wanted to have public hearings. And he wanted to go into quote unquote the belly of the beast. So we started in Trenton. We had a couple of public hearings in Trenton. And remember some of the names like Melville Miller, Cathy Dushesher they beat the snot-- they came to Trenton and beat the snot out of us. They called us everything except children of God.

<group laughter>

Kelly Ganges: And so Wayne let them do it. That's what the process provides. That's what the legislature does. You're doing this stuff to help Governor Florio and you're turning your backs on poor people. It's those kinds of things that we heard. That wasn't enough for Wayne. Wayne said we are going on the road. And so we went into-- the South Jersey-- he wanted to change up a little bit because we went to South Jersey and he explained to me why, I can't remember why, he took us to Stratford. We went to a community center in Stratford. And we had two hearings in Trenton, I believe. And the highlight of the endeavor was a public project in the city of, what's that town? Is it Newark?

<group laughter>

Kelly Ganges: And we took the beating of our life. One of the people that was vehemently against what we were doing was a city councilman at the time who in the future would

become a-- Ron was active, but the councilman who would become an assemblyman later was Donald Tucker. And Donald Tucker and I had a personal relationship because I was active with him in the New Jersey Black Issues Convention. So Wayne went before the community in Newark. We had it in a community room, in the projects. This project does not exist any longer. It was taken down. And we got called Uncle Toms. And we got called there's a word we do not use but they put white man in front of it. We were described as sell outs to our people. And Wayne said in Newark and anywhere else the same things that I said to you to describe why he did this. I want to strengthen families. I want to build marriages. I want people to be self-sufficient. I want to help to develop and strengthen our community. And this is not the way, one of many ways to do that. And Wayne took the hits. He took the hits. He had a lot of problems in the Black and Latino Caucus. It was together at that time. Why are you doing this Wayne? And we finally-- we got things straight. We got it through. You probably noticed in the Senate the bills came out without recommendation. We just favorably released the bills in the Assembly but do not underestimate the fact that Wayne took a beating. And I keep using the Assemblyman's name because Wayne was the person. Now, we had some democratic co-primes. What we did was we would use, pardon the partisan, Don, but I'm going to tell you straight up, we would put the names of Assembly Democrats that were in targeted districts as co-primes because they could go back to their districts and say "look what I'm doing to bring accountability to government" because it worked back them, just as it works now when you say that to the voting populace. That's just the way the game's played. I didn't invent it. That's just the game. And so while you saw those names, they were all secondary. Fred Scerni down in Atlanta County, Tom Duch up in Bergen and there were other Assembly people because it was really on Wayne's shoulders. And I also want to agree with-- I want to identify with something that Amy talked about. As I grappled with this with Wayne because we had-- Wayne and I had one disagreement he said, "Kelly, you need to just go with me." I had problems initially with the cap. And I said, I get what you're saying. And when I told him why I didn't like it, you know what Wayne used to use, Wayne came back at me and said-- he asked a very, very basic question. "What do families do? If a mother and a father have a child and they're struggling to feed that child or cloth that child, what do they do? You suck it up. You find a second job. You work harder. You try. Whatever." He's saying that we need to help families that are not conditioned to do what everybody else does, to show them a path. And that's why we came up with bills that did different things that required waivers. I know people were saying so you can earn up to 150 percent of the poverty level. They said so what, that doesn't mean anything. We're still going to struggle. We got beat up no matter what. We just generally just got beat up. Wayne became a-- once Eleanor and Dave, what was Dave's last name?

Sonia Delgado: Price.

Kelly Ganges: Dave Price. Eleanor Seel and Dave Price helped to draft the legislation so you're participating in the whippings that we got. But once the bills were introduced, Wayne became an overnight media star. He was everywhere. He was everywhere so much so that because of the time difference one day I got a call from the BBC looking for Wayne. We heard from people in Canada. And every other press outlet. He had his run of press row. Press row was nothing compared to the national media that he got. And I would end with two things. Governor Florio just spoke to it. He said how complementary Bill Clinton was with respect to the job that New Jersey did, Governor Florio signed these pieces of historic legislation. But, you know, the fact of the matter is Bill Clinton could never thank New Jersey the way he should because the fact of the matter is if a black man hadn't initiated this initiative a white Democrat or a Republican would have never ever ever ever touched it and that is a fact. That is a political fact. And that is a fact of life. And Bill Clinton wasn't attacked half as much as Wayne Bryant was by his own people let alone whatever whites and Latinos or women groups or whatever it might say about the initiative. And the last thing that I would say is the irony of all ironies and I shared this with my colleagues earlier today. This journey after the Governor signed the bill, after Governor Florio signed the bill, Wayne Bryant receives an invitation that he accepted. And we went to the White House. And I don't know if many people remember that that occurred, the first President Bush invited Wayne Bryant to the White House. And he asked me to go with him and I was-- forget the partisan stuff, the White House is the White House. I couldn't wait to get into the White House. I couldn't wait. I had only been on a tour, a White House tour once. We met in the galley, in the White House galley which is operated by the United States Navy. We had this fancy breakfast. They didn't have grits.

<group laughter>

Kelly Ganges: But we had this fancy breakfast with all of the...

Sonia Delgado: No bacon and eggs?

Kelly Ganges: It was continental but it was classy and the most important thing it was the White House. It was the White House. And it was a big table like this, set up like this and it was filled with all of the domestic policy advisors for President Bush. And this was-- and this was before the election. So yes I guess this would be the end of '91 because you guys took over in '92, I guess is that right? So this was before the election. So we just assumed that President Bush was contemplating embracing welfare reform as well and he wanted to use us a sounding board and so on and so forth. And Wayne was like a baseball player and he hit the ball out of the park and that ball is still flying because he gave very honest, very cogent, very thought provoking responses to some of the heavy hitters in domestic policy

that worked for the President of the United States of America. And that was a thrill. That was a thrill. And in my career as I look back and I tell people, some of the young people that work for me in the County of Mercer that when I look back on my career that spans now 32 years because I'm the senior citizen at work now, my experience with Wayne Bryant will always go down as one of the most significant experiences that I had as a social worker, as a policy guy, politics. Because I would end with Governor I worked on the reelection. The reelection was a result of another sit down. You don't have meetings with Wayne because when you sit down with Wayne he put you to work. He wanted me to leave the Assembly campaign staff and work for Governor Florio's reelection and Brenda, you remember, I was up in Edison every day working with the Governor. And that was all because Wayne said, "I need you to do something for me. I need you to help Governor Florio." And I was obviously familiar with Brenda. We knew one another. I didn't work with her as closely as Amy and Betsy did but I relished the opportunity to work for Governor Florio and secondarily with Brenda because of the positive things that we did on family development because that connected us. The work that we did on family development was the nexus that brought us together. And I had a connection to them that I relished. Don't speak much about it and I've never said this to either one of them. But I had tremendous admiration for that which they tried to accomplish. I had hoped that there had been a second term for other things to be done. But that's for history. But it was a very exciting time. It was an enjoyable time. And the flame that Amy talked about that burns in your stomach, continues to burn in me today. And I know the County Executive is always glad when I'm out of the office because I'm not worrying him about something that we need to get done to benefit taxpayers. So that's my commercial. Thank you.

Jim Florio: Can I add something? One of the things that Wayne did that really influenced me dramatically one day he called me and said, "Would you come down to Camden, next whatever Friday, at a certain time." I said, fine, what for. He said, "I want to show you something." So we got in the car, troopers, go down there, and I forget which day of the week it was, it was the day that the welfare checks arrived.

Brenda Bacon: Oh, it's called mother's day.

Jim Florio: And we went to the bank. It happened to be snowing that day. There was a line of people outside of the bank and around the corner and he says, "This is what happens all of the time." And Bill alluded earlier on to the fact that we modified that so people didn't have to go stand out in the rain, or the snow or whatever to cash their checks.

Kelly Ganges: And Governor, that situation was replicated in any area in the State of New Jersey with huge populations of recipients. You're very much on point.

William Waldman: Kelly, something you'd enjoy, I was hired in the previous administration who also had a welfare reform initiative. It was called REACH. Wayne was highly critical. My fourth day of work, the then commissioner comes to me and says, "You know, I'm supposed to debate this assemblyman by the name of Wayne Bryant on New Jersey Network tonight, I can't make it. Will you make it?" My heart went up. Thank God, the show as cancelled.

Kelly Ganges: There is a God in Heaven.

<group laughter>

Sharon Harrington: Don, we were talking about the majorities and the fact that during the time that these packages of bills were signed the Republican Assembly was in the minority. But we had also talked about previously the collegiality and the willingness to work together and work collaboratively. So can you talk a little bit about that?

