

California State Archives
State Government Oral History Program

Oral History Interview

with

CAREL E. H. MULDER

Chief, Division of Medical Care, Department of Social Welfare, 1957-1965
Director, Department of Health Care Services, 1967-1970

March 6, 1990
Sacramento, California

By Carole Hicke
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RESTRICTIONS ON THIS INTERVIEW

None.

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PREFACE

On September 25, 1985, Governor George Deukmejian signed into law A.B. 2104 (Chapter 965 of the Statutes of 1985). This legislation established, under the administration of the California State Archives, a State Government Oral History Program "to provide through the use of oral history a continuing documentation of state policy development as reflected in California's legislative and executive history."

The following interview is one of a series of oral histories undertaken for inclusion in the state program. These interviews offer insights into the actual workings of both the legislative and executive processes and policy mechanisms. They also offer an increased understanding of the men and women who create legislation and implement state policy. Further, they provide an overview of issue development in California state government and of how both the legislative and executive branches of government deal with issues and problems facing the state.

Interviewees are chosen primarily on the basis of their contributions to and influence on the policy issues of the state of California. They include members of the legislative and executive branches of state government as well as legislative staff, advocates, members of the media, and other people who played significant roles in specific issue areas of major and continuing importance to California.

By authorizing the California State Archives to work cooperatively with oral history units at California colleges and universities to conduct interviews, this program is structured to take advantage of the resources and expertise in oral history available through California's several institutionally based programs.

Participating as cooperating institutions in the State Government Oral History Program are:

Oral History Program
History Department
California State University, Fullerton

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Center for California Studies
California State University, Sacramento

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Claremont Graduate School
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The Bancroft Library
University of California, Berkeley

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University of California, Los Angeles

The establishment of the California State Archives State Government Oral History Program marks one of the most significant commitments made by any state toward the preservation and documentation of its governmental history. It supplements the often fragmentary historical written record by adding an organized primary source, enriching the historical information available on given topics and allowing for more thorough historical analysis. As such, the program, through the preservation and publication of interviews such as the one which follows, will be of lasting value to current and future generations of scholars, citizens, and leaders.

John F. Burns
State Archivist

July 27, 1988

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INTERVIEW HISTORY

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Interview Time and Place

March 6, 1990

Sacramento, California

Session of two hours

Editing

Hicke checked the verbatim manuscript of the interview against the original tape recordings, edited for punctuation, paragraphing, and spelling, and verified proper names. Insertions by the editor are bracketed. The interviewer also prepared the introductory materials.

Mr. Mulder reviewed the transcript and approved it with minor corrections.

Papers

No papers were available to the interviewer.

Tapes and Interview Records

The original tape recordings of the interviews are in The Bancroft Library, Microfilm Division, University of California at Berkeley.

BIOGRAPHICAL SUMMARY

Carel E. H. Mulder was born on May 9, 1914, in Amsterdam, Netherlands. He went to primary schools in Amsterdam and St. Ignatius College. After moving to California in 1933 he attended St. Anthony's College in Santa Barbara, majoring in Classics and Philosophy. He was self-employed 1935-1936 in the Los Angeles area as an accountant, then filled various fiscal assignments 1936-1956 in Los Angeles and Sacramento in the Department of Social Welfare. Mulder served as chief, Division of Medical Care, Department of Social Welfare, 1957-1965; chief, Division of Medical Services, Bureau of Family Services, Welfare Administration, U.S. Department of Health, Education and Welfare, 1965-1967; director, California Department of Health Care Services, 1967-1970.

Mulder is not affiliated with a political party. He was president, East Yolo Community Council, 1950-1954, and vice president, Sacramento Community Welfare Council, 1964-1965.

[Session 1, March 6, 1990]

[Begin Tape 1, Side A]

HICKE: Let's start this afternoon with a little background information on you. Could you tell me when and where you were born, to start with?

MULDER: Yes, I was born in Amsterdam, the Netherlands, on May 9, 1914.

HICKE: Did you grow up in Amsterdam?

MULDER: Yes, I did. I lived in Amsterdam until 1933, except for three years when I was away in a boarding school in the southern part of the Netherlands. In 1933 I came to the United States.

HICKE: Did you study English in school?

MULDER: Yes, we were required to study in the fourth grade, French, to which was added in the fifth grade, German, to which was added in the sixth grade, English. And they were all mandatory. Not only the grammar and so on, but also literature.

HICKE: Oh, in literature, too.

MULDER: Right.

HICKE: And then when you went to boarding school, did you continue

with any of these languages?

MULDER: It began when I was in the boarding school. I was in the boarding school for the fifth, sixth, and seventh grades, and then I went to high school in Amsterdam, to a Jesuit high school. That was a five-year course, which was the equivalent of a junior college education here.

HICKE: I see. Did you specialize in a particular field in that school?

MULDER: Mostly the commercial sciences. That means foreign languages and bookkeeping and commercial law, civics. That's about it. Oh, and economics.

HICKE: Was that your choice, or was that the curriculum of the school?

MULDER: In the Dutch educational system you get broad choices. You cannot just pick and choose subjects. At the high school level, there are four choices. One is the Gymnasium B, which is Latin and Greek and then lots of science, and that's preparatory to medicine, science, and so on. Or there's Gymnasium A, which also has Latin and Greek, and more of the literature, law, and such. And then there is what they call the high school. In German they call it the real Schule. That's divided into two--A and B again. The first three years are the same, but the fourth and the fifth year, in A you concentrate more on political science,

economics, the commercial sciences, and accounting; and in the B more biochemistry and physics and so on as a preparation for university studies in that field.

HICKE: So you were in the real Schule A.

MULDER: That's right.

HICKE: And how old were you when you graduated, then?

MULDER: I was seventeen. I graduated in 1931.

HICKE: And then what did you do?

MULDER: Then I went to work for a company that handled future trading in commodities. It was the American Produce Trading Corporation. , That was purely speculative. Only once did we get word that there was a shipment of grain, and that was because somebody had forgotten to cancel the order. [Laughter] It was normal that an order would come in and later would be cancelled and the price would be higher, and so on. It's the same as what you have here also--the futures market, they call it. So I worked on that for about a year and a half until. . . . I forget the exact date, but it was the date of the great bank holiday in the United States.

HICKE: That was March 1933.

MULDER: March '33, that's right.

HICKE: March 4, wasn't it?

MULDER: I think it was March 6; I'm not sure of that.

HICKE: You're right. It was March 6.

MULDER: Well, anyway, I got to the office very early that morning, and I hadn't listened to any radio. When I got there we had the teletype machine, and one of my jobs in the morning was to sort the teletypes and glue them on paper and put them on the right desk. The floor was just covered with tape because there were lots of cancellations of orders, and some people buying; it was just a mess. By the end of that day the chief accountant had already determined that the company was flat broke.

HICKE: Is that right?

MULDER: Yes. So I stayed another two weeks and then that was the last paycheck.

HICKE: From the cancellations of all those orders?

MULDER: Yes, and no business. They were just bankrupt.

HICKE: So in two weeks you were out of a job. Then what?

MULDER: Well, then. . . . My father had already emigrated to the United States in 1927. I had an aunt living here, and when they heard I was out of a job, and since the situation in Europe was getting bad--that was the year that Hitler came to power in Germany--they said I might come to the United States if I wanted. Which I

then did; I applied for a passport and came here in July of 1933. I didn't have to wait for immigration quotas and so on because I was born with dual citizenship--Dutch citizenship and American citizenship.

HICKE: Was one of your parents American?

MULDER: Yes. Actually, both my parents were American, although at the time they married and when I was born, my father had been in America only a year, for the first time in his life.

Here's the story back of that, if you're interested: my great-grandfather was in the Dutch legal service, and he was a prosecuting attorney in one of the counties in the Netherlands. Then he was offered the job to be the prosecuting attorney for the eastern half of Java, which he did. Then he later was promoted there, and he ended up on the Dutch Indies Supreme Court.

Unfortunately, his son married a lady, a half-caste, who was the daughter of a Dutch army officer and a member of the royal house in Surakarta, which is in the south part of Java. When they married, they were told to get out of sight and not come back. And they were given money to support themselves, so they traveled then, via Australia and South America to the United States.

In San Francisco my father was born, and that made him an American citizen. And then they moved on to Florida and there my aunt was born; that made her an American citizen. And then they moved on to the Netherlands.

HICKE: That is an interesting story.

MULDER: As a result, since I was born of an American citizen, I was an American citizen. And my mother had become an American citizen by marriage to an American citizen. Which is not so easy now, but then that was automatic. So anyway, that's how I came to the United States.

