

MR. FITZWATER: In the meeting this morning with Republican members of Congress, they discussed with the President administration position on a number of pieces of legislation. But certainly, one of the foremost of concern to them is the catastrophic bill. And the President assured them that we share their concern for its impact on senior citizens, that we have been looking for a way to mitigate this situation for the last couple of months.

We have not found an answer yet. Our primary concern is that this bill, as you know, would add some \$6 billion to the Treasury, and without that income we would automatically trigger the sequester under Gramm-Rudman-Hollings and violate the congressional budget agreement. So we have financial concerns, but we are looking for ways to deal with this problem.

Q Marlin, as you know, the President supported this thing that he said was not a tax when it happened. He said it was a good way -- remember in the debates last year --

MR. FITZWATER: Right.

Q -- a good way to provide services. It was a premium.

MR. FITZWATER: Yes.

Q What does it portend for this whole process if when we pass a small premium for an added service, catastrophic -- which the Reagan administration wanted to put on -- that suddenly there's a rebellion and that elderly people who are middle and upper income don't want to pay for it? Is the President going to essentially say now we'll mitigate it for these people, we'll take it back? Is his mind set to repeal this piece of legislation?

MR. FITZWATER: His mind set is that we have learned, as the Congress has learned -- when this passed the Senate only 11 people voted against it -- that you need to be very careful and considerate of the cost of these kinds of entitlement programs before they are passed. And that the President did agree with this. President Reagan signed it; indeed, he had proposed it. And as you suggest, the message is clear that when you pass this kind of legislation you'd better know what it costs before you do it.

And so, we're looking at --

Q So does the President want to repeal it? Does he --

MR. FITZWATER: Well, that's what we haven't decided yet. But, obviously, many members of Congress are pushing for repeal. But our problem is that repeal has rather devastating effects on the deficit side with regard to triggering a sequester.

Q Is that the only real concern, Marlin?

Q But he's obviously changed from support to "I don't know," right?

MR. FITZWATER: No. We have always said that we support the bill and we are concerned about the program -- about the taxes and the impact on the deficit. But we recognize this impact on the elderly, we recognize their concern, and we are working with members of Congress now to try to develop some kind of solution.

Q But you just said -- someone asked you, does the President want to repeal it, and you said he hasn't decided. He has changed from outright support, obviously.

MR. FITZWATER: Yes, but repeal implies a solution that we don't have yet. A lot of congressmen just want a straight out repeal, but we're not sure that that's the best way to approach it.

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Q But President Bush is not going to stand up and fight for keeping it the way it is, either?

MR. FITZWATER: Well, he says at the moment our position is that we support it and we don't see any change. But we are looking for alternatives.

Q Does the President think this is a necessary program, Marlin; the problem is just he doesn't know how to pay for it? Or is he not so sure it's a good idea now?

MR. FITZWATER: Well, the administration thought it was a good program in the past, as did most of the Congress. People still think it's got good objectives, but they have felt the heat. And the people at home in the August recess obviously made their views very clear about paying for this benefit. So they're taking another look at the financing and see what can be done.

Q But, Marlin, you're talking about -- you say the present Congress has learned that you'd better know what these things cost before you pass it. It seems in fact -- are you saying that in fact there are cost overruns here that the President, when he was Vice President, didn't foresee, or are you really saying that the President is feeling the heat, too, from the elderly lobby?

MR. FITZWATER: Everybody is, sure. I hope there is not any misapprehension about the political aspects of this program. I mean, the elderly complaints are rolling in in tidal waves of immense proportions.

Q Well, is that what the President has really learned

MR. FITZWATER: And that has not been lost on anyone -- certainly not members of Congress and not the administration. And our point being that we need to be very -- our point is -- what the lesson for the future is, when you've got these entitlement programs that provide a service that everyone agrees is needed, you'd better be sure you understand the financing. And in this case we didn't. Not the administration, not the Congress.

Q And did you also underestimate the reaction you'd get from the elderly?

MR. FITZWATER: Absolutely.

Q I want to see if I can pin you down on whether the President's primary concern on repeal -- in fact, only major concern on repeal -- is triggering the sequester? Were it not for that, would the President repeal this program? Would he support repeal?