Donald Sico: Sure. Looking around the room I'm reminded of a couple of things. The first is a saying that was said by somebody way smarter than me who said: "If all of my political enemies of yesterday were my enemies today I would have no friends." The second is that as I think the sole Republican from that time at least seated around the table who was active in the dialogue I feel a little bit like we felt in-- after we took control in 1992 even though we had the numbers and that is just outgunned and outmanned and out-brained. I like to look at the Florio Administration as three parts. The first part would be the first couple of years when they had these relatively strong, but not real strong majorities in both the Assembly and the Senate. In fact, a four vote margin in the Assembly is not much of anything. It just takes a couple of guys that are-- mostly guys at that time, a couple of guys to say no and you're in trouble. And those were productive but some difficult political times in the administration. And we took control at the elections of November of 1991 and took control in January of 1992 with not just strong majorities but veto proof majorities. And the first six months I like to look the second phase of the Florio Administration where we were at each other's throats and not cooperating on a lot of different issues. And we were still getting our feet on the ground and we didn't really know what we were doing to be quite honest. And then after that and this is the part that a lot of people don't remember, for the last 18 months we worked cooperatively and collaboratively together. And a lot of great things were accomplished. I can't remember his name, so somebody will help me the Secretary of Agriculture at the time?

Audience: Brown.

Donald Sico: Thank you. Brown. I remember being invited to-- and for those of you who don't know behind where the Governor gives press conferences is this grand room where most of the meetings take place. And I remember being invited to come into that room by Chief Counsel Bob DeCotiis. And so I walk into the room and it was just me. I didn't bring any staff with me. And there was this large platter of antipasto, mostly roasted red peppers which Brown said he made, but I'm sure his mom made them.

<group laughter>

Donald Sico: And some cheeses and some salami and Bob said, "Why don't you just sit down and have something to eat." And I was like okay, sure. And then after about 10 or 15 minutes of just kind of chatting, he said, "Brenda has something she wants to talk to you about." And that is when Brenda talked to me about Medicaid managed care and what a great idea it was. And I said, can I have some more roasted red peppers.

<group laughter>

Donald Sico: And I use that only to illustrate that when we got there the legislature really is not today but certainly then was not on equal footing with the executive branch. It's gotten better, better from a legislative perspective which is my perspective. Probably not better from an executive perspective. At the time, when we were doing some of the insurance and health reforms that we were working on we had, you know, Gerry Zecker was chairman insurance of our committee, a great guy, but not a policy guy when it comes to insurance issues. Doc Colburn, who is truly a great guy and recently passed, and a smart guy but not a deep policy guy. I actually replaced when I became executive director the guy who was a great healthcare policy guy and that's John Kohler. And John, while he was still working in the district office, working in the district office isn't the same as working in the partisan office. You're not there every day to lend advice. And while we still had the Office of Legislative Service at that time, at least, and I don't know if it's changed, they weren't really allowed to have ideas. They could help you think through your ideas, but they couldn't come to you and say hey here's a great idea to make the state of New Jersey better. So there was all of that great knowledge and expertise and experience sitting just a few doors down that unless you ask the right question you couldn't get a great answer. I say all of that because look at what we were against. I mean you had-- look at where they are today. You had Brenda Bacon and you had Amy Mansue, you had Betsy Ryan, you had Russ Molloy, you had Bill Waldman. And I had a guy who became a great healthcare policy expert Greg Hook but he was on the job for about two months when all of this started coming. So it taught us a little bit of a lessons that is we needed to staff up. We needed to hire some expertise. We needed to hire some consultants. And I think that's a lesson that

the legislature still is learning today but it's more equal footing. And after being there for, you know, I did it for ten years, I would have done it the rest of my life, but they asked me to please not to. And after ten years of being there and getting some pretty good staff together, you know, you can go toe to toe with the administration but at that time we couldn't. And so when you came to us with some really good ideas and while we were in the minority and didn't really have a lot to say but we were happy to have Wayne Bryant take the lead on welfare reform. That was a no brainer for the Republican caucus that he would be taking bullets on that issue. When it came to some of the health insurance stuff, you know, legislators are pretty parochial people. They are today. They were back then. When you came to them with charity care changes they wanted to see a list. They wanted to see what their hospital was getting last year and what they would be getting next year and not a lot of in between mattered.

Elizabeth A. Ryan: That hasn't changed.

<group laughter>

Donald Sico: It hasn't. I think that when I hear people say that it's so partisan in Washington. And it's so partisan in Trenton these days. And it's so partisan. It was pretty partisan back then too. I mean there may have been a day, it had to be before my time and maybe I'm to blame, but when I was there we were doing some pretty nasty stuff and saying some nasty things back then. But there was an 18 month period, in fact, the budget that was passed in June of 1993 was like a love fest. I mean everybody came. I remember we had the hearing in the auditorium of the state museum and I don't think anybody said a negative word. It's the only budget I could ever remember where nobody spoke out against it. It was just-- and we got along so well that Governor Florio came within a hair of getting reelected.

Amy Mansue: Twenty-seven thousand votes, but who's counting.

<group laughter>

Sharon Harrington: I have a question and this is both to the executive representatives and the legislative representatives, these were clearly very strong major initiatives. The Governor had thought very clearly about all of this. You were passionate about making sure they were passed in the form that you put forward. How did you choose a sponsor? Did a sponsor come to you? Did you look at the people in the legislature? Did you rely on relationships? How did you negotiate that decision?

Brenda Bacon: I didn't spend a whole lot of time negotiating that decision. It was usually the democratic leadership and staffers who were doing that, the Governor, our Chief Counsel whether it was DeCotiis or whoever, you know, just thought about the politics of it and how to do that. I don't recall ever-- I recall participating in those discussions but certainly not generating them or guiding them.

Sharon Harrington: And Kathy Crotty who was the Executive Director of the Senate office.

Kathy Crotty: On the Senate side that was something that the Senate leadership wanted to have control over. And our approach was to tell the administration that if we didn't have control over it, if they went to legislators on their own they bills wouldn't get introduced.

<group laughter>

Brenda Bacon: That's why we didn't <inaudible>.

<group laughter>

Amy Mansue: We actually did do it and the bill didn't move and so we stopped doing it after Kathy explained the rules to us.

Brenda Bacon: Kathy, say that for the record, again.

Kathy Crotty: From the viewpoint of the legislative leadership on the Senate side, it was something that they wanted to control, the introduction of bills and how they were going to proceed through the process. And we told the administration that if they were not involved in those decisions, if those decision weren't left to the leadership the bills would not get a hearing, if they went behind their back and approached a legislator individually about sponsoring their initiatives. And generally that worked pretty well then.

<group laughter>

Kelly Ganges: In the Assembly they generally came to Wayne Bryant first as the majority leader who would then go back to Speaker Doria. So we didn't really have problems with

the proverbial and run to hawk up legislators to sponsor the bills. They came correct in the Assembly.

Donald Sico: That's the way it's always worked. If there's a major initiative and indeed, if it's a positive major initiative, it's in the administration's best interest to work through the legislative leadership to find sponsors. If it's, you know, something that needs to get done, that the administration needs to get done and the legislative leadership doesn't necessarily care about we would often say well go find yourself a sponsor.

Raymond Bramucci: I think one thing that has to be mentioned here because we haven't mentioned the facilitators in the community when Jim was governor we had Bruce Coe in the Business and Industry association. I don't know maybe I'm taking dope or something but I never had a disagreement or talk with him on social policy. We were the only state in the union that paid extended benefits during a high unemployment time out of our own funds. And the business community didn't have a dissent with that. Could you imagine that happening now? Not only because the paucity of funds but the attitude. The Workforce Investment Act that we passed that Carl thought through and we got through the legislature, he was totally in favor of that. I went to more meetings of the Business and Industry association than I ever did with the labor movement because the business and labor group was the key to getting things passed. The unions only wanted prevailing wage and a couple of other things. They were tone deaf to everything else. So he was critical and I give him a lot of credit and I unfortunately met him one day in the last part of his life and it was tragic what happened to him. But a very unusual balanced leader of business. And he always did it in a way that was understanding. And Jim, for my side of the fence, when we were pushing things that you wanted that were pro labor or pro human being he was with us.

Jim Florio: Just to reinforce that point of Bruce Coe, Bruce Coe, myself and Charlie Marciante had an understanding that in the second term to restore and rehabilitate the Transportation Trust Fund we're going to push the gas tax. Everyone was signed on to it. Everybody was going to do it, both sides.