HICKE: So where did you end up when you came?

MULDER: I went to Santa Barbara and went to college there for two years. When I came back in Los Angeles, I was single and I lived with my aunt half time and with my father half time. I did some independent accounting in southern California, especially for post-prohibition wineries and distilleries.

HICKE: In the Santa Ynez Valley, or out in Los Angeles County?

MULDER: No, it was in the Los Angeles area. There are a lot of wineries there, you know; not the best wines, but quite a few wines out towards San Bernardino. So I kept books for those wineries and had a regular itinerary, visited them all. But I found it a rather

dull job, not very interesting, so I applied for a civil service job with the state of California. In 1936 I was given the job of field auditor in the Department of Social Welfare, and I did that for four years when I was promoted, to be auditor in charge of southern California.

MULDER: Then in 1941--I had that job only one year--I was asked to come to Sacramento. You may recall there was at that time the State Relief Administration, but by 1940 the economy had improved because of the Lend-Lease airplane industry and so on and the preparations for war. So in 1941 the State Relief Administration was abolished overnight by the legislature. All the programs that department had, had to be liquidated. So I was asked to come to Sacramento to take the job of liquidating the State Relief Administration.

HICKE: OK, well, let's back up a little bit before we do that. Tell me what it was like to work for the Department of Social Welfare. That was a fairly crucial department in the '30s.

MULDER: Yes, but I was a field auditor and my job really was to verify that the expenditures made by the counties were actually made, and that the claims were valid, and things like that. A rather dull job. I had to travel around mostly in southern California, although

once in a while when they were short of auditors here I would come up here. There was no involvement with policy and so on.

HICKE: Were there any particular problems involved in your work or that you heard about in the department?

MULDER: No, really not.

HICKE: Nothing too memorable?

MULDER: Nothing memorable. In those days travel wasn't all that great. I remember that per diem for expenses was up to two dollars a night for a hotel [Laughter] and two dollars for meals.

HICKE: Did that cover it?

MULDER: It did cover it, because for seventy-five cents you had a very good dinner.

HICKE: Is that right?

MULDER: Sure, in 1935, '36.

HICKE: Did you visit people who were receiving welfare, or just the county offices?

MULDER: Just the county offices. Mostly the county auditor's office and the treasurer's office where the checks were kept. Also the accounting units of the welfare departments.

HICKE: I see. And then when you were auditor in charge, your territory was bigger and you were in charge of the other auditors?

MULDER: That's right. The other people did the traveling and I had a desk job. That was only one year, and then I came up here in 1941.

[Interruption]

HICKE: OK, so in '41?

MULDER: Yes, that was in '41. December '41? No, it was October '41 I came up. I was married by that time, had one child.

HICKE: And you just moved to Sacramento?

MULDER: Right.

HICKE: And your job involved liquidating the State Relief Administration?

MULDER: Well, there were two programs that the State Relief Administration had that were continued after that date for several years. One was the food stamp program, and the other one was the surplus commodities program. There were about twenty warehouses throughout the state where surplus commodities were stocked and from where they were distributed. There were quite a few outlets for the food stamps. That was a state program in those days.

HICKE: Fully funded by the state?

MULDER: No, because the surplus commodities were paid for by the federal government and then given to the state for distribution. The food stamps were also, I think, mostly federal money.

HICKE: But administered by the state.

MULDER: Administered by the state through state stamp stores. Eligible people could buy stamps, and if they bought the stamps, then they got 50 percent of that amount in free stamps. Thus the program in effect enabled people to buy food at 66 percent of the market price.

The program was completely liquidated shortly after World War started. Surplus commodities were handled by distribution to institutions like state hospitals and county institutions.

Yes, that was about two years, and then I was given another job. I became chief of the Bureau of Collections.

HICKE: What is that under? What department?

MULDER: That was also in the Division of Financial Administration, of the Department of Social Welfare. The Bureau of Collections was responsible for filing suits or claims in probate. There was a provision in the law at that time that any time a person receiving old-age security or old-age assistance died and it was discovered that his estate was more than the amount he was allowed to have when he was alive, the state would recover double the amount that had been paid to him out of the estate. So we just filed claims in probate and got money back for the state treasury.

HICKE: I see. And did you actually file the claims yourself, or did you have attorneys who did that?

MULDER: No, we filed the claims in that office. I had a staff of about four people. There was also a lot of checking of obituaries and checking on probates.

HICKE: Was this an accounting-type job?

MULDER: The state thought so. [Laughter]

HICKE: I can see a similarity, but probably not exactly . . .

MULDER: No. There was a bookkeeping job, but the clerks did that. It was just a money-making thing for the state.

HICKE: And administrative experience for you.

MULDER: Yes, right.

HICKE: And you did that for how long?

MULDER: A bit over a year. I became administrative assistant to the deputy director then, in late 1943.

HICKE: To the deputy director of what?

MULDER: Of the Department of Social Welfare. And in that capacity I participated in the liaison with the legislature, keeping track of bills and attending committee hearings and writing arguments pro and con on legislation. But that was about the extent of that job.

HICKE: So you lobbied for social welfare programs, in a sense?

MULDER: Yes, right. Within the state structure, you know, not on my own.

HICKE: Oh, yes. You were just representing the department, I know.

MULDER: Yes.

HICKE: And you tracked the legislation that was going through?

MULDER: Oh, yes. I had to know where every bill was, and so on.

HICKE: And did you have to deal with senators and assemblymen?

MULDER: Oh, yes. Right. Those who carried the bills for us, and those who carried the bills that we didn't like, and talk to them and tell them why we didn't like them.

HICKE: Do any stand out in your mind that were quite helpful?

MULDER: Yes, some really good men I remember historically, but I can't always think of their names. It's unfortunate. No, I'd have to think too long to remember. I see faces.

HICKE: Would they be mostly assemblymen?

MULDER: Both.

The one character I remember best was George McClain; you may have heard of him. He was the lobbyist for the old folks, and although he had some good ideas, he was not always honest. He did collect a lot of money, which was spent on a weekly paper printed in a printing plant he owned. He put a proposition on the ballot that you may remember. It was a constitutional

amendment that would make the Department of Social Welfare a completely independent department, with the director elected by the people. The first director was named in that amendment; it was his secretary, Mrs. Myrtle Williams.

HICKE: She was the director of the department?

MULDER: She was the director of the department by designation when the voters approved that constitutional amendment.

HICKE: Oh, that was adopted?

MULDER: That was adopted and became Article XXV of the constitution. Nobody thought that it would, but it passed by a fairly good margin.

HICKE: What are the implications of that? I mean, what was the difference? [Inaudible]

MULDER: Well, he felt that the department had been unwilling to give the aged the break that they should have, that the department did not push for progressive legislation and all that kind of thing.

HICKE: So he wanted a person in there who would be more responsive to the . . .

MULDER: Yes, and not only that, to make it independent of the governor's office, you see. Constitutional amendment.

HICKE: And would be responsive to the people rather than to the

executive.

MULDER: Right.

HICKE: I see.

MULDER: So of course that caused an upheaval in the department. The director was Mr. Charles Wollenberg, who had been there for many years. His son was . . .

HICKE: The judge?

MULDER: Judge [Albert C.] Wollenberg in San Francisco, right. And also he was in the legislature; he was chairman of the Assembly Ways and Means Committee. Also, Charles Wollenberg at one time ran the county's old folks' home in San Francisco: Laguna Honda Home.

HICKE: Oh, really?

MULDER: Yes. He was very, very active in Jewish circles in San Francisco. A very respectable man but very conservative. Anyway, he was out on his ear, and anybody in the office, in the director's office, was suspect; so I was rescued by getting appointed chief accounting officer outside of the political end of the department.

HICKE: Why was that outside of the political end?

MULDER: Well, most of the politicians were in the director's office. Under Wollenberg, they were quite conservative, and under Myrtle Williams, the programs for the aged got 100 percent attention,

but programs for needy families got short shrift.

HICKE: What did you do in the financial administration division?

MULDER: The chief accounting officer supervised all accounting and auditing operations. I did that until 1950; it was just a matter of supervising all the bookkeeping.

HICKE: So it was back to your accounting skills.

MULDER: Right.

HICKE: Plus administration.

MULDER: And then in 1950 I became fiscal officer, you see, and that was quite a little bit broader territory. It included supplies and budgeting, and leases for officers' housing, and automotive fleets. In those days each department had its own automotive fleet. So all the housekeeping functions, you might say. I did that until 1957.

HICKE: Are there any particular challenges that stand out in your mind in that job?