MR. FITZWATER: Well, I can't say that because obviously we'd like to provide the benefits. We thought it was a good program, and so forth. But we have to look at all the aspects of it.

Q Are you searching now for a way to repeal the program and avoid the sequester? Is that the focus of your search?

MR. FITZWATER: We're searching for a way to mitigate the financial problems.

Q Of repealing the program?

MR. FITZWATER: And saving the program. And that's where we've been for the last couple of months.

Q Well, I'm sorry. I really don't understand whether you're aiming to save the program or whether you're aiming to repeal and save the budget.

MR. FITZWATER: Well, we're saving the program. We have testified that we support the program and we don't see any need for

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change, but we have also been searching for a couple of months for possible changes. We continue to do that.

Q On another subject -- back on --

Q No. Marlin.

Q Wait a minute.

Q No, let's kick this around a little longer.

Q Marlin, Marlin, do you have a quantitative count of this rolling in of complaints? I mean, how many -- has the switchboard been flooded and the mail way up?

Q What is the income distribution of this tidal wave?

MR. FITZWATER: Probably 535 to zero.

Q No, the complaints you've heard are directly from Congress and not from elderly citizens? They have not been calling?

MR. FITZWATER: Oh, there may have been elderly -- there probably have been elderly concerns directly to the government through HHS and other places, but certainly in the Congressional meetings it has been relatively unanimous.

Q Marlin, are you saying that this tidal wave of objections is from all elderly across the board or primarily those that are paying taxes and would have to pay the surtax?

MR. FITZWATER: I don't know specifically, although this morning several members of Congress emphasized that in terms of their constituents and the people they talked to in August, it was from all categories of the elderly.

Q One of the suggestions is to have the surtax -- to just cut that in half and raise the premiums which affect all people, primarily all the elderly recipients. And this would not increase the deficit in any way. Primarily it would be budget-neutral but would change the mix. Is the administration willing to consider that since there's no difference in --

MR. FITZWATER: Well, I can't comment on various options, Paula, but obviously we're looking at whatever can be done. And I know that's one of them, but we don't want to commit at this point until we've reached some kind of an agreement.

Q Well, last week your OMB Deputy Director testified that they -- the administration would prefer that we just keep the program as is and, as you said, the concern for sequester and triggering the deficit. If you were to consider repeal, would it be only on condition that that \$6 billion in revenue loss be offset?

MR. FITZWATER: Well, as you correctly point out, our position is to keep the program, but it's also true that we have agreed to look at various alternatives, but I'm just not free to discuss what we might do or what we might not do.

Q But would any of them have to be budget-neutral? I mean, if you were to go with repeal, you'd lose \$6 billion, so would you have to offset that?

MR. FITZWATER: But I don't want to signal that in advance, Paula. We'll have to -- something we'd work out in the negotiating process.

Q But when you say "keep the program," are you talking about no program reductions at all? No reductions in services?

MR. FITZWATER: Well, there again I can't specify that kind of detail because when you get into discussions of how the

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program might be altered or financing changes, those things are all up to negotiation. And we just don't want to make any commitments other than the public one, so at the moment our policy is to continue to support the program.

Q Well, do you want to keep it for its own sake or because you need it for budgetary reasons?

MR. FITZWATER: Both. We want to keep it for its own sake, first of all, and secondly, to make changes, there are significant budgetary problems.

Q It sounds like you're just hung up on the budget side of the equation.

MR. FITZWATER: No, we're hung up on all sides. It's a very difficult issue.

Q Back to another difficult issue, drugs, was the White House surprised by the Democratic response to the President's proposal? Was it more critical than you expected, and were you surprised that some Democrats talked about raising taxes?

MR. FITZWATER: I'd say we were a little surprised that the Democrats thought raising taxes was a viable response, yes.

Q Were you pleased that that was their response because you think that's --

MR. FITZWATER: Well, it did make it clear that we're for fighting drugs and they're for raising taxes.

Q Is this what you call stopping the partisan --

Q Is there any possibility that --

MR. FITZWATER: (Laughter.) Hey, she asked the question. Nick, go ahead.

Q Is there any possibility that Yeltsin would be available to the press while he's here on the White House grounds?

MR. FITZWATER: I don't know. You'd have to ask him.