John Weingart: I wanted to follow up with some of what Kelly said of the dynamics Governor between you and Assemblyman Bryant in the initiatives on welfare reform came from the administration and then Assemblyman Bryant wanted to champion them?

Kelly Ganges: Well, when Wayne came to me I understood that he had had conversations with Governor previously and also with Brenda Bacon. So I think it was a reciprocal conversation as I got it.

Brenda Bacon: I think that one thing certainly the Governor had represented Camden for a long time, so had Wayne. And I did a lot of work in my career in Camden and I think that was probably the common thing that drew us together. The Governor certainly was very determined to do something about family development. I think Wayne came up with a lot of the specific initiatives and we started to talk through them over time. But I would say the three of us were locked like this. But the Governor is the governor so it has to say the Governor who says we're going to do this or we're not going to do it.

Kelly Ganges: I would say that Wayne had more than five bills. We had many more bills that were introduced. Some didn't get introduced. Some were introduced and we never moved them. But Wayne's piece was having public policy respond to that political test was a realistic goal of his. Just dropping in a bill didn't mean anything. Even having a bill clear committee and end up on second reading forever. He wanted to make sure that the policy was something that Governor Florio could sign because Wayne wanted everybody not just the people to benefit from the policy change, he wanted the politicians starting with the governor to benefit from the reality of the effort so they could say, we promoted something that will uplift people but politicians need to get credit for the good work that they do.

Cheryl Jenkins: I came to the Florio administration a little different than most people. I was in the corporate environment and I came in as a policy advisory and a financial advisor and I worked with the Authorities Unit. And most of my experience were primarily working with bond deals and making sure they're were staffed correctly. But the one area I got a chance to work with, I guess, as a combination of being a financial policy advisor and working with the policy group is the area of domestic violence. And what we were doing in terms of how do we spend the money? So when we went through and started to look at the budgets we found that we couldn't really tell you how much we spent on domestic violence because you had to go to human services to find the dollars. You had to go to DCA to find the dollars, the attorney general. You had to go health. You had to go public safety. You had to go to nonprofits. The money was just very-- I mean it was spread out all over the place. So what we actually ended up doing is pulling together a group of women including nonprofits to come together with a way of identifying those dollars and we established the Office on the Prevention of Violence Against Women in which we had a holistic approach to dealing with violence. And you had a one stop shop. And instead of going to all of those places, you could go to one place and you can find all of the materials to address anything dealing with violence. We also in this state working with the legislature passed one of the

most aggressive _____ bills on domestic violence. If you go back now and you look at our bill that was passed here in New Jersey out of the Florio Administration regarding domestic violence, you would go "wow". And the most important thing we did is we funded all shelters, 21 shelters in the state of New Jersey. At one point you'd have three combined, some were fully funded, some were halfway funded. We funded all 21 shelters of domestic violence here in New Jersey. And a good experience is when we did that, I got a chance to go to the one in Middlesex with Governor Florio and First Lady Lucinda Florio and it was a really interesting experience trying to get there because they're hidden. So, of course, we had this escort, the police, I was supposed to do the advanced work and tell where we were going but I couldn't tell where we were going. But it was really fun. So we got there and it was just a really interesting experience to see the women. And I say domestic violence it does not have a color to it. It does not have an economic status to it. It is just what it is domestic violence. We found women that were corporate wives from Basking Ridge. We found people from the poorest community. We found middle class ones. And most of them were there. And they were now on welfare or had to do other things because of the fact they did not have the appropriate funding. As part of the package, we also made it possible if you decide you need to leave you husband for those reasons you could qualify for some of the monies for the first time home buyers, even though you owned a home, if you had to leave your home, work and actually qualify to fund a home. So I say in that case, we really do need to make sure we kind of push the fact that if you look at that legislation and what we did in those areas they definitely far exceed anything you see across the country and at the national level.

William Waldman: One of the innovations during that same period was the dedicated tax. We raised the cost of marriage licenses interestingly to pay for domestic violence. We created a permanent fund stream.

John Weingart: There are all of these legislative accomplishments we talked about were during the first half of the term, when the democrats controlled the legislature. Were there efforts to repeal or pull back any of these in the second two years?

<overlapping conversation>

Amy Mansue: The health planning law was repealed that was the first thing. And I think the assault weapons obviously was a big issue. I think that-- Betsy and I were just talking that...

Sonia Delgado: We had sunset provisions on uncompensated care.

Amy Mansue: Right. So we had to cut...

Sonia Delgado: So there were a couple of things, but I think the one with the most far reaching impact was the inability to do any state health planning. I mean I think that that impacted not just the delivery system, but the financing of the delivery system as well as the quality of the delivery system.

Amy Mansue: I think also just the dynamic, you know, virtually the four of us staffers Sonia and Kelly and Betsy and I we lived together virtually in the crafting of the legislation day-in, day-out. We could finish with Eleanor trying to negotiate between all of us and sometimes reprimand us too. But I think the hard part was when we lost. You know, we then had to learn a whole new crew of people and people that we had worked with day-in and day-out we didn't need in the same way and they weren't involved in the same way. And how you manage that dynamic between the houses was very, very difficult. I mean A, you just had so much emotion about it because it was a slaughter. It wasn't just a loss. So you lost good people that you were working with day-in and day-out. And then from the staffing, you know, you were staffing, you were negotiating with the enemy at that point. People that they had spent their lives trying to make sure didn't get ahead we then had to do. And that whole dynamic on just a pure personal level was really, really difficult and difficult for the members, as well, that they felt in some ways betrayed that we had made deals, and had new sponsors.

Sonia Delgado: That's an interesting perspective, and I think that that's a perspective of maybe Executive branch that I'm not so sure I could say is the same for the legislative branch as a whole. I mean I think the legislature I'm sure we were devastated by the loss of our majorities, but again, those relationships were such that, remember they're all looking to get reelected. They're all looking to serve a constituency. They're looking at policy in a slightly different way. It's much more local for them. And so I think that they continue to-- and they were sitting in committee together. I mean that's the other issue. You're sitting in committee on a regular basis, how long can you stay angry? How long can you hold a grudge when you're being presented with, you know, hundreds of bills over the course of a two-year session. You learn that you've got to get back in the mix. If you're going to have a seat at the table, you're going to have to work at it whether you like the person or not. And if you want to earn some currency you're going to have to take your lumps with it when you're negotiating. And so I think the members were-- those members that had been in office for a long period of time understood that. And they responded to that and they did very well. And others, I think, it took a little bit longer. I wanted to make a comment following up on Kathy's comment about the leadership on the bills. Because my experience under Senate President Russo and Senate President Lynch was that they had an

appreciation for the skills of their committee chairman. And they were-- the committee chairman and in this case, the sponsors of the major health initiatives were really given a great deal of latitude. And there was trust there so that in the conversations that were being had about someone's discomfort the sponsor and in this case the committee chairman was able to really bring to bear a great deal of influence. And that extended to the lobbying, the constituencies and the lobbyist as well. So that when the groups were coming forward, the physicians as an example, the medical society. The members, they didn't want to deal with it. They would say just go talk to Dick. Go talk to the sponsor. And if it was an issue that they didn't want to touch, they knew that they could send it over to Senator Codey and he would take it on. I think the other thing to take note of it is that when it comes to leadership as a sponsor, particularly as it relates to the provisions and the Healthcare Reform and Cost Containment Act that relate to changes in the way we manage physicians, there were only one or two people that could successfully do that. And Dick Codey could do that because he understood how those physicians worked and those local medical societies. And he knew how to barter one substantive trade for another and he did that very well with the dispensing and the self-referral bills. Now, I could give an example of where he didn't do nearly as well but I'll leave it at that but it's important to note that in that regard, it was a collective effort and in the sense that the Senate president had to have enough confidence in the Speaker-- in the sponsor and the committee chairman to be able to move these things along particularly in a caucus that was, you know, not so happy. And the value of longevity in this case is that long after the Florio Administration, Senator Codey and other legislators, Wayne Bryant, they continued to make a huge impact with different types of healthcare policy. I think it was in that same year that we did the Physician Assistants and the Nurse Practitioners act, something that Governor Florio very early in his term said we really need to change this. We need to make sure that when we have Physician Assistants training here in New Jersey that they ought to be able to practice here. And so those were remnants of the healthcare cost containment recommendations that maybe didn't make it into the big bill but were added on. People didn't forget about it. And they have had a long lasting impact.