MULDER: No. It was all very routine. Quite a bit of travel and meetings of the board--Board of Social Welfare--and things like that.

I failed to tell you that a special election was held in 1949: the people enacted Article XXVII of the constitution, which repealed Article XXV effective March 1, 1950. The director then

again was appointed by the governor.

HICKE: Who was appointed? Do you recall?

MULDER: Yes, I remember him well. Charles Schottland. You may have heard of his name. He later became social security commissioner. He's still alive and he's very active with aged groups back east. Later on he was succeeded by George Wyman, who was also a very good administrator. He was county welfare director in San Bernardino County, and then he was appointed state director. From state director he later went to the federal government in Washington and became deputy commissioner of social security. He also was an excellent man.

HICKE: Did you have any relationship with the governor's office, you, yourself, at this time?

MULDER: No, very infrequently. By that time, I think, we had Governor [Earl] Warren. I remember when Warren was appointed to the [United States] Supreme Court, and I went over to the Capitol to congratulate him, because I had met him socially. But I had few relationships with the governor's office at all--occasionally a meeting with some of his staff.

HICKE: So you were there until '57.

MULDER: Right. Now, in 1956 the Congress enacted the first law that dealt

with health care for the underprivileged.

HICKE: Let me back up to 1939 or '40 or something. Governor [Culbert] Olson at that time had a program for health insurance, mandatory health insurance. Did you ever hear anything about that?

MULDER: No. Did it pass?

HICKE: No, no.

MULDER: Was it implemented?

HICKE: No.

MULDER: Oh, it was a proposal.

HICKE: Yes. It was a program he wanted to implement but it never happened. So you don't know much about that?

MULDER: No, that was in the days when I was doing field work and auditing.

HICKE: Yes, you weren't dealing with health care. I thought you might have heard about it. OK, so go ahead with 1956.

MULDER: All right. In 1956 the Congress passed a law which made federal funds available for health care for recipients of public assistance.¹

HICKE: Is that the PAMC [Public Assistance Medical Care]?

MULDER: That was the PAMC law, right. You see, in 1950 there was a

¹Social Security Amendments of 1956, ch. 836, 70 Stat. 807 (1956).

prior amendment which was a change in definition; until 1950, all payments of public assistance had to be money payments.

HICKE: By federal law?

MULDER: By federal law, yes. Public assistance was defined as money payments to individuals in need. But in 1950 they said it was money payments or vendor payments to providers of health services. So it became possible in 1950 to make part of the assistance in kind as payment to physicians, hospitals, and so on. But it really didn't make very much immediate difference. What made a big difference was in '56 when the federal law was amended to make money available separately for these vendor payments.

HICKE: For the states to do this?

MULDER: For the states, that's right. They were federal grants to the states for vendor payments, especially to the aged.

HICKE: So then the states had a ready fund that they could use.

MULDER: Yes, the states then could set up systems of making payments for health care. And California did have them beginning in '57. That is when Mr. Wyman asked me to become the chief of the Division of Medical Care in the state service.

HICKE: Mr. Wyman drafted you, you said?

MULDER: Yes, that's right. He picked me and said, "Well, do you want to take that job and do it?" I said, "Yes," so then they had to . . .

[End Tape 1, Side A]

[Begin Tape 1, Side B]

HICKE: You were just saying they then had to set up the specifications . . .
.

MULDER: The specifications, yes, for the personnel board, because it was to be a civil service position.

HICKE: And did you do that? Or work with someone to do that? Or was that done by the civil service?

MULDER: That was done by the personnel office. But anyway, I became then the chief of the Division of Medical Care.

HICKE: Do you know why he selected you?

MULDER: Yes. One of the things, when I was accounting officer, or fiscal officer for the department, I belonged to the National Association of Health and Welfare Accounting Officers. The association was very much interested in these health care considerations. They had set up a committee to study the various proposals that were in the Congress, and I was a member of that committee, so in a sense I was a bit more knowledgeable than many people in the department about the health care provisions on the federal level.

HICKE: Is this the same thing as the National Welfare Finance Officers' Conference?

MULDER: Yes, right. That was in your notes?

HICKE: Yes, I found that. And that took place in 1954? This was a conference or something that you set up?

MULDER: No, no, the conference was created, oh, back in 1950. I belonged to it from the very beginning. It was just an annual meeting.

HICKE: Oh, the conference was a committee. I see.

MULDER: It was an annual meeting. It started in 1950; that's the first time I went, I think. No, '49. I went to Topeka, Kansas, of all places.
[Laughter]

HICKE: I hope that you got more than two dollars a day by that time for all your traveling.

MULDER: Oh, for out-of-state travel, we always got more.

HICKE: So you were knowledgeable about public health care issues.

MULDER: Yes, right.

HICKE: And what were your responsibilities under this new position?

MULDER: Well, to propose a program for the state of California and to draft the program in accordance with the federal law. To develop a state plan; that's what we used to call it in the federal service--a "state plan." I spent quite a bit of time in '56 doing that.

- HICKE: How did you go about doing that?
- MULDER: Well, by comparing what our system for money payments was in the state service, and then what the requirements in the state plan were of the federal system, and meshing the two together. And keeping it administratively as simple as possible.
- HICKE: Did you confer with officers of other states who were doing something similar?
- MULDER: Yes, in fact, the director sent me on a tour of the United States to. . . . Let me see, Rhode Island was one state. Very small. The other one was New York.
- HICKE: Very large.
- MULDER: Which was a very large state. And New Jersey. Oh, and Illinois.
- HICKE: Were the other states doing something along similar lines?
- MULDER: Yes, some had been doing it already before, under the older amendments of the federal act. So it was a matter then of picking and choosing what would fit California and so on.
- HICKE: Probably none of those states was growing as fast as California. Did you have to take that into consideration?
- MULDER: New York was big.
- HICKE: Was big, but I'm thinking of the actual growth. I mean, every year it's so much change because it was growing.

MULDER: Yes, we had much more change here. Right. Well, California was ahead of them in that respect.

HICKE: Did that make your job somewhat difficult? In planning, for instance?

MULDER: Well, I don't know. It wasn't easy. You ran into so many dead ends, and you tried to do this, and then you found, "Well, no, we can't," because of some other consideration. We had a lot of meetings here, too. We worked closely with the Department of [Public] Health. And we had arguments, too, on how to go, and it had to be settled higher up.

HICKE: Who in the Department of [Public] Health did you work with, do you recall?

MULDER: Lester Breslow, M.D. He later became director of Public Health, but that was many years later. But he was, I think, head of the Bureau of Chronic Diseases. Not positive of that.

I also dealt much with Gordon Cumming, who later became president of the California Hospital Association. He was head of the Bureau of Hospitals.

HICKE: So they had some input into this plan?

MULDER: Oh, yes. Right. Also mental health did, the Department of Mental Health Services. The state was organized differently in

those days.

HICKE: Do you recall what the major problems and challenges were?

MULDER: Money, of course, was always a problem. A major problem was relations with the vendor organizations. When you have money payments or vendor payments to physicians and so on, you have to deal with the organizations that are composed of those people.

HICKE: The California Medical Association?

MULDER: The California Medical Association, California Pharmaceutical Association, the hospital association, the nursing home association, even the chiropractic association, because the bill provided that they should also be covered. Even the Christian Science group.

HICKE: Is that right?

MULDER: Yes. But they backed out later themselves. But that's another story as to how that came about. But they were in for a while.

HICKE: So the problem was how to administer the vendor payments?

MULDER: Yes, how to set up a system with sufficient controls that money would not be wasted. There really were very few precedents for it, because the medical profession says, "You cannot tell us what we should or should not do." It became very difficult, so we tried to go in the direction then of having committees of their choosing, with people of good reputations to control the thing.

HICKE: The state couldn't mandate how much the physicians could charge, is that not correct?

MULDER: Well, yes, but the state could put a limit on what it would pay; and there were a lot of unhappy arguments about that, because the state said, "When we set the price low, then we don't make it too attractive so that we'll cut down somewhat on the abuse." On the other hand, the health people said, "Yes, but then if you make it so low that they won't want to participate, then people don't get the care." So there was always that kind of a fight. And we did set those rates very, very low.

HICKE: And did that work out, do you think, the best?

MULDER: Well, I don't know if it could have been better any other way or not. This was just a compromise, a point where everybody could at least live with that kind of a system. If we had done something that was theoretically better, there may have been groups that would have said, "Well, we can't live with that," so they don't do it. So it was very difficult.

HICKE: Do you want to tell me the story of the Christian Scientists [Church of Christ, Scientist]?