Q Can we find out --

Q I mean, which way is he coming out?

Q Will you allow him to go out and talk in the driveway, or where is his limo?

MR. FITZWATER: He's free to do whatever he wants.

Q Marlin, before you leave, what's the purpose --

MR. FITZWATER: What time is the speech? We've got 15 minutes?

Q What's the purpose of the Hassan visit?

MR. FITZWATER: He's here to talk about a wide range of issues, primarily, however, economic assistance.

Q To who? To who? Economic assistance --

MR. FITZWATER: To Jordan.

Q To Jordan? For what purpose? Just because the oil prices are down? Is that why?

MR. FITZWATER: Yes, they're having significant economic

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that be done without busting the budget? And is it your view now that the White House is going to have to take a far more active role in this if this program is to be saved?

MR. FITZWATER: On catastrophic? Well, we are working with the Senator and others on the Hill on a solution. We don't want to commit to any one course of action at this point.

Q How do you feel about making it voluntary? He's committing to a solution.

MR. FITZWATER: Well, he is, but we've got a lot of people to discuss it with and we don't want to take a public position until we can reach a greater consensus.

Q Can it be made voluntary and not bust the budget?

MR. FITZWATER: I don't know.

Q I mean there are a lot of senators and congressmen, as you well know, up on the Hill who insist that short of a very active White House position -- presidential position on this, that he'll be steamrolled and the thing will be repealed outright. That came up the other day when Gingrich and company were in here.

MR. FITZWATER: Well, we are --

Q Yet there still seems to be no well -- clearly defined White House position on this thing, and I'm curious as to why.

MR. FITZWATER: The reason for that is that we are discussing it with any number of members and there are a number of different ways to approach it. And we are not wedded to any single one, but to working out the best solution. And as we have said here before, there are a lot of people who feel strongly on both sides, and there are different alternative financing mechanisms. So it doesn't pay us to take a position on voluntary implementation or whatever until we work out a consensus.

Q Marlin, when you talk about the best solution, are you talking about the best solution for all the elderly or for keeping any alternative within the budget?

MR. FITZWATER: The best solution for the elderly, in terms of preserving the benefits, making the premiums realistic, and preserving the fiscal aspects of it in terms of the budget.

Q Are you willing to preserve the progressivity of the payments?

MR. FITZWATER: We'd like to preserve the benefits, but the payments and progressivity, all those are aspects that are under discussion.

Q You're not trying to keep that principle in there?

MR. FITZWATER: Well, we're not going to say. We're

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saying we're willing to discuss it, but we're not committing to any specifics.

Q Do you want to preserve all the benefits under current --

MR. FITZWATER: That's our initial position, sure -- that we think it's a good program, we proposed this program, and we'd like to keep it.

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Q Is the President making any calls on the catastrophic -- before the catastrophic vote today?

MR. FITZWATER: I don't believe so, no.

Q Do you have a preference among the three alternatives they will be considering?



MR. FITZWATER: Our position is the same as it's always been, that we prefer to maintain the benefits while finding some way to mitigate the cost of the premiums.

Q Well, they have three actual alternatives they're going to choose from. Can we presume from that that you like the Ways and Means approach the best?

MR. FITZWATER: We wouldn't want to specify publicly which we favor until we see the final product.

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Q But you are against the repeal amendment, aren't

ou?

MR. FITZWATER: Yes. We've opposed repeal.

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Q Do you have a position on the various options taken about catastrophic health in the House tomorrow?

MR. FITZWATER: That's another case where there are still a number of options in the works. Our position is clear, but we'll work with various peoples.

Q Why are there options in the works? I mean, we know what amendments will be offered on the floor. You don't have a position on the bill or one of those amendments?

MR. FITZWATER: Well, our position, basically, is that we want to retain the benefits and mitigate the premium cost. But there are some ways that some of the bills want to reduce all the benefits, some want to eliminate the premium entirely, some want to eliminate the surtax. I mean, there's any number of different approaches.

Q But there's three approaches the House is going to vote on. Do you have a position on those?

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MR. FITZWATER: No. We'll wait and work with them still. We haven't reached a final point yet.

Q Don't want to get out in front on this one, huh?

MR. FITZWATER: Nope. We're right where we want to be. (Laughter.)

Q Obscure.