Jim Florio: Let me just share my take on the legislative process. I think Don's analysis, the three stages, is very accurate. I mean the first stage, obviously the first two years and I was very impressed. And I don't know if this has changed or not but the degree of loyalty out of the leadership to the administration even when things they were not enthusiastic about was really startling. I mean being able to have the leadership, Senator Lynch hated the assault weapon issue, but he signed on as a good soldier and then beat everybody into compliance.

<group laughter>

Jim Florio: And the same thing with Joe Doria. Joe Doria very strongly felt against some of the things we were trying to do but he said, "You're in charge. You're the person so we'll go and do it." And then as soon as the legislature changed the first period of legitimate euphoria on the part of the new people who came in people were very aggressive and started to repeal some of the things we started to do, sales tax, the planning act and things like that. I think the assault weapon ban on our success in terms of stopping bad things from happening as we perceived it was bought for the next stage. The next stage we had a much more collaboration with the Republican majority, overwhelming majority there. And I think in some respects Donny DiFrancesco was responsible for that, just personality wise. So we had actually not a bad outcome in the last year-and-a-half or so. And also it was the responsibility of a legislature to legislate at some point so they just can't be naysayers. The first two years we didn't get support almost on anything. But the last year-and-a-half was some collaboration just because there was nowhere to hide if you're in a responsible position in the legislature you've got to collaborate. So we had some good outcomes there.

Donald Sico: And I would give some credit to your appointment of Bob DeCotiis as chief counsel. I mean like any other business, politics is a relationship game and Bob was very good at relationships. I remember saying to your Chief of Staff, Joe Salema that I would call not every day but three or four times a week over to Bob DeCotiis and every single time I called he got on the phone. And I didn't know how he could do that and Joe said, "Well, he doesn't do anything else."

<group laughter>

Amy Mansue: But I also think that having the state constitution with the governor with the amount of power that this Governor has and our knowledge after that defeat that we had two years. We had two years to get this Governor elected and we had two years to manage this legislature and that's where knowing government and how it worked and how money flowed and how we needed to help those communities. And you know, Diane Quinton] we had a list. We knew exactly what districts we were focused on. We were out there. There wasn't a day we weren't on the stump from the moment that we lost that election to the midterm election, we were out. And all we were doing was focused on making sure we could win back those houses and get the Governor elected. And that was hard just pure politics. We did it on appointments. We did it on money. We did it on absolutely everybody. And when you are that targeted to it, we absolutely picked people one after another after another. And it was a plan. It was a war. We did not ever miss a beat on that. Yes, we lost, but we were not going to be beat.

Kelly Ganges: And in the Assembly when we were down to 22 seats, the first day that the republicans took office our plan was we're coming back to control. We're going to win our seats back a seat at a time. And every piece of policy that even wreaked of controversy we stayed away from it. We had to let the people-- they had vented. We had to let them now get used to us being out of power and we slowly worked back a seat or two at a time in every election.

Amy Mansue: I actually remember Kelly you and I had a conversation I needed a vote something, I don't remember what the bill was, but you said to me, "You go get it from your new friends."

<group laughter>

Amy Mansue: You go make sure you get that somewhere else, absolutely.

Kelly Ganges: I embrace that comment.

<group laughter>

Kelly Ganges: That's just the way the game's played.

Kathy Crotty: I'd like to go back to something that Sonia said about the relationship that the leadership had with the committee chairs. During that period of time and I think this has changed in significant ways in the last ten years or so the chairman, the committee chairman in the Senate had a lot more autonomy. And in contrast to Don's experience when they took over and they took over the majority our chairman had been in place for long periods of time. By that time, Dick Codey had chaired the health committee for 10 years. And Dan Dalton had chaired the environment committee prior to being the majority leader in the Assembly and the Senate. And so they really were experts. And in our caucus when there was a major health bill or environmental bill or dealt with any issue, the members looked to the committee chairs as to what they should do. They looked to them for information. They looked to the staff, but they would ultimately go to Dick, how should I vote or they would question them about the provisions of the bill. I'm not sure, I think there's a lot less autonomy generally in the legislature now. It's much more top down. But there was a lot more latitude given to the chairmen's. They ran their committees. They decided what went up on the agenda. If they leadership had a problem with something I would intervene initially. And if I wasn't successful then I'd go to the Senate president and

say you need to talk to Larry Weiss or Walter Rand or whoever, if there was something that they really either wanted them to do when they didn't want to do or didn't want them to do. And that would generally work out. But as I said, it contrasted Don's experience, they really were quite capable of going head to head and toe to toe with the administration on almost all of the issues. And I think that Amy and Brenda had that experience with a number of our chairman on a number of occasions.

Russ Molloy: Could I ask the question I was going to ask before because it's really a question more of timing? And it's one of I guess if you want to look at it the halo effect because you had just come into office. And now you're faced-- you all ready have these ideas and staff clearly has these ideas about making changes. Let's talk healthcare. We're talking healthcare today. Does it matter? For the folks that are listening in on this in a webinar in the future and as they're writing their papers, what's the interplay of the timing line with getting these things accomplished, considering what the political realities are with the legislature that two years later changes dramatically? And I only bring that to light because we're talking specifically about two major bills on the healthcare side, one of which was done during a democratically controlled legislature. The second was done by a republican controlled legislature. And I'm just wondering if there is a different way to look at it from the politics and the timeline?

Jim Florio: I'm not really sure I know how to answer the question. In some respects, the initial drive was just sheer force of personality, dedication, almost intimidation. I mean I remember hearing complaints from some of the legislators that our folks were arrogant and they were condescending.

Brenda Bacon: Who said that?

Jim Florio: I give that some credibility.

<group laughter>

Jim Florio: The result was overwhelming so it was a real blockbuster coming in we wanted to do things, overpower the legislature. Until the legislature got its feet under itself to be able to get it done. But, again, I'm not sure how to go about responding on the second half because the new republicans were coming in largely to undo most of what they did not like. So we were able to back up a little bit and then try to develop some defensive mechanisms to stop that bad things were happening. But I think personality plays a strong role. And the whole idea of the-- again, I can remember in the Assembly particularly, the Assembly

people coming and complaining to me about things that I wanted to do but they didn't like the way we were going about doing it. So I was sensitive to that. But the fact of the matter is it was being successful so I didn't intervene at all. It depended what we were doing.

Donald Sico: But necessity trumps partisanship. So there court decisions. There was an insurance market that was a mess. Even our friends, if you want to call them our friends, in the business community, were complaining about the insurance market there. Something needed to get done. And I remember the-- and I do have a fuzzy memory so I'll admit that. I remember the biggest debate about during the insurance reforms was over community rating. And I think we moved you on that issue and we felt satisfied that we were able to move you guys a little bit on the community rating issue and therefore were able to vote for the bill. But, you know, something had to be done. And when something needs to get done, you know, partisanship gets set aside enough to at least accomplish something.

Amy Mansue: Yes, Brenda mentioned it. I mean the Blues were telling us they were pulling out of the individual market. So literally the marketplace was going to collapse. It wasn't like everybody said he let's do some insurance reform stuff. I mean you had the Woland decision. You had Patello telling us he was out. And we had 75,000 people at that point enrolled in that system and we had to cobble together something. You had Sam Fortunato and Leon Moskowitz who had spent their life in the industry. And so you had them at the table really crafting that process having that insider's view and that made a huge difference on our side of the table. And I think you're right. We moved to the bands because we were at 100 percent pure community rating when we started these conversations. But it's interesting, as people say and ask me at the children's hospital now what's the impact of healthcare reform on you the answer is really nothing because the truth of the matter is we had all ready expanded Medicaid to the maximum levels. The guaranteed issue, all of those things were all ready baked into that legislation. And so in many ways except for the impact on the reduction in reimbursement on the Medicare side, the other insurance reform issues, you know, that's sort of old news in New Jersey. So I think Russ, it was really the outside forces that brought us to the table more than anything else from a timing perspective.

Sonia Delgado: But I think there were remnants from one piece of legislation that had timing, that had sunsets, there were sunset provisions, there were related provisions that required the construct of other boards and commissions. So there was work undone that I think the republicans saw there was no harm in moving along. And then there were things that they could use that as an opportunity to repeal other things. And John Kohler at that point working for Coburn was a big proponent of the healthcare cross containment. Like if there was one republican staff champion it was him. And it was interesting because his

motivation was really at its very core was all about the consumer wanting to make sure that the consumer understood why they were being billed something, making sure that government was keeping tabs of how the hospitals were actually collecting these payments. I mean he had I remember in one of the regulatory frameworks that was developed I think we had like a list of 18 to 20 different things that hospitals had to make note of before somebody could have charity care. And so I think there was a desire to have some accountability post the first reform bill and I think the second one provided that opportunity.