MULDER: The law provided--and I'm not sure of the exact wording--that a practitioner would also include a person who provided services to

MULDER: one who believes in spiritual means of healing. I think that's what it said. Spiritual healing was in there. Anyway, the Christian Science practitioners had to be licensed by their church out of Boston. There really were no abuses, but it was a nuisance because there were so few cases and, well, how much care is enough? How often?

I dealt with the representative from Boston, and they had a lobbyist here, too, in California, to protect their interests. I finally convinced them that the thing to consider is this: It's fine to provide those services to people, and if people then make a stipend and pay for that, that's fine, but is it really proper for a church to receive money from a governmental entity for a purely spiritual activity?

That argument: I didn't know they would accept it, but after about four months, they came through from Boston. They withdrew completely out of the program, voluntarily. The language stayed in the law for many years, but they felt that they were on shaky ground on this business of separation of church and state. I think they've never come back in; I don't think they're getting anything now, either from the federal or the state service. Maybe in Boston they're getting something, I don't know.

HICKE: Is there anything else about this PAMC program that we haven't covered?

MULDER: No. Where were we? Fifty-seven? Right. The next change after '57 was in 1960, and that was the Kerr-Mills law.¹ "The Kerr-Mills law was designed to finance a state program providing for the health care of indigent and near-indigent aged."

HICKE: You're quoting from . . .

MULDER: I quote from a speech I made at the University of Kentucky back in 1967. That was a program for the aged, and for California and in most states it became primarily a program to finance nursing home care. That was the Kerr-Mills enactment.

HICKE: And that came under your jurisdiction also?

MULDER: Yes, that was part of the Division of Medical Care program.

HICKE: How did that work? Did you have funds for the nursing home?

MULDER: Oh, yes, federal funds. California was getting 50 percent of the cost of nursing home care paid for by the federal government. There was a formula that ran 50 percent for the . . . Let me see, what did it depend on? Yes, 50 percent was the minimum, and that was for the high per capita income states. And then the

¹Social Security Amendments of 1960, Pub. L. 86-778, 74 Stat. 924 (1960).

percentage began to increase--the percentage of federal money--until for the state of Mississippi it became 93 percent, federal money, because the per capita income in Mississippi was extremely low in those days.

HICKE: Who paid the other 50 percent?

MULDER: The state. In California it was the state and the counties.

HICKE: So it was a three-tiered funding thing. Was that complicated?

MULDER: No, not really very complicated. Whichever way you did it, one entity made the payment. Then it was a matter of collecting from the other, too.

HICKE: Were these payments made after the fact or upon billing by the vendor?

MULDER: Upon billing by the vendor, right. And then you had to have the controls, of course, to check that that person was still in the nursing home, or was he dead and they didn't tell you about it--things like that. You ran into all kinds of difficulties.

HICKE: And qualifications for eligibility?

MULDER: Yes, that was done by the county welfare departments, and in general there was no problem there. We did have the problem of, really, do people require nursing home care? And that's still a problem, you know. Do they need nursing home care or could

they be in some other type of congregate living? That still is a study area.

HICKE: So that was 1960. I have read that pressure was building for Medicare, and this Kerr-Mills was passed as a substitute measure to placate people who weren't in favor of Medicare.¹

MULDER: Yes, it was a compromise measure. Yes, right. But there was a lot of work being done in the Congress. [Senator Robert] Kerr was very active in it, and [Representative Wilbur] Mills, too. Kerr was from Oklahoma and Mills from Arkansas.

HICKE: Did they want Medicare, or were they against Medicare and they were . . .

MULDER: No, they were for Medicare. They were leading up to Medicare, and Medicare came five years later in 1965.

HICKE: So their role in this was to compromise with probably the AMA [American Medical Association], which was against Medicare?

MULDER: Yes. And of course also to compromise with the question of how much money is there available? It was not until 1965 really that there was enough of an alliance of people interested in health care for the aged to get a Medicare program going.

¹Amendment to Social Security Act, Title XIX, 79 Stat. 290 (1965).

HICKE: Who formed this alliance?

MULDER: I was trying to think of that. I remember the AF of L [American Federation of Labor] was very active that. There was a very good man who has passed away, a good friend of mine, Nelson Cruikshank. He was one of the great protagonists of Medicare. Or a program like Medicare.

HICKE: So labor was definitely a lot in favor of it.

MULDER: And of course the American Public Health Association was very active. And the Democratic Party; it was part of its platform.

HICKE: What kind of support did it get from the administration, with [President John F.] Kennedy or . . .

MULDER: Oh, well, President Kennedy in the short time he was in office, he was pushing for it.

HICKE: And then President [Lyndon B.] Johnson.

MULDER: And when Johnson succeeded him, he was all for it. In fact, Johnson was president when I joined the Medicare--or Medicaid--and went to Washington. It's hard to think back on the dates, but that's right; in '63 Johnson came, and in '65 I went to Washington.

HICKE: Oh, you did? As . . .

MULDER: As acting chief of the Division of Health Services in the Bureau of

Family Services.

HICKE: You went there because of Medicare?

MULDER: Yes, right.

HICKE: Before we do that, let me just ask you, did California's congressional delegates have any. . . . Do you recall their stand on Medicare?

MULDER: Well, they were not uniform.

HICKE: Does anybody stand out who was particularly supportive?

MULDER: I just can't remember.

HICKE: Did the state play any role, the state Department of Social Welfare or Department of Health, play any lobbying role?

MULDER: No, except through American Public Welfare Association. But, no, really, nothing that I recall. But everybody was hoping, in the department, for a Medicare program and for a Medicaid program, which is the other segment.

HICKE: Medicaid is the medical care for the aged.

MULDER: Right. Aged, blind, children, and disabled. Dependent people. Public assistance recipients.

HICKE: Tell me about how you happened to go to Washington.

MULDER: That was in 1965. Yes, in 1963, I think, Governor [Edmund G.] Pat Brown [Sr.] had appointed Mr. [Jack] Wedemeyer. Jack

Wedemeyer was director of Social Welfare. I was at that time still the chief of the Division of Medical Care Services.

Mr. Wedemeyer and the governor didn't get along, and I didn't like the atmosphere during the Wedemeyer administration. I wasn't really looking for a job elsewhere. But that group of accounting officers, I still was in contact with them, and I had good friends in the Department of HEW [Health, Education, and Welfare] in San Francisco, the regional office. They told me that the Bureau of Family Services was looking for somebody to head up the Medicaid program, which was not even enacted yet, you see; this was 1964. They asked me if I might be interested, and I said I might be; it all depended on what it would be.

So then I got a letter from the chief of the bureau, Fred Steineger. On one of his visits in California, he and I had a discussion and it sounded attractive. So he asked me to put in a formal application. Which I did, and it was acted upon.

In February of '65, then, I went to Washington and took that job. It was acting chief of the Division of Health Services, because the welfare administration had decided that that particular program should be headed by a physician, but they couldn't find a physician. No physician wanted it, except some in

MULDER: the public health service. But there were not the best feelings between the welfare administration and the public health service, so they didn't want to take somebody from the public health service except on a consultant basis.

But I took the job then as acting chief and I had the job as acting chief for two years. This was really setting up federal standards right from the start and working with the Medicare people in the social security administration to make the two programs jive together.

HICKE: Sounds interesting.

MULDER: That was very interesting, yes. Not always enjoyable; I wasn't fond of the political climate in Washington, and the physical climate wasn't all that great either, I remember. In January of 1966 there, I ran into a snowstorm when I was in a meeting in Baltimore, not far from Washington. I was snowed in in a motel on the Beltway. Snowed in for three days.

HICKE: Three days?

MULDER: Right. They ran out of most varieties of food; I was eating crabcakes at every meal. [Laughter] I learned to love crabcakes. That was one of the worst storms; it was in the end of January in 1966.

HICKE: I thought you were going to talk about the heat.

MULDER: The heat's something else again, humid. The family wasn't overly happy with Washington, so when I was asked to come back in '67 to California, I did so gladly.

HICKE: Tell me how that happened. Who asked you, and what were the circumstances?

MULDER: I got a telephone call while I was giving a lecture at the University of Michigan. They had those programs, seminars, you know; they get people from government and so on. So I was there that day and I got a telephone call from California. They had tracked me down, and it was Gordon Cumming--you may know of him.

HICKE: You mentioned him before.

MULDER: At that time he was president of the California Hospital Association, and he asked me if I would be willing to come back to California. I said yes, but what kind of a job was this all about? So he said that there had been a change in governorship; [Governor Ronald] Reagan had come in, and the director of Social Welfare was being replaced. The health care program was not in the Department of Social Welfare anymore, but in the Office of Health Care Services, in the Office of the Secretary of Health and

Welfare. But he said, "They're going to make it a department." He said, "That's in the works, and would you like the appointment?" I said, "Well, maybe. I don't know. Write me something about it." He did.

