Hoke, Martin

MARTIN R. HOKE
10TH DISTRICT, OHIO

COMMITTEES
BUDGET
SCIENCE, SPACE, AND TECHNOLOGY
TASK FORCE ON HEALTH

212 CANNON BUILDING
WASHINGTON, DC 20515
(202) 225-5871

21270 LORAIN ROAD
FAIRVIEW PARK, OH 44126
(216) 356-2010

Congress of the United States

House of Representatives

Washington, DC 20515-3510

September 10, 1993

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I deeply appreciated the time you gave me yesterday to present some of my thoughts regarding health care reform, specifically the Medisave concept. I'm profoundly concerned that none of the proposals you're being exposed to move in the direction of restoring the normal and beneficial pressure brought by consumers on the pricing mechanism.

The fundamental reason that increases in health care costs have nearly tripled the rate of inflation over the past 15 years is that almost all of the payments in the current system in both the public and private sectors are made by third parties. When health care services are paid for by third party payers, whether they be the government or private insurance companies, the consumer-patient becomes alienated from the financial aspect of the purchase and has no idea nor interest about what it costs. This fosters untempered demand which causes skyrocketing prices.

The solution is to introduce the managed care concept to public sector health care purchases and to restore cost-conscious consumer pressure to private sector purchases. That's exactly what Medisave does.

There are many additional aspects of the Medisave concept which make it particularly attractive to employees -- savings accrue to them, not insurance companies or employers; a retirement nest egg is created; they re-establish primary control over their health care decisions, etc. In short, this is an exceptionally popular program because is just makes so much common sense, and as you were quick to point out it can easily be made a part of your package.

Enclosed is a short summary and explanation of the Medisave program, as well as legislative language drafted by the House Legislative Counsel. I am not certain that this legislative language completely conforms to what I intend, but at least it represents a good starting point.

I would truly welcome the opportunity to discuss this with you in greater detail. You may remember that we ran together along with Ohio Attorney General Lee Fisher last spring. If you are still running, perhaps I could join you one morning next week to discuss the concept in greater detail.

Kindest personal regards.

Very truly yours,

Martin R. Hoke

Martin Hoke
Member of Congress

cc: Hillary Rodham Clinton
Ira Magaziner

WHY THE UNITED STATES' HEALTH CARE SYSTEM NEEDS MEDISAVE ACCOUNTS

o MEDISAVE ACCOUNTS WILL REDUCE HEALTH CARE COSTS

Medisave Accounts represent a giant step forward in the process of bringing cost-conscious consumers back into the health care purchasing equation, because third party payment has alienated consumers from involvement in the financial aspect of purchasing health care services

Medisave Accounts reward and encourage good health care habits

Medisave Accounts discourage over-utilization and encourage efficiency within the health care delivery system

o MEDISAVE ACCOUNTS REDUCE ADMINISTRATIVE & PAPERWORK COSTS

With insurance carriers processing over 4 billion health claims every year, and seventy percent of all households spending less than $5,000 a year on health care, Medisave Accounts will generate huge administrative and paperwork savings because the costs associated with the majority of all health care claims are eliminated.

o MEDISAVE ACCOUNTS ARE POPULAR

Patients who will become part of the health care purchasing equation with the freedom to make their own choices, and pocket the savings, support Medisave Accounts

Health care professionals like doctors and nurses support Medisave Accounts

o MEDISAVE ACCOUNTS INCREASE SAVINGS & SPUR ECONOMIC GROWTH

Tax-deductible Medisave Account contributions would provide a vast source of new funds for consumers' retirement, capital formation and business investment

SUMMARY OF MEDISAVE ACCOUNT PROGRAM

ELIGIBILITY

All individuals covered by a catastrophic health insurance policy are eligible to open a Medisave Account. For the purposes of this program, catastrophic health insurance is a policy with an annual deductible for covered medical expenses of at least $1,800 for individuals and $3,600 for families, indexed for inflation.

CONTRIBUTIONS

Employers or employees can make tax-free contributions equal to the amount of the annual deductible for their catastrophic health insurance policy, but not more than $2,500 for individuals and $5,000 for families (both amounts are indexed for inflation) to their Medisave Accounts.

TAXATION

Contributions to Medisave Accounts are exempt from income and employment taxes.

WITHDRAWALS

Withdrawals used for medical expenses are tax-free. All other withdrawals are subject to the same rules which currently apply to Individual Retirement Accounts (IRAs).

ROLL-OVER

The balance, plus interest, of Medisave Accounts rolls over annually.

LONG-TERM CARE

Tax-free withdrawals from Medisave Accounts to purchase long-term care are allowed.

April 1, 1993

Dear Rep. Hoke:

Thank you for meeting with me to discuss the vitally important topic of health care reform.

I enjoyed your proverb about the advisability of paying physicians only for as long as the individual is healthy. We do need to start restructuring our warped health care incentives away from rewarding sick and prices insensitive behavior towards health and cost effective behavior.

I look forward to working with you. With your collaboration, I feel confident that our common endeavor will be successful.

Sincerely yours,

Hon. Martin Hoke
U. S. House of Representatives
Washington, D. C. 20515

April 7, 1993

Dear Rep. Hoke:

Thank you for meeting with me to discuss the vitally important topic of health care reform.

I enjoyed your proverb about the advisability of paying physicians only for as long as the individual is healthy. We do need to start restructuring our warped health care incentives away from rewarding sickness and price insensitive behavior towards health and cost effective behavior.

I look forward to working with you. With your collaboration, I feel confident that our common endeavor will be successful.

Sincerely yours,

Hon. Martin Hoke
U. S. House of Representatives
Washington, D. C. 20515

THE WHITE HOUSE

June 18, 1993

Honorable Martin R. Hoke
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Hoke:

Thank you for your words of encouragement and support. I am happy to enclose the photograph you requested.

With warm personal regards, I remain

Sincerely yours,

Hillary

Hillary Rodham Clinton

VIP

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

MARTIN R. HOKE
TENTH DISTRICT
OHIO

April 15, 1993

Mrs. Hillary Rodham Clinton
The White House
Washington, DC 20500

Dear Mrs. Clinton:

Would you please do me the honor of inscribing the enclosed photograph. It was taken the morning that you met with the Republican Leaders Task Force on Health Care of which I am a member. I trust that your endeavors with respect to this extraordinary challenge continue with the energy and enthusiasm you displayed at our meeting. I look forward to our continuing dialogue on the subject.

Thank you for taking the time to indulge me this way.

Kindest personal regards.

Very truly yours,

Martin R. Hoke

Martin R. Hoke
Member of Congress