Brenda Bacon: I think the difference that maybe when Russ asked this question, the governor responds that way is that when there was a problem, whether it was Court generated or a system that was broken and that was just reaching the critical stage, you have a series of choices. You can try to put a couple of Band-Aids on it and just make it go away or pass it down the road. Or you can just attack it from all angles and that's kind of what we did. And that was sometimes what felt overwhelming because this governor always would say well, what's the problem? How do you fix it? And you could say okay well we could just go do this thing here and that will make this group quiet down or things go down the road, passed the election or other things. And his response on that always was if you think you know how to fix it, we need to fix it. And healthcare is enormously complicated. Of course, education funding, assault weapons everything is complicated. But healthcare affects so many consistencies and it's very difficult to get the hospitals and the doctors and the insurance companies and the business community and labor seeing the answer as being the same. We can all recognize the problem and acknowledge it. But the fixes are always going to affect people differently. So I think the kind of aggressive behavior or arrogant behavior whatever one wants to describe it was a fervor to fix the problem. And the Governor always wanted to not it's like don't for the C plus on this paper, go for the A plus and see what you can get and that's what we did.

<BREAK>

Russ Molloy: Well, it's been a pretty interesting conversation so far. We have a new panelist today I'd like to introduce. Everybody else has already been introduced and that's David Knowlton. David founded and served as Executive Director of the Healthcare Payers Coalition of New Jersey which represents both business and labor that provide healthcare. Currently he's the president and C.E.O. of the Health Care Quality Institute of New Jersey. We all know him quite well. He's been involved in this arena for a very long time. He is the immediate past chair of the Leapfrog Group. He's had experiences in both the Quality forum as well as insurance exchanges. He's got a great depth of background that everybody can read about in your paper, but I'd like to get more into the substance if I could and David,

let's kick it off with you if we could. Give us a little sense about what your perspective is on these major changes in the administration's healthcare attempt.

David Knowlton: Well, thanks, Russ. As you know I have for this group anyway an unusual perspective because I was in the previous administration and left when you all came into office. And it may be shocking to you, but it can be at times contentious when you're in power. And payback can be painful. So when we left power you kind of sit and watch and wait for trips and mistakes. And so I want to give you my impressions immediately following being in office and the Florio Administration. And probably the first was the most shocking and that was that it was welcoming. That I think one of the first people I met was Amy Mansue in the State House on the debate on what we're going to do about comprehensive planning I believe was the case at the time, and on D.I.G.s. So I was shocked at how open and probably wouldn't have been as open if the tables had been turned. That was my reaction at the time. The second piece that struck me was that you inherited a mess. We knew that we talk about the United Wire case, the Rolland decision which was in the works when this discussion was happening. But we already knew the system was imploding. We couldn't maintain 19.1 percent. We knew that was falling apart and everybody was pushing back from the table and the feds already had and so it was no surprise that that was one of the first things you had to address. And fast forward a little bit, the other thing that struck me about this administration was the personnel. And when I joined with Senator Joe Vitale to do health care reform in New Jersey and got the first wave of it through, we recruited Amy Mansue, Sonya Delgado, Alan Acile. We brought people to the table that we had close ties to your administration. And the principles the pillars of the Vitale reform: affordable and sustainable, universal and portable, commercial grade without stigma to those who get care, and ultimately mandated were all seeds that were planted in the Florio administration there's no question about it. I'd like to call Obama Care or the Obama Reforms as Florio-light because it really takes some sound policy that was in place and tries to memorialize it and I don't think nearly as well. In fact we stopped Vitale reforms to wait to see what President Obama did and we probably would have been better off to continue with Vitale reforms because as Amy alluded to at Children's Specialized Hospital there was nothing new to New Jersey, preexisting condition, yawn. They actually did preexisting condition wisely with a little wait period so there's no motivation to flip immediately. Uncompensated care, yawn, subsidies for coverage for people who can't afford it, okay, yawn. I mean there isn't a lot that's very new. Do I think it's important, critically important we need to make this the policy of the land but we'd already done it here in New Jersey. So I just will take another minute, Russ and talk about what I saw as the seeds that were planted in the Florio Administration that are blooming today or have the potential to bloom today. One of them I disagree with Amy on and that was the work that you did in insurance reform. While I agree, if you could do it over you might do it differently, but you never would have gotten everything else you'd got if you had done it that way. Health care is such a dynamic environment and so changing that what you demonize today, you salute

tomorrow. And if you had ever pursued the perfect, you never would have passed the possible, in my view. Laws are subject to compromise and that's what happened. Biggest seed, I read in one of the governor's budget address, "The State of the State" or something that planning will be essential toward this administration and it clearly was. And if there was a sad, and it's something certainly that Brenda had championed, if there was a sad loss in all of health care it is the loss of the planning elements that we so desperately need. As a result safety net hospitals in New Jersey today are seriously at risk and if the planning reforms that we put in place were in place, they would not be lost. So I'm hopeful that we could use that leverage to get some of that back again. Cost the focus on cost has been forgotten for generations of governance post Florio but was a central pillar of the Florio administration. The argument that if it can't manage cost, you can't manage care, and you cannot give access to care without managed cost. Transparency one of the very early pillars of the Florio administration one of the first times. When I left the Kean Administration the February following the Kean Administration we published hospital safety and quality information. Never, ever been done before and was with without attack or recrimination from the Florio administration at the time even though like I said, different tribe, different side, it was without recrimination at that time. We are engaged now at the Quality Institute in a big initiative because it's our belief that Nurse Practitioners are taking over primary care. Without the seeds planted here and in other states but championed here, it wouldn't have been possible for that to happen. You all probably can leave here today and get a hospital C.E.O. to grab you and say "Can you explain A.C.O.s to me?" All you've got to do to understand A.C.O.s is to read the Community Health Act that was started in the Florio Administration. The welfare systems and IT that was supported so that people didn't have to stand in the snow and people didn't have to hand a Monopoly piece of money to a cashier are exactly what we're trying to get down with health IT and meaningful use in health care now. So I see a lot of good that happened and I see that the policy was very rich in the Florio years and probably the best thing that came out of it from my perspective was I recruited Jim Florio to my board which he served for a long time and has been a big champion of a lot of what we've done. So I'm a champion of this. This is most of what I do today had a big start in the Florio years.

Russ Molloy: The Governor's Commission on Health Care Costs is a classic example of the opposite of what everybody feels about government and legislature and that is that a study doesn't do anything. It just gets done and nothing happens. In this particular instance it was actually the stimulus for the first major bill that came out. It had 90 recommendations and in fact subsequently was embraced in the first piece of legislation in 1991. So I'm just wondering, Amy, if you want to give us a thought about as you were preparing that, how did you want to address it? What was the impetus? You came in, you mentioned earlier, you've got a background in this, you've got a lot of interest. Next thing you know there's this report. You now have something to stand upon, to push, what did you do next?

Amy Mansue: Let me clear. I was staff. This is Brenda's commission. We assembled, Berman is gone, but we had a whole group of people cabinet officers because we knew this was not about putting a report on a shelf. We were going to implement and we were going to implement whether we got it through in the legislature. We got it through in Regs we were going to implement, and so I mean Brenda was masterful. We spent hours and hours with the senate and staff as well as I mentioned before Sam Fortunato, Leon Moskowitz, the folks from the department of health, Pam Dixon, Anne Weiss. And really trying to make sure that we could implement what Brenda and the governor had laid out. But let me be clear, there were chapters assigned and there was work. This was not like a thoughtful commission that came up with new ideas. We had a very clear script and then we had to back into what that policy looked like and how we were going to legislatively get it done. But it was a good commission. It was thoughtful. We had lots of hearings, lots of input, but we knew where we wanted to get. It was just how we were going to get there?

Brenda Bacon: I think something David said is really important and that is that you can't let the perfect be the enemy of the good or the possible. And our commission from the beginning we would talk about it and everybody know the perfect textbook answer. There have been many textbooks written about perfect health care policy but that's not the world and it's certainly not the world in New Jersey so you had to take everything and say okay, this is what we want to accomplish, how can we accomplish it, and then put a game plan to it. So I think starting out a commission or any kind of group like this with really smart thoughtful people and people who represent all constituencies, getting it all on the table and saying "Okay what can we do that's going to improve the situation?" and that was what we set out to do.

Russ Molloy: Do you think that this is a model that you would recommend for other types of issues going forward that this is an approach one should take at least at the state level?