It turned out that they were actively looking for somebody to work in that position and they had asked around various groups if they knew somebody. It seemed that the California Medical Association had good memories of me when I worked under the old program, and the hospital association also; and, of all groups, the California Catholic Conference had mentioned my name as being a person who might be interested. And the supervisors' association too. The California Supervisors' Association staff advised me to go. So after some thinking and writing back and forth or telephoning, I said OK, I would do it. In February of '67 I came here and took that position.

HICKE: Let me just ask a couple of questions. What was the role of the head of the California Hospital Association in drafting people to work in the government?

MULDER: Because Governor Reagan had said that they didn't want the person who had the job. In fact, he went to Texas, I think. He was a social worker. The governor had indicated that the

recruiters should consult with the medical association and the hospital association. So they went to the executives of those two organizations to talk about it. And then the supervisors' association, I think, came in just because it was still a . . . There was a large county interest in the program because they paid a good part of the bill.

HICKE: So somebody on Governor Reagan's staff actually asked Mr. Cumming to seek somebody, right?

MULDER: Yes. Asking them, "Do you have anybody who might be interested?" And then Cumming said, "No. But I'll talk to a few people and let you know." I assume that's the way it went.

HICKE: What was the role of the California Catholic Conference?

MULDER: I really don't know. I used to be active in church work and I had given some talks to church groups.

HICKE: What was their role in helping to choose a health care administrator?

MULDER: I don't think they were asked. I think they just heard that they were looking for somebody.

HICKE: Oh, OK.

MULDER: I don't think they were asked as such. There was a Mr. [] Burke, who was the lobbyist for the California Catholic

Conference, and I had known Burke for years--he was a nice guy--because I had dealings on a few things with him in the old program, but I don't really remember what they were. Something about the Catholic hospitals.

HICKE: So they just volunteered their approval?

MULDER: Yes. They endorsed me, or whatever.

HICKE: That's a better way to put it.

MULDER: But I don't think it was a big part of the consideration.

HICKE: So you and your family moved back to California. You indicated that they were happy to be back here?

MULDER: Oh, yes, they were. I left two daughters there, back East.

HICKE: Oh, you did?

MULDER: Yes, they married there. One of them now lives in Albany, New York, and the other one in Warner Robins, Georgia.

HICKE: It's a long way across the country, isn't it?

MULDER: Yes, right. We go see them from time to time, or they come here sometimes.

[End Tape 1, Side B]

[Begin Tape 2, Side A]

HICKE: What were your first responsibilities and challenges when you came back?

MULDER: The first challenge was that I found that the providers of services were not very happy because they hadn't been paid for weeks. Payments were extremely slow. The office had a contract with the California Physicians Service, Blue Shield, to handle the billings.

HICKE: Can I ask how that came about? Why did Blue Shield get the contract and so on?

MULDER: I guess nobody wanted it, and they volunteered it.

HICKE: Is that right?

MULDER: Because Blue Shield, you see, also had the contract for Medicare.

HICKE: Oh, I see.

MULDER: Medicare was already in place. They got Medicare, then they also offered to do the same work for the state. But the state didn't give them a long-term contract; it was just on a month-to-month basis.

HICKE: Why was that?

MULDER: There was a new administration, and I guess they didn't want to commit themselves too firmly. Wanted to develop some standards and so on. Anyway, I found that the California Physicians Service was doing it; they were doing the work but they were doing it very slowly. There were great delays in payments.

HICKE: That was the fault of the government bureaucracy?

MULDER: I don't think so, no. They had just bitten off more than they could chew, I think, in terms of manpower, and the state had been very slow in approving certain suggestions that the physicians service had made, kept stalling, and that was one of the reasons that they wanted a new head in the office.

HICKE: Were all the payments made through the California Physicians Service?

MULDER: Yes, in fact they were at that time. They agreed to have all the bills sent to them and they would do the paying. There was a big problem and that slowed everything down: a bill which showed that a service was rendered to a Mr. Jones, and Mr. Jones had a number, and he was a recipient of old-age security in this or that county. For some reason or other, they felt that the audit had to verify that there was a Mr. Jones with that number in that county. And therefore there was an exchange of lists of names all the time that slowed everything down. And there were questions about, oh, how much should be paid. Pharmacies, for instance. There was a complicated formula for determining the amount that can be paid for a prescription. They just bogged down under the workload.

HICKE: There was an enormous and very fast growth in the program, which was probably the major part of the problem?

MULDER: That was it. They had bitten off more than they could chew. One of the things I did at first was. . . . They had made a study on a sample basis of how many of the cases where they had done all the verifying were found to be not eligible. They found that in that sample it was 3 percent. So I made a proposition then to CPS and to the organizations of providers, how would it be if, to get rid of this backlog, we pay everybody 97 percent of the bill as submitted? After some thinking, they went for it, and ultimately everybody went for it. The Department of Finance was the slowest.

HICKE: That sounds like a good solution.

MULDER: Yes. At least we got rid of that backlog. And then in the meantime, we had authorized Blue Shield to set up a group of knowledgeable people to set up a system that could begin with the current claims coming in. At that time they did, on their own, enter into a contract with an organization that already did work on Medicare. That was Electronic Data Systems, EDS, from Dallas, Texas, Mr. Ross Perot.

HICKE: Now we're getting up, though, to quite a bit later, aren't we?

When did they come in?

MULDER: This was '67. In 1965, EDS entered into the contract with Blue Shield for Medicare. In '67, then, the fall of '67, they got EDS to also handle Medicaid in California.

HICKE: This was the bookkeeping part to it, is that right?

MULDER: And the paying part. All the way up to check-writing and mailing.

HICKE: Did that improve things?

MULDER: Oh, it did. It improved it tremendously.

HICKE: Did you have anything to do with bringing them in?

MULDER: No, because they were in through Medicare, you see. I got myself into a little difficulty later on because when I wanted to retire in '70, I had let it be known that I wanted to retire, I was getting tired of the rat race. But I did want to work part time here or there. EDS came to me and asked me, would I be willing to be a consultant to them? I said I could do that, but I would not do it for California because I can't come from California and then be a consultant as to how you deal with California. Other states, fine, and that was the agreement.

But somehow or other the words came out; it got distorted. Assemblyman [John] Knox, I think, from Alameda [County], felt

that I had sold out to EDS. We had never really dealt directly with EDS because it was a subcontractor of Blue Shield, but Knox wanted the attorney general to look into it, which he did. Six months later he said no, nothing wrong. It was annoying.

HICKE: Yes, it's hard to undo the publicity and all of that, even though you're fully cleared.

So you got things going on the paying end of it. What else did you have to do in the way of getting things going?

MULDER: Constant battles with the organizations of providers--CMA and so on. We had good relationships, you know; but on some issues we were always at sword's end.

HICKE: But the goals are different slightly, and that's what makes the . . .

MULDER: Yes. You see, there are some basic differences that you have as an organization of providers, especially medical. They feel that a doctor's judgment should never be questioned, and if it is to be questioned, it must be questioned by their colleagues and not by anybody else. Back in 1967 that was a strong stance that they took. It was at that time, though, they gradually began to loosen up--that's on the professional boards, the Board of Medical Examiners and so on. They began to add people who were not physicians. But that happened around that time; the breakdown

of this idea that a doctor can be judged only by his peers. Now, I have always felt that the peers are very important, of course, but you can't rely solely on peers, especially if they pick the peers. So we felt, and Medicare in Washington felt. . . . When I worked with them back in Washington we came to the same conclusion: you can't just leave it to organized medicine to run a program. You must be able to question it and to consult with knowledgeable people and say, "Now, does this look OK to you or not?"

HICKE: Is that partly why they picked a nonphysician to head this program?

MULDER: No. In fact, the medical profession was not unhappy with it not being a physician. That was no problem to them. They were very curious as to who would be on the staff, the physicians staff, you see. They felt all the time that it's primarily an administrative job. But they do want somebody who has an appreciation of medicine and the healing arts. You get that by experience and by some reading and knowledge on the side. I don't have to know how to do an appendectomy.

HICKE: Right.

[Interruption]

HICKE: I have the names of some people here; let me ask you about them. The chairman of the Health Review and Program Council: did you have anything to do with that?

MULDER: Yes, I was chairman of that council. It was first set up by law as an advisory body to the department head, to the administrator.

HICKE: And there were various people on that appointed by Reagan. I have Dr. Howard, Arthur F. Howard.

MULDER: Arthur Howard was from the California Medical Association. I recommended him.

HICKE: And Beatrice [A.] Dumlao?

MULDER: She was a registered nurse.

HICKE: And I have Dr. Alex B. Wilcox?

MULDER: Yes, Dr. Wilcox. He was also CMA.

HICKE: [James] Bruce Poyer?

MULDER: He was from labor, I think. AFL.

HICKE: And Richard [V.] Bibbero?

MULDER: He was from San Francisco.

HICKE: Robert Jackson?

MULDER: Yes, I remember him. I'm not sure; maybe he was with pharmacies.

HICKE: And Paul Mowery?

MULDER: I don't remember that name.

HICKE: Apparently some of these were . . .

MULDER: Oh, maybe he was dentistry. Yes, I think he was.

HICKE: Some were Democrats and some were Republicans, and you were listed as nonpartisan.

MULDER: I've always been nonpartisan. As long as I've been in this country I've never joined a party.

HICKE: So what I'm getting at is this was an advisory council that was supposed to be balanced between all the different . . .

MULDER: I don't think that there was anything in the law that said something about political balance.

HICKE: Oh, OK.

MULDER: No, it may have been so by accident, but. . . . [Pause]

HICKE: How were these people picked?

MULDER: Well, I remember I picked one and asked the governor to appoint him, which he did. He represented nursing homes, and he was the administrator of the Jewish Home for the Aged in San Francisco. He was a real good guy. His name was Sidney Friedman.

HICKE: Maybe you could tell me a little bit more specifically what this council did.

MULDER: They're supposed to advise the director, and the director was supposed to seek their advice on any matter of policy or program development. It was an advisory group solely, no administrative responsibilities.

HICKE: But a way of giving some of these groups input into the decisions?

MULDER: Right. The law was clear that they were supposed to represent the vendors, the providers of service in the program.

HICKE: Did they meet regularly?

MULDER: One of the strong members of that group was Arthur Weissman. He was with the Kaiser Foundation and he was their research head.

HICKE: Here. This is a list, and the ones I have mentioned were just part of them.

MULDER: [Looking at list] Oh, Dumlao was nursing, yes. Alex Wilcox, James Poyer. Bibbero was very active as the. . . . That university, it's kind of a night school university.

HICKE: Golden Gate?

MULDER: Golden Gate. Golden Gate University, yes. [Robert L.] Bob Jackson. [Inaudible] was a dentist, yes. I guess whoever wrote this article looked up those partisan affiliations, because I . . .

HICKE: That didn't have anything to do with it as far as you know?

MULDER: No.

HICKE: OK. Did this group meet once a month, or regularly, or just . . .

MULDER: No, once every two months.

HICKE: But it was a regular meeting.

MULDER: Yes.

HICKE: And was it helpful?

MULDER: Yes, it certainly diffused some of the tensions that you would develop otherwise, you know, if you had some disagreement with a particular vendor group. Because they did not only speak for themselves but also they took up any issue that came up. If they had a fight with the medical profession, the dentists and so on would join in.

HICKE: So they were kind of a liaison. They went back to their groups then, too, with information from you?

MULDER: Right. But then there were also other liaison groups like the, well, the top officers of the CMA; they would very often come in to just talk about a problem. They wouldn't necessarily go through this council. But they knew that sooner or later the council would be made aware of the problem and would be asked for input.

HICKE: So was a lot of your time spent dealing with people?

MULDER: You mean members of the council?

HICKE: Or members of the CMA, or members of the legislature.

MULDER: Oh, yes, sure. I'd say about a third of the job was spent in dealing with people who had a proprietary interest in the program.

HICKE: What about oversight from the state in the legislature or the federal Congress?

MULDER: The federal oversight was through the regional office of HEW [Department of Health, Education and Welfare] in San Francisco. We had good relations with them; there were no big problems. Some things I took up directly with Washington, but most of the things. . . . And I always made the regional office aware that I was taking up something with a person in Washington. We had a good relationship, and they supervised us as well as you can supervise one. My federal experience shows that you can't really do much in the way of supervising the state.

HICKE: Yes, I can believe that would be difficult.

MULDER: You're lucky if you find out what's going on. [Laughter] As you start pushing, pretty soon you get word from the top that Senator So-and-so was in to talk about some. . . . So it's a game.

HICKE: What about with the state legislators? Did they come around or did you have to go to them for any reason?

MULDER: It was a two-way street. At budget time, of course, it was the Ways and Means Committee and the Senate Finance Committee that we had to deal with, and the subcommittees of them. At one time there was a committee that was especially to investigate the Medi-Cal program. The chairman was a friend of mine from Modesto, and he later went to Washington and worked there, and then came back. He died of a heart attack suddenly. His name was [Assemblyman Jack] Veneman. Republican.

But that was a good committee. They asked good questions and they were not just there to spend time. And they were helpful too, you know, and we could spend more time with a committee like that to give them a deeper look at that problem than you can with a three-man budget committee that has a long list of things to dispose of in an afternoon.

HICKE: And they were interested, obviously.

MULDER: Oh, yes. Yes. They would be faithful in their attendance. There were a few who would get on the committee and then never show up, but the ones who did show up were very supportive.

HICKE: When the state government cut back on the Medi-Cal program,

did that affect you?¹ And then there was a challenge then from the federal government that if they didn't put these cuts back in, they were going to . . .

MULDER: Yes, but that was after.

HICKE: That was after you left?

MULDER: After I left, that's right. You see, when I came in '67, I wanted a commitment from the governor's office that it wouldn't seek any cuts in program benefits at the coming session of the legislature. I got that pledge.

[Interruption]

MULDER: Then 1970 was an election year, and that's one of the reasons I retired, because I already knew that the governor's campaign would be on cutting down on expenses in the Medi-Cal program, and I just didn't want to be part of that. So that's why as soon as my three years in the position were up, I told the secretary of Health and Welfare that I would like to retire.

But during my administration there was no attempt made to cut benefits. There were some efforts made to cut the prices of the program, and I agreed with that. Like pharmacies, you know;

¹A.B. 949, 1971 Reg. Sess., Cal. Stat., ch. 577.

I wanted to take advantage of lower prices. Had a fight with the medical association on that, because I wanted to imprint on all the prescriptions that generic drugs were to be dispensed unless the prescriber specified it had to be the brand name. They were not happy about that, but I insisted on it. The pharmacists were unhappy about it too, because they made more money on the brand names. And the manufacturers association was in my office all the time, back from New Jersey and Pennsylvania, you know.

HICKE: That was pretty early to get something like that going. I mean, now, just within the last few years . . .

MULDER: We were just one of the first states to do it.

HICKE: Well, that was quite an accomplishment, I think.

MULDER: We checked it out to see if it was legal, you see. And of course it was legal, we knew that, but we got the attorney general's clearance on it. And it is true that the physician who wanted to could insist on a brand name. But if he did it regularly there would be inquiries made as to, now, why, and so on. And not many of them did. No money out of their pocket. And we did insist then that the pharmacist should dispense the generic product whenever he had it in stock.

HICKE: I'd say that was a good service to the citizens of California that

you did, putting in that.

MULDER: It saved us quite a bit of money, really. I belong to Kaiser [Foundation Health Plan] and they do it all the time. Most of the prescriptions I get, I can tell they're generic products. I'm very happy with that; it saves me money.

HICKE: And the fact that your program insisted on that, I'm sure made it much more accepted.

MULDER: Yes. The doctors were mostly not happy about it, but they didn't fight it too hard.

HICKE: And it also made it accepted to the people who were getting the prescriptions, who then had somebody in a fairly powerful state position saying, "This is OK for you to use generic drugs." And I think a lot of people had heard up until that time that you better use . . .

MULDER: . . . Use the advertised product.

HICKE: Right. [Laughter]

MULDER: The public health department, too, was helpful. They were behind us.

HICKE: Do you recall anybody in the public health department that you were . . .

MULDER: Well, Dr. Breslow. He was strongly with me on that. And

nationwide we had some people who were with us on that. The University of Michigan was the group that I still dealt with because I'd go there occasionally for lecturing. They wrote articles in magazines on that way of saving money, and what you should do then to make sure that the generic people don't take advantage of you, because that can happen, you see. Because some of the generic products have been found to be not good standard.

HICKE: Somewhat less quality controlled?

MULDER: Right. So you must have some assurance that they had good quality control. FDA [Food and Drug Administration] was a help too, in that.