Brenda Bacon: I do and I think it's hard though because if you know kind of what the system should look like and if everybody would just do it, you know, all of these problems would go away. You have to get very pragmatic during that process and sometimes it's hard particularly when you're as idealistic as we were in terms of getting things done, but I do think a lot of commission studies go on the shelf and had before because there was just no practical answer to do what you wanted to do.

Amy Mansue: I also think that you have to take into account the things that happened at the time, so I'm sure that if you walked to Dr. Barchi two weeks ago, he would have a lot different thoughts about what his work was that he does today. And so when I think about the things that happened; I mean remember we were in the middle of the AIDS crisis. We

had AIDS activists locking themselves to the, you know, disrupting the State of the State, they locked themselves to the--

William Waldman: Sure, ACT UP.

Brenda Bacon: Yes, ACT UP.

Amy Mansue: Yes, ACT UP, locked themselves in the conference room, remember that? They literally physically locked themselves in the conference room and wouldn't leave until we dealt with the issues in Medicaid around making sure that the drugs were available. The Governor obviously led the effort to ensure that regardless of whether you were gay or not you had access to health care and you had equality in reference to their pensions and those issues in New Jersey which again, we're still fighting about in many cases. So I think that you can't- what may not be sort of tangential issues, they get caught in this conversation so it's not like you're going to go in a room and come up with a commission and move forward because everything else is dynamic in the time and there certainly were no shortage of issues. Assault weapons, I mean ironically Dr. Munoz who later became an assemblyman was our lead activist. He was a trauma center at University Hospital and he would come and talk about what it was like to watch young men come in riddled with bullets.

Brenda Bacon: Eric Munoz.

Amy Mansue: Eric Munoz, right?

Brenda Bacon: These things are just like flowing back into my head.

Amy Mansue: He was who we trotted out every single time we went to do a meeting. And I think the press around it, Russ, is not to be underestimated. We did a lot of advocacy work, sort of grassroots find the people, let's set up their event, let's make sure that we showcase this, let's make a context for this. Because otherwise much like the Obama legislation people say "Oh it's too complicated. I don't understand it." They're very easy. It's not that complicated. It's pretty simple. There are three tenets that we're going to do. We're going to make sure everybody has access; we're going to make sure it's affordable, we're going to make sure that you have coordinated care. Those were the same things that existed under the Florio reform effort and I think that we ultimately tried to not worry about the 92 issues that we tried to capsulize it around what it meant to people.

Brenda Bacon: I think also you have to believe you can do it. There are so many naysayers. There are so many people who said "We tried that five years ago. We did that, it didn't work." And you've got to look past that and say "Okay, that's great, now maybe we can get it done this time." Or maybe we'll take that approach. You've got to learn from what other people did but never believe that you can't do it. Bill, were you going to say something?

William Waldman: Just a couple just from several lessons learned and this is from different administrations as well. Get back to the question you asked at the end last time about why do everything at once? What's the way? One of the struggles you have in government that's so different from the private sector is strategic planning because the time horizons are very different, you know? When you just have so much time the horizon is the next election, the next budget. It's very hard to think five to ten years down the road and how to position yourself. Another one is a need for marketing. And even in the public sector, we've got to market ideas to reach constituencies. One of the things I always felt badly about and wish I had done a better job of is marketing how much tax relief we gave through the assumption of the social service costs on the county level. I think that would have been a greater respect for what the governor ultimately had to do in the best interest in the State of New Jersey. Another issue you have and I think you've seen it demonstrated here that's a necessity is passion. I was very fortunate to work with someone who had a lot of passion about these issues and drove me on and drove other people on. I remember hard times that we went through where your passion really saved the day in many cases.

Governor Jim Florio: Can I raise just an issue of we were, appropriately I think, giving credit for being big on policy. We were criticized with some justification for not being greater on the politics. But I would just make the argument that the politics that we were not great on was the sort of provincial politics at the lowest retail level. The politics from a mega scope picture, we were actually fairly good on. And by that I mean seeing what it is that you have to do that is in compliance with what the times demand. How to frame the issue so as to be able to take advantage of the momentum that was going through. Auto insurance, we did auto insurance but auto insurance was being demanded by people. The assault weapon thing we went through was very much like the times now that had a big problem at Stockton, California, kids were shot with them. So a lot of these problems we were dealing with we had the good sense to know put something together that makes some sense, sit there, wait for something to happen to make some momentum available. Know how to frame the issue so as to be able to make it politically palatable. And so I think we had some good political sense from that standpoint though we may not have played it well at the local level dealing with the different political people.

Amy Mansue: I think the "not blinking" though cannot be underestimated. I mean I remember when the insurance companies came in and they said with the auto insurance reform they said "We're going to pull out of the state. We're going to leave tomorrow." And Greg Lawler said "Go ahead. Just go." Because we knew they were making so much money on their health business there was no way they were going to leave and we had again, that's where the importance of knowing the legislative process you had insisted, again I vividly remember, you had insisted that it was not only applying to the health insurance whether you played in the State of New Jersey or not. It was all lines of business. So you were either all in or you were all out, and that made the sort of knee-jerk reaction entirely different and just those strategic issues were really, really critical in the overall make them stay at the table and negotiate it through.

Governor Jim Florio: I'm troubled to tell you but I think the quote that I'll be most remembered for was "Allstate was threatening to leave the state." And I just ask what part of our anatomy did they have their hands around?

<laughter>

Brenda Bacon: We spent the better part of the next 12 hours trying to figure out how to explain that.

<laughter>

Governor Jim Florio: I mean I already know I was talking about the neck.

Brenda Bacon: He said the neck. Yes, it took us 12 hours just to come up with the neck.

<laughter>

Russ Molloy: I think we're going to move on.

<laughter>

Russ Molloy: Betsy, I didn't want to cut you off. You were going to--

Elizabeth Ryan: Not it's okay you can move on, please.

Russ Molloy: Alright, so I get a sense that to a degree it does help to have a crisis to move certain things, especially if you already have them in your back pocket about what you want to accomplish. And that studies can in fact be used effectively to come up with some of the media support you need and I would assume engender some legislative support as well. So I'm wondering if we can get a sense about at that time, taking a quick snapshot, we were looking at basically as David had suggested, we had a system that was imploding. We had rate setting for hospitals in which case basically every hospital was getting reimbursed for the costs of the care that they were delivering in some way shape or form. And we had a charity care program that was actually paying for some of the uncompensated care. That was all well and good. We had hanging over our heads which would be sort of reminiscent of what we're going to talk about at I guess at another panel talking about education. It's a parallel but in this instance we had a court decision that was going to strip out the ability of using those funds that every patient was paying. They were going to strip that money away and then we'd have a real problem with our uncompensated care situation. So to address that part of this, recommendations from this commission comes out and we end up having a piece of legislation that does all sorts of things. So what I wanted to turn to you and talk about for a second, Betsy, is the delivery of care component that was part of the 1991 act. And when I read through it as has already been mentioned, it's so parallel to what the Affordable Care Act that the President has passed and has signed into law in 2010 and it's remarkable about the business community and the insurance company reaction which is we have this already and so it's really embodied in this legislation so I was just wondering what you thought about what actually worked in the delivery side, and what perhaps didn't work on the delivery side.

Elizabeth Ryan: That's a good question. In terms of the health care cost reduction now we're talking about.

Russ Molloy: Yes.

Elizabeth Ryan: I think Dave really has touched upon many things that worked. I think there are elements of transparency. I think that that act actually continued rate setting. It wasn't until the following year that Judge Rolland told us that rate setting was violating Erisah?] so that continued and actually the hospital industry was pretty happy with rate setting. They were getting reimbursed 100 percent of their costs by and large and there was a rate setting, a P.O. [purchase order] process that Amy has some funny stories about. But hospitals by and large were happy with that when we deregulated though it did as you know create a schism in the community. In terms of access to care I do feel like some of

the same issues still remain. Back then I remember thinking that Medicaid-managed care was the solution and now if you hear me during my day job, you'll hear me say it's not the solution. That many Medicaid recipients have an inadequate network of providers to go see, primary care physicians who won't take appointments. There's a dearth of specialists in Medicaid managed care so when I jump to the future and think about the Affordable Care Act and that population that's going to come to us through Medicaid, I wonder who are they going to see and if we're really going to be able to stop them from coming inappropriately to hospital ERs. Because if the Medicaid practitioners aren't there in the communities to provide care in the appropriate setting, we're going to be back to the future again with the inappropriate use of emergency room.