But when I was in Washington, I could never work with the FDA, because there was again that fight between the units in the Department of Health, Education, and Welfare. I was in the welfare administration, and the welfare administration didn't want anybody to deal with the FDA. They were also not very happy if I worked with the Surgeon General's Office.

HICKE: Is that right?

MULDER: They have fences around all those departments. Social security, yes. I worked with social security, but they were not very happy

with it because the welfare administration, well, they felt we should have had a bigger piece of the pie when the program was set up.

HICKE: Territorial.

MULDER: Oh, sure. Ultimately, of course, I think we have a better organization. Health and human services and social security and Medicaid are now together.

HICKE: I have just some general questions here. What kind of planning did you find in your trek throughout public agencies? Do you think that their planning is sufficient?

MULDER: No, by and large you spend more time putting out fires than planning. I think some very good planning was in the development of Medicare. There was some really, really good planning back in Washington with both the people in Congress and the people in the public health service and the social security administration. They did a really good job of planning. Spent a lot of time and manpower on it. By and large, at the state level-- and I'd been in other states too, and I worked for the federal government--planning just doesn't get the time it should have. Doesn't get enough allocation from budget and human resources.

HICKE: This is a little bit after your time, but I have a quote from Paul

Starr, who wrote the Social Transformation of American Medicine.¹

[End Tape 2, Side A]

[Begin Tape 2, Side B]

HICKE: . . . Medicine began suffering a loss of confidence in the 1970s. As I said, that's somewhat after your time, but do you think that that affects these programs?

MULDER: Well, "medicine" meaning what? The organized medicine?

HICKE: Probably doctors, I think, is what he means. The authority of physicians is probably more questioned now than it used to be.

MULDER: Oh, there's no doubt about that. That's right. As I indicated before, you have now laypeople on the Board of Medical Examiners, and doctors' judgments or even the staff judgment of the hospital is more often questioned now than it used to be. In fact now I think the pendulum has swung a little too far and we get some horrible, excessive judgments that really was not a matter of poor medicine but just a mishap that can happen anywhere, you know. So I think people now feel that a doctor must provide results or otherwise we'll sue them, that kind of

¹Paul Starr, Social Transformation of American Medicine (New York: Basic Books, 1982)

thing. It's gone much too far.

HICKE: Did you get involved in budgeting when you were in this?

MULDER: Oh, yes.

HICKE: That must have been a major challenge.

MULDER: Yes, well, the hardest people to deal with were the people in the Department of Finance. By the time you get to the legislature, it's really much easier. But in the Department of Finance some people really ride roughshod over you.

HICKE: What are the problems? They want to cut your budget, and you have to defend it?

MULDER: Oh, sure. "Cut" is a watchword and you have to really justify everything in great detail. Not just myself but staff under me too, you know. Those are very thorough hearings in the Department of Finance. At least they were in my days. I guess they still are. I think it's just the way departments of finance work, and it's good. It's like the Office of Management and Budget [OMB] back in Washington. They can be tough, but more power to them; I don't mind it.

HICKE: There was this enormous growth that we talked about, and probably you saw a great deal of it during even just the three years you were there. Are there any problems related to that that

we haven't talked about?

MULDER: No. We talked about workloads, and that is really the main thing: the workload problem. And also the budget problem, then, because you have to find the money to accommodate that growth. But California by and large has generally come up with the money. I remember many, many years ago, we had a day when somebody discovered that that month, expenditures for social welfare exceeded a million dollars a day. We thought, boy, that was really something. It was talked about for weeks. By the time I left government, we were spending about ten times as much-- ten million dollars a day.

HICKE: Is that right?

MULDER: Right.

HICKE: What about the qualifications of the health care recipients? Were there some problems with defining what the qualifications were going to be?

MULDER: In California or nationwide?

HICKE: Well, whatever you had mainly to deal with, which was California, I guess.

MULDER: You see, the federal law is not very precise on that; it leaves that to the states, largely. California always has had a fairly liberal

program in terms of income and resources. I say "fairly liberal"; it's not what I would call where it should be, ideally.

You see, in the days when I worked there, the person who needed institutional care, nursing home care, would not be able to get on Medi-Cal unless he had reached a level of poverty, incomewise. He could have a home, he could have some assets--I think not more than about two thousand dollars--and an income which was at the public assistance level. That was difficult, especially if you are dealing with husband and wife. Since I have left they have improved that, so that if one of the spouses needs to be in nursing home care, the other spouse may retain an amount of income that is not down at the poverty level. That, I think, was a big improvement, because I've seen so many sad cases of ill people and something would happen and within a year after a person went in the hospital, the other partner in the marriage had to live at the poverty level.

HICKE: All your resources are gone.

MULDER: Right. They had to be used up to pay for the care. But California always has had a fairly liberal program, and when it comes to incoming resources generally, you should compare to Georgia, places like that. Some of the states are really way, way

down.

HICKE: After you got into the California program did you have contact with other states?

MULDER: Oh, we had meetings, yes. The American Public Welfare Association [APWA] was also concerned with health care. In fact, for two years I was on the APWA board of directors as director of Health Service Programs. So every time that the American Public Welfare Association met in a regional meeting or a national meeting, that group would meet. Those would be administrators of the various programs in the states.

HICKE: So you heard about what the other states were doing?

MULDER: Oh, yes, right. We would compare notes and commiserate with each other. [Laughter] But there are some really sad stories as to the poverty of some of those programs.

HICKE: Many states weren't getting along as well as California?

MULDER: No, California, I think, has been very, very fortunate.

HICKE: [California State Controller James Kenneth] Ken Cory was the state controller?

MULDER: Yes.

HICKE: We've done an oral history with him.

MULDER: Was he state controller when I worked at that period?

HICKE: I don't know the exact dates, but I wanted to bring up something that he mentioned. He suggested that perhaps the record keeping could have been done within the state instead of by Blue Shield and Blue Cross on these programs. This is pure speculation, but does that seem like a possibility to you?

MULDER: Yes, it is a possibility, certainly. The state could have hired the talent and set up the system, but there are two difficulties with it. One is that it would build up a tremendous bureaucracy, a big group of people--clerks, and so on--all under civil service. They're always a very visible target for budget cutters. The second one is that not only medicine but other providers of service always feel that a government organization. . . . Well, let me put it this way: that an organization which has the affection of the providers is better than government. Blue Shield, which really started out as California Physicians Service, was of physician origin. They would accept their decisions a little bit easier than some clerk or an administrator in a state office. There's something to be said for using existing resources, because they already had the experience and the structure for a claims-examining process. The state would have to start from scratch.

The state did it for a while, I think. I think there was a

period that the state had it because some contract was cancelled that was. . . . I think they finally paid off most of the bills without even looking at them, to get rid of the problem.

And there was another organization that handled it instead of Blue Shield. I forget the name of it, but they didn't come up with a permanent contract. They lost out to somebody else; I forget who. That was after I left; that's maybe five years ago when that happened.

But, sure, Cory is right that those things can be done by a government entity. But there are some difficulties with it. Government is generally suspect in the minds of professional people.

HICKE: Yes. Well, that makes a lot of sense.

MULDER: Certainly under Reagan that never would have happened, because Reagan was always for letting private enterprise do it, and there was a lot of that thinking around. "Private physician" has become a very nice word in many people's vocabulary.

HICKE: One of the things that Margaret Greenfield said in a book that I read by her was that the attitude of most taxpayers toward social

insurance is still very underdeveloped in the United States.¹ I think she went on to say that somebody said we're just beginning to approach the level of Bismarck's Germany now.

MULDER: Yes, they were ahead of us. [Laughter] Yes, that's true. The United States is not in the foreground, I think. In the Netherlands they have a better social system. And Canada's is better than we have in the United States. But the situation is improving; people are taking more and more interest. There's a good example: when the Medicare program was amended last year to put in that catastrophic care program. Once it was in the books, people began to look at it. They really got interested and finally forced Congress to throw the whole thing out.

HICKE: They didn't want to pay for it, I think.

MULDER: Yes, they didn't want to pay for it, but what has happened--and it never was corrected--was that a lot of people didn't even know what the program provided. Lots of people thought, "Oh, so catastrophic care means nursing home care," and it doesn't mean that. That bill did not provide for long-term nursing home care. It provided for longer hospital care, for those who need hospital

¹Margaret Greenfield, Health Insurance for the Aged (Berkeley: Institute of Governmental Studies, University of California at Berkeley, 1966).

care and can benefit from it, but in extended-care facilities, they called them. Extended-care facilities they would pay for a considerable period of time, but only as long as the patient would show progress and improvement under that care. As soon as the situation became horizontal or declining, they would stop.