Amy Mansue: But that was one of the issues now that you mention it, Bets, that we walked away from is if you recall during the Commission Report we had talked about making the ability to serve Medicaid and Medicare patients part of a requirement to have a license in New Jersey for docs and nurses and all of that group and we just couldn't get it done and that was one of the issues that we had said would really ultimately make a difference. But at the end of the day even with the tremendous expansion that Sonya talked about in reference to the Federally Qualified Health Centers. We still don't have a coordinated care approach. We still don't have the effort to really make sure that we're treating that whole person. It's episodic and as long as it continues to be episodic, the reward is episodic, that's what people are going to utilize.

Becky Bacon: And that's particularly a problem for the populations that are using most of the cost and most of the care; your chronic disease people, your people with diabetes, heart disease all of those things that if we intervened early and provided coordinated care and really followed them, we could cut. Those are the people a lot who are in your emergency rooms that are having these episodes as a result of chronic disease that's not being addressed.

Elizabeth Ryan: And Russ, if I could, I would just add on the F.Q.H.C.s when I reread the bill because I knew Sonya was going to reread the bill, I was surprised to see that when we talked about community health centers we said that they have to have the appropriate hours of service, and that's still a chronic issue that we all complain about. And the other thing I would add, with the current patient population we're seeing, we're seeing an explosion of behavioral health patients who are staying for days and days, children for days in our emergency departments. And that's something that I feel like we need help with and we need F.Q.H.C.s to step up to the plate and provide some basic behavioral health services.

Amy Mansue: But that's part of the challenge though when you look at-

Sonya Delgado: It's how it's operationalized because the policy to provide coverage under Medicaid managed care was a sound policy. It afforded the expansion of insurance coverage. It was a two-tiered system and it stayed that way for a long time and ultimately we tried to level the playing field. But the bones of that policy are sound. What's not sound is how we operationalized it because we're not able to control the constituencies among the physicians who don't want to take care of the Medicaid managed care population, or the way that we finance the F.Q.H.C.s and the restrictions that they have in place with respect to how they operate. So it's I say that knowing that when I left the senate I focused on policy with the same passion and ardor and maybe not the discipline that all of you had but it was a pretty passionate experience. And then when I went to work for the Blues to roll out the very first Medicaid managed care plan, there was not any infrastructure at all, none. And over time the plans reverted to the same status quo behavior of maintaining their networks, cherry picking to manage their risks, and they continue to do that today. So it's not so much the policy as much as it is the way that we're unable to control the constraints of how, of the folks that deliver the care, how the programs are operationalized and how they are financed.

David Knowlton: As you know, Sonya, we're working on this together.

Sonya Delgado: Yes.

David Knowlton: When Medicaid managed care says "I won't play" they can say that and back to the example of the Florio administration of the plans that said or the governor's point that said "Well then, I'm going to leave." Somebody said "Don't let the door hit you on the butt on the way out." You know it's a very different environment. And getting all it needs to kill the Obama reforms is for the providers just to say, "no thank you." So my note was to gamesmanship. There's a certain element of gamesmanship that makes good policy. And we lose a lot of the levers that we had in planning, a lot of the levers that allowed you to play that gamesmanship that you don't have anymore.

Elizabeth Ryan: I would agree with Sonya. A lot of it is operational but we can't forget that it's important to pay providers to provide care, and there's something wrong with a system that where I pay more to get my haircut in 45 minutes (which it may not look like today), than you give a primary care physician to examine a Medicaid patient. There is something wrong with that system and that has not changed.

William Waldman: The other issue is the market forces that affect Medicaid and managed care. For example if you look what happened in Tennessee with TennCare where they shrunk down to one single provider that really started to tell the state what they were going to offer. And New Jersey's has shrunk from 17 when I was there when we started it, I think there's only five now.

Elizabeth Ryan: Four.

William Waldman: Four now, yes.

Amy Mansue: But I think part of the discussion today is what are the lessons to be learned. So we put this accountable care organization out there and we tell everybody we're going to do this magic fairy dust and we're going to make all these people go into these accountable care organizations and we're going to manage the care, and you still have an infrastructure in the insurance system that can't pay a capitation, that can't quite frankly for a provider who is I do specialized rehab for children, can't pay a specialized provider differently than they pay everybody else, that infrastructure is not there. And so the notion on January 1st, 2014, that it's going to be rolled out and it's going to happen is just not realistic and it's fraught with danger because they haven't learned the lessons about what we've seen in New Jersey. They haven't given the appropriate lead time. They haven't done that leg work and that ground work and they've only fed the pilots in very, very small ways, in very, very small concentrations of people. And if you're going to talk about how you then marry this to the entire population, you're going to end up tripping which is why to put words in Brenda's mouth if you focused on those folks that are using 20 percent of the population that's using 80 percent of the dollars. I don't care if you look at Medicare or Medicaid or commercial insurance, that's what's happening, you have a better shot at managing the care because it's a smaller group of people and you'll see success. Right now they're going to say we're going to try to manage everybody and there's just no infrastructure in place to be able to do and there's no funding to be able to support that. And what's going to happen is they're going to say the providers have failed. The insurance companies are going to say "I'm taking all the risks, state. You can't blame me because I just took that monkey off your back. You don't have to worry about it anymore." And we're going to be sitting here in this quagmire. And that's my biggest fear for the future is that they just at some level you have to bite off all those things in order to get them done but if you don't operationalize them correctly they will fail and the whole thing will be cast as a failure.

Sonya Delgado: Can I just make one comment? I happened to listen to the Florio archive I guess talking about the transition and I was really quite fascinated with that conversation

because well because nobody really focused. You do transition one time and then it goes away and you don't do it again. But obviously the Florio administration spent a lot of time on transition and did a lot of work and brought a lot of resources to bear to it. And the same is true with legislation when it's implemented. If you have the benefit of that administration and staying in office or you have the benefit of some majority of the legislature staying in office for a period of time subsequent to it, you have the ability to impact how it's operationalized. But when you have a turnover and you don't have good transition, because if you don't have good transition you then impact your ability to operationalize your policies in a meaningful way or in a way that you intended. And it begs the question of whether or not, even if you have two different political parties, if you had a stronger more formal process of transition if it wouldn't lend itself to operationalizing policies that everyone agrees are reasonable and should be continued. And I think that you were able to do that with some of the healthcare reforms that we did because of the sunset provisions and the other things. There were key external drivers that forced that. We didn't call it a transition but it was forced upon us. It would be interesting to see if we took a more proactive approach if that wouldn't make a difference and create more sustainable operational success for some of those policies.

Amy Mansue: There are things in the Affordable Care Act that are just wrong.

Sonya Delgado: Right.

Amy Mansue: They were drafted wrong, they were just wrong. The Administration has no ability to go back now in the House because of the flip to fix those issues, and so now there are unintended consequences. Something that's happened is the I.R.S. has ruled that if you're an individual you can only look at what the impact is for the cost of that individual even if you require a family plan. There is no way for the subsidy issues that people are going to be able to be able to afford it if you are only looking at the individual and not the cost of the entire plan. So it's an example of just it's a silly technical issue that needs to be fixed but it requires legislative change to do it and the Obama administration can't find a vehicle to have those conversations. Children with severe disabilities, the legislation says you cannot have a ,for lack of a better word, a wrap-around for the health access program for the exchange product with Medicaid, So yes, they removed the lifetime cap but there are still annual caps so all those kids that need expensive wheelchairs or expensive drugs, they've hit that annual cap and there's no way for Medicaid to wrap around that anymore. And again, they're paralyzed because you have a Congress that's paralyzed.

Brenda Bacon: But there are 100 things wrong with that bill at least, maybe 1,000. But they got it done.

Amy Mansue: They did get it done.

Brenda Bacon: And they are the first ones that were able to get it done and you have to strike when you can strike. And I never believed they could get it done having watched the Clinton administration try to do it and other people try to do it. So you've got to give them-- they had to forge ahead and they've got to fix a lot of things but I think we're better off that they got it through and there will be a lot of cleanup and a lot of fixes and hopefully a lot of people don't get hurt in the meantime. It will be ugly but it's better than having done nothing.

Russ Molloy: You know it's funny. I think there's a parallel. I think there's a parallel because at the time when the Affordable Care Act was being contemplated the President dedicated all of his political capital at that time. His bill is we're talking about timelines, are very short and this was a very narrow window of opportunity. But the crisis being that the Medicare trust fund was going to go bust in his second term his legacy would have been destroyed. So he had to address it as soon as he got into office. And as a result because of the legislative process you end up not having a great situation where you had to deal and put together a package that you may not want to live with but he's hoping at least in the second term I think to make a lot of changes. And we've never seen the Federal government move as rapidly in the regulatory front as we've seen with the Affordable Care Act. So it is pretty interesting. But some of the elements that I think in the legislation we've seen in the Florio administration is kind of interesting because it's like the expansion of Medicaid. Oh, we're going to-- we want IT systems to actually integrate and look for-- it was electronic medical records without using that phrase was included in this. When we talk about transparency I think for everybody that's listening, transparency is actually being able to see what is costing something and what the hospitals are getting in return for that and it was being expanded to all providers not just limited to hospitals. There was a fairness element to this which I think gets us back to a comment that was made earlier by Amy about the role of the moral compass. And when you talk about health care I think fundamentally at the end of the day why it affects every human being is that at some point we all have to deal with it. And the comment was I think more about you were acknowledging the role that the governor had providing a moral compass in this area. I think this legislation that we've seen and the proposals that have come out during those four years echo that and I think that that's something that we should all take back as a key role, as a key message. That if you want to provide leadership on the executive side, it does really help to have a moral compass to drive healthcare. The other comment I wanted to make was what everybody has been echoing as being a problem and that is health planning. I mean when we think about it, we've already assumed that government has a role to play in health care. I'm not sure that everybody embraces that idea. In fact I know for a fact a lot of people do not embrace that idea. But I think one of the questions I would

have for the panel is what should control, who should make decisions in health care on the part of the state government? Who should play? Why don't we have it? How in the world are we still surviving without it? And if you had any thoughts about health planning generally?

Brenda Bacon: I have a lot of thoughts about health planning and always have. I do understand the value of market forces as well though and I don't think that it should be a totally government plan to regulate the system. Actually health planning should include all constituencies' kind of coming together and coming up with as rational a system as they can assuming that everybody has good motivations for good outcomes for patients and a healthier society. When we don't do that, we have a kind of situation that Amy and Betsy deal with every day and that's hospitals at each other's throats trying to see who can beat the other one and whether it's cardiac care or whatever it is and that ultimately drives up costs. And there are going to be winners and losers. And C.E.O.s and all C-suite executives in hospitals spend a lot of their time now trying to figure out how to beat the other hospital at something and that's not productive for us as a society. So groups like Dave runs now are crucial to try to help bring some rationality to that because we don't have a planning system through our government operation.

Amy Mansue: I remember Brent-- I'm sorry, Governor, go ahead.

Governor Jim Florio: No I was just going to say the planning component really goes to cost effective efficiency which is a marketplace concept. I mean you talk about the moral issues of this thing. You have to really determine what is health care? I mean is it a commodity, you could have it, if you could afford it you can have it, if you can't. Or is it the _____ of some sort? I saw something in the paper not too long ago that is kind of interesting to me. United Healthcare, which I think is the biggest insurance company, announced that they were only going to have limited participation in the number of exchanges around the country. Other insurance companies have the same thing. Presumably they will all go to where they have market dominance. So how is this exchange system, which is based upon competition, going to operate if you have one dominant carrier in each of the exchange areas? How does the market system operate with a little competition? So I mean you've built in something that's not related to affordable health care, the whole Obama Act but it's going to have a direct impact outside of it and people will blame Obamacare for the failure to restrain costs because of these forces that really are beyond the control overall.

Elizabeth Ryan: I think there is such a visceral reaction in the legislature to the statewide health planning in the labs and all that, because we put out the list of hospitals that were

slated to close. I remember my own mother saying "It was good enough for four of your brothers to be born there. What's wrong with this hospital?" Since 1992 26 acute care hospitals have closed in the State of New Jersey. I bought this list to show Brenda. And you know what? Some of that consolidation absolutely had to happen but it didn't always happen in the right place or at the right time and a lot of it happened to, I think Dave's point, in urban centers. So I think what we're left with because now there's really a prohibition against statewide health planning is you have the state doing spot planning where you see a region in crisis and so you'll see perhaps the Commissioner of Health a couple years ago brought together all the hospitals in Hudson County with a thought to do something together. Unfortunately, there was a change in leadership and that something never happened despite a very fancy report and that report was put on the shelf. So I think you see spot planning but it's usually when a facility is in crisis. And to Brenda's point, it is not very deep. It is only to deal with a crisis. It's not dealing with the proliferation of ambulatory surgery centers as Governor Florio pointed out earlier that set up across the street from the hospital. Take the paying patients away. Often take the best staff away because the staff wants to work 6:00 to 6:00, not 24/7 and do the swing shift. So that loss of planning has really impacted the landscape of the State of New Jersey.

David Knowlton: And the loss of planning affects transparency. We did an expose on ambulatory surgery centers and their quality in a report that the Department of Health was going to bury and we opened it and put it on the front page of *The Ledger*. That brought about some change in that environment. The lack of planning is a threat to quality. It is a big threat to quality. It's a threat to access. And my disappointment in health care policy in general is that the Administration _____ whoever watches this in years to come, Administrations don't last long enough to step back and say, which I think most people here would agree, "This system has got to radically change." We got to zero-base this system and start again because hospitals that we look at today aren't what they're going to look like in ten years. And the change when you say to a hospital C.E.O. "You got to cut the cost of delivering a unit of care by 30 percent." They look at you like what are you smoking? But that is do the math, that's what it's going to take. And so you can't do that without comprehensive planning and so everybody can gin up the local legislator to come in and start throwing bombs and you get past the next round but you are perpetuating a system that practically everyone acknowledges isn't working. So big problem in the moral compass that Amy talked about, was the fact that the Florio administration led by Governor Florio and by the people he had working for him had the guts to at least gamesmanship to stick that out because that's the tough piece of this. Very, very, very hard. I don't think there's anybody who doesn't feel that this system isn't going to need big change. One of the things that's going to happen, I think the other person had the vision of this was Senator Kennedy who was very behind this reform and he doesn't in my view, Senator Kennedy does not believe this reform will survive. He thinks it's moving to some form of universal health care

and I think he sees it as a first step. And I agree with Brenda that this was an important first step to get past but in New Jersey there's going to be a lot of pain before it's done.

Russ Molloy: Governor, can I put you on the spot? If you were in charge again and looking at the health care, what would be the first thing you'd want to do in New Jersey at this point?

Governor Jim Florio: Inject more discipline into the process. I mean there are forces at work now that are antithetical to all the goals that people are talking about: the merger process, hospitals merging, insurance companies merging, doctor's groups getting bigger and bigger and bigger, more powerful so you're having horizontal, but now you have hospitals buying insurance companies. Insurance companies buying hospitals. _____ it's a marketplace system and we're in the process of consolidating things it's not going to work. I have no doubts five years from now, six years from now we'll be looking at this and saying "well maybe we moved a little bit towards universal care". We've got another thirty million. We have twenty more million that we are going to have grab to get in the system. Hopefully we'll have some good quality outcomes but cost control is not going to be successful in the way that people hope for. And at that point there will be a need for another bite at the apple. I mean people will have to come in and say what are we going to have a single payer system or public option or? But that's going to be very frustrating but I think it's almost inevitable. So I think there's more discipline in the system to try to again this is heresy and I'm not going to-- the free enterprise system works very well in most instances but public safety, public education, health care are not areas where it really distinguishes itself. So you can have a system that is publically driven that does incorporate the private sector. But the private sector has to have some more limits on what it is it's capable of doing.

Russ Molloy: I think I'd be really missing something if I didn't talk for just a second about the educational component that's folded within the legislation and that was the expansion of funding for the physicians and dentists that go out into underserved areas that was also included as part of this. But on top of that is a completely separate piece of legislation which was the University of Medicine and Dentistry basically their ability to carve them out and to act as a separate entity, which allowed them to grow tremendously in spite of what people read about in the papers today, it did become the nation's largest public health sciences university with a tremendous amount of research that's being conducted in the National Institutes of Health and other places and allowed it to create an NCI-designated cancer center as well. So it really finds its roots in the legislation that your administration has pursued. So it's something that I didn't want to talk about healthcare and ignore the educational component about all of this especially when Dr. Bergen's name was mentioned

a couple of times earlier and it's been a remarkable progress, and I think it's going to only blossom further if things work out. So we've learned that passion does have a role to play. I think that's pretty evident in all of this. Taking advantage of crisis is another message we can take out of this. And the last message I think I'd like to take out of this is the opportunity to say thank you for the opportunity of seeing all of you again and the opportunity to have actually been part of this experience. Thank you.

<applause>

John Weingart: Thank you to all the panel, everybody and this brings us to Governor Florio closing.

Governor Jim Florio: Well everything that had to be said has been said so I just want to thank everyone for the participation today and thank you for your past service and friendship that all of you have provided to myself and Lucinda. And I hope for all of you the best of wishes for a good future and maybe we can get together more frequently. Thank you very much.

<applause>