HICKE: So something like Alzheimer's disease . . .

MULDER: Alzheimer's would not be covered. And still is not covered, and wouldn't have been covered under this new program.

HICKE: That would certainly include many forms of cancer, as long as they were getting worse.

MULDER: That's right. People don't always really know what the definitions are. Catastrophic health care sounds really good, you know. But it was really a shame that people didn't get word out on that.

HICKE: That is interesting, because the only thing that I heard against it was that people didn't want to pay for it. I didn't hear anything about what you said.

MULDER: Well, I didn't want to pay for it.

HICKE: But I didn't hear any of the problems that you've just told me.

MULDER: Well, it wasn't a problem in those people's minds.

HICKE: But I think what I'm saying is, you're absolutely right that people didn't know that it wasn't going to cover things like this, and they

still . . .

MULDER: A lot of people didn't. And a lot of people still don't. I was against it, although I knew what the program was about. The reason I didn't like it was because I am with Kaiser, and a lot of the things for which I would pay the extra tax are already provided by Kaiser. Now, I know that in time I'll pay for it one way or the other, because as prices go up and so on, and utilization demands it, Kaiser will also have to increase the premium and I reach the point where it exceeds what the state has available so I have to start paying out of my pocket. But I didn't want to have the thing covered by the state and then still pay into Medicare premium.

HICKE: You were paying for overlapping benefits.

MULDER: Yes.

HICKE: Yes, I can see that would be a problem.

MULDER: Of course, even in terms of paying for health care, if I had my druthers--and it's not going to happen in this state or this country--I'm really for socialized medicine, because I feel that health care should be on a par with protection of property and persons, like a fire department and police department; those are public services for the benefit of all the citizens. I think the same thing should

be true for health care. England has some of that. The Netherlands are much closer to that. In the Netherlands, just about everybody belongs to what they call a ziekenfonds or sickness fund, and government pays most of that. But that view has never been popular. Most of the people I dealt with took a dim view of it.

HICKE: I heard a talk by Emery "Soap" Dowell on . . .

MULDER: Oh, yes, he was with the hospital association.

HICKE: Yes. He told us that historically, labor, for instance, has. . . . There are four things that labor has always wanted. I'm not going to run down the other three, but health care was always kind of last on the list and never really got enacted in the United States, whereas it did in most of the rest of Europe, I think.

MULDER: One reason is that health care is intangible.

HICKE: But social security, for instance: they were more interested in that and old-age pensions than they were in health care insurance.

MULDER: Well, because most people feel that a dollar bill is more tangible than your right to health care from a physician or a hospital.

HICKE: You know you're going to need dollars; you might not need the health care.

MULDER: That's right.

HICKE: At least not for a while. So he said that that was one of the reasons why we didn't have that kind of a system in the United States, and I don't know why.

MULDER: Europe is way ahead of us. They have had their problems, too-- financial problems and administrative problems, but in terms of the principles, they're ahead of us. The fact that everybody should have health care has been recognized, even in the Soviet Union. When my daughter was in Russia, she developed some kind of a pneumonia, and, boy, they took care of her. No bill. She was in the hospital for three days and lots of doctors came to see her. She was down near the Black Sea somewhere near the resort area, and her husband said, "How are we going to pay for that?" Answer: "No, you're just like people in the Soviet Union; they don't pay, you don't pay."

HICKE: That was fortunate, wasn't it?

You've done quite a few things since you retired. Is there anything that you particularly would like to talk about? For instance, you were back in social welfare in. . . . Well, that was in the California Catholic Conference.

MULDER: Yes. I worked, I think, about five years. I think I gave them half time or thereabouts as a consultant.

HICKE: And you've been on task forces in Medicaid and Medicare programs.

MULDER: Yes, and the federal government would call a task force together and I would be asked to join them.

HICKE: For some specific program question or issue?

MULDER: Yes. But a question again of fiscal intermediaries and so on, and how to handle them. They would set up a symposium and then they would ask somebody to be a consultant to the group. But not very much. Generally in connection with another meeting going on at the same time, same place. I was on a committee of the National Academy of Sciences--the Advisory Committee on Foreign Medical Graduates. They had the problem there with of what to do about the graduates of the foreign medical schools, because there were so many of them. At Kaiser there were quite a few.

HICKE: Who wanted to practice in the United States.

MULDER: Right. And there was a fear that some of them might not be all that good, and also there was a concern that a lot of those, if they study here in the United States as foreign students, they get all kinds of benefits and advantages to complete their studies, with the expectation that they go back to their undeveloped

country and use their knowledge there. So many, many, an alarming number of them, would, when graduation time would come, say, "I don't think I'll go back. I think I'll find me a job here." There's not much you can do about that. It's sad. There are quite a few Lebanese physicians in hospitals, and Indian physicians, and by golly, they could be used in their own country. Of course, Lebanon, I don't blame them if they don't want to go back.

HICKE: That's perfectly understandable.

MULDER: But India isn't really that bad.

HICKE: So what did this advisory committee . . .

MULDER: It came up with no answer to the question.

HICKE: No answer?

MULDER: No. Screening and so on was recommended. I really felt I was wasting time on that project. Every three months, back in Washington for a day to talk about that, with papers being read by people from the Public Health Service and the academia. I began to get tired of it.

HICKE: Because it wasn't going anywhere?

MULDER: No, it wasn't going anywhere, and I felt I was. . . . It's not taxpayers' money but it certainly is public money that the

National Academy has, and I felt it was wasted on me. So when they asked me if I wanted to be in another group that had a similar type of assignment, I said no.

Anything else?

HICKE: Do you have any comments about what's happened since you retired, and where the Medicare and Medicaid programs are going in the future?

MULDER: No, it's anybody's guess, I believe. I hope that somehow or other the system will become simpler, with less paperwork and so on. Too much paperwork is horrendous, and I like the Kaiser system. And fortunately, Kaiser made a deal with the social security administration so that they could do away with a lot of the paperwork. I worked on that project to get that accomplished.

Then Medicare developed the HMO [health maintenance organizations] concept, and I was very, very happy until I began to see that HMO just became a word. A lot of outfits now call themselves HMOs and they're really not HMOs; they're just a group of doctors. I think that's been a step backwards. A real HMO, I think, is one that has to be a closed system to be really effective as an HMO. So many of those new HMOs are open systems of doctors who go in and out as they want to. So I'm

very fond of the Kaiser system, because it has a minimum of paperwork and you know there is quality control; you know that the staff gets supervised.

I haven't seen a move that way in Medi-Cal or Medicare, except where they use places like Kaiser. Kaiser finally now is participating in both Medicare and Medi-Cal. First, you know, they wouldn't participate in Medicaid, and I tried to get them to participate, and they said they wanted a test project. So I said, "I'll make you a proposition." It turned out they wanted to use that old, run-down hospital that they had in Richmond. They wanted to make that a test project. I didn't like the looks of it, because the plant is antiquated, the population is grinding in poverty, and it would become just another one of those old county hospitals. So we didn't pursue it. Fortunately, afterwards they came to an agreement with the state for Medi-Cal coverage and Medicare coverage. I've spent quite some time to simplify the paperwork there.

But I pity the people who have to deal with Medicare and have to fill out all those papers and keep track of all those bills. As a result, there's been an entirely new activity. An occupation for people used to be handlers of those bills.

HICKE: Is that right? You can get people that will just take care of your bills?

MULDER: Yes. There are offices here that will, for a certain amount, take care of all your Medicare work. Yes. My daughter was approached by one of those outfits because she has worked on the Medi-Cal end of it in one of the counties--I think Placer--so she knew all those things about Medicare and Medi-Cal paperwork. But there's far, far too much paperwork. You see, the HMO is based on the idea that if I take care of a person's health needs, then you pay me so much per person. But under the prevailing system, if I take care of a person's health need, I'll bill you for every little bit I do, every prescription I write, every procedure I use, every test I order. And that's why there's a lot of wasted motion. But I don't know if they'll ever change. Kaiser, again, like I said before. . . . I'd like to see a, you know, entitlement to health care. Cite the fire department; they don't charge you by the gallons of water they use to put your fire out, or how many trucks they sent to the house. They come and do it, and then they go back home.

HICKE: I certainly do thank you very much for giving this information about the program and about your work in it.

MULDER: I have enjoyed working in it, and I'm kind of happy to recollect it, although my recollection is not as good as it could be. A lot of detail has faded away. But at age seventy-six, that's to be expected.

HICKE: I always like to remember what Mark Twain said, which was, "When I was young, I could remember everything that happened, whether it happened or not." [Laughter] Thank you very much.

MULDER: Fine.