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RCV BY: ; 9-29-93 ; 6:22PM ; CCITT G3→ SOCIAL OFFICE:# 2

(1) What is status of this proposal re. domestic workers?
(2) Idea about natural disaster insurance worth studying. Please advise.

Bergs S.
Answered

ROBERT KAHN AND ASSOCIATES

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FOUNDED 1956

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ROBERT KAHN
CERTIFIED MANAGEMENT CONSULTANT

August 17, 1993

PHOTOCOPY
HRC HANDWRITING

PAM OCT 4 1993

Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear Hillary:

Thank you for your kind notes. I would be delighted to send you all of my constructive thoughts -- as they occur to me.

Before going into the purpose of this letter, I want you to know that I was thrilled to read that Senate Finance Chairman Moynihan, together with five other committee members (including Senate Minority Leader Dole), has introduced a bill to eliminate the current quarterly reports on domestic employees and, instead, will incorporate reporting and payment in conjunction with the employer's individual tax return.

1

Senator Moynihan's bill is a better solution than the recommendation I made to you. I would be gratified if my letter stimulated throught in this new direction.

There are certain signficiant savings from the elimination of the quarterly reports. Bill should immediately determine the amount and also determine the additional income the government will receive. He can claim a reduction of expenses, an increase in revenue, and a future savings, because more people will have Social Security and Medicare in their old age -- all with no reduction in service.

2

The purpose of this letter is to express my deep concern about the terrible cost of natural disasters and the fact that we lack an adequate form of insurance protection against them.

In Florida, hurricane insurance is prohibitive but earthquake insurance costs virtually nothing.

In California, earthquake insurance is frequently prohibitive but hurricane insurance is often thrown in for nothing.

Recycled Paper

Flood insurance along the Mississippi and Missouri rivers will be impossible to get.

Tornado insurance is expensive in Kansas but not in Montana.

Both Australia and New Zealand have a form of insurance against natural disasters which grew out of their "War Damage Insurance" created early on in World War II. (In both countries, most of the population is along the coastlines and could be reached by cannon fire or by bombardment from carrier-based aircraft.)

To protect their vulnerable population, the government placed a 5 percent surcharge on all types of property damage insurance. This surcharge was collected by the insurance company and remitted to the national government. In the case of loss from war damage, the underwriter settled the claim and was then reimbursed from the national fund. Fortunately, there were few losses: a few in Australia along the shores of the Northern Territory; none in New Zealand.

At the close of World War II, each country had accumulated a large fund.

Each country elected to continue the surcharge, which would then be used to compensate for damage to property from natural disasters.

I urge national natural disaster coverage based on the Australian/New Zealand concept of a mandatory surcharge on all insurance policies against property damage.

The plan I envision would not require federal funds. The following steps would be necessary:

1. Form a federal corporation.
2. Define natural disasters to be insured.
3. Make an acturial study to determine the ratio of losses in natural disasters to the value of insurable property. With the addition of an allowance for administrative costs, this would determine the surcharge rate.
4. Actuaries would determine the reserve needed based on the value of all insurable property.
5. Actuaries would then set the necessary national surcharge which will be adjusted based on experience.

6. Each state would be responsible for the amount of the reserve fund based on insurable value of which only 20 percent would be provided initially and the remaining 80 percent would be subject to call. States would issue 30-year, tax-free bonds which would be redeemed through the flow of the surcharge revenue in excess of any claims paid.

7. It will probably take 20 to 30 years before the reserve fund will become self-sustaining. At that time, states would be relieved of any future funding. It is unusual to have two natural disasters, such as Hurricane Andrew and the flooding of the Mississippi and Misouri river basins, within a 12-month period.

8. Should losses exceed the sum of the state obligations (i.e., all states had funded 100 percent of their obligations), the federal government would guarantee payment of losses through a loan which would be repaid out of a supplemental surcharge imposed solely for the purpose of repayment of the loan.

The steps outlined above seek to accomplish the following:

1. To provide a means of insuring against natural disasters not now available from private insurers. This is in keeping with the third of the three purposes of a government as set forth by Adam Smith in 1776 in his book, The Wealth of Nations:

   a. To provide for the defense of the country.

   b. To provide a judicary for the enforcement of laws and settlement of differnece.

   c. To undertake those things which are necessary to the country but which are not a type that individuals or groups of individuals will undertake to make a profit. [Example used by Smith were old-folks homes and orphanages.]

There remains one unaddressed problem. What is the position of the owner of insurable property who elects not to carry property insurance. May he (or she) still look to the government to make himself whole? At the present time, almost everyone who suffers a loss in a natural disaster looks to one or more parts of the federal government for money to replace uninsured property: FEMA, grants, special small-business loans, etc.

This plan will be a powerful incentive for property owners to buy adequate property damage insurance in order to secure protection from natural disasters.

The law should establish a procedure (perhaps a review board) to be followed to determine the inability to afford property damage insurance. Even then, any grant would be limited to a maximum percentage of replacement value.

The juxtaposition of Hurricane Andrew and the basin floods of the Mississippi and Missouri rivers mandate federal consideration of this alternative.

Good luck with this idea!

Sincerely,

Robert Kahn, CMC

THE WHITE HOUSE

WASHINGTON

December 8, 1993

Mr. Stanley H. Kaplan
Chairman
Kaplan Educational Center Ltd.
810 Seventh Avenue
New York, New York 10019

Dear Mr. Kaplan:

Thank you for your recent letter and kind comments. I am sorry I did not get to answer your questions about doctor shortages and malpractice after my speech at the American Association of Medical Colleges meeting, but will attempt to do so herewith.

The Health Security Act represents an unprecedented effort to increase the number of doctors in the following ways:

1. More than half the residency slots will be available to doctors going into primary care -- including internists, pediatricians, OB/GYNs, and other primary care doctors. This will ensure an influx of new primary care physicians practicing in the health care market.

2. The bill significantly expands the National Health Service Corps, which will result not only in more advanced practice nurses, as you point out, but also in an unprecedented number of new physicians in underserved areas of this country -- approximately 7,000 by 2004.

3. Finally, we have built in a loan forgiveness program for doctors who go into primary care, and stay in primary care over a set number of years.

We believe that these specific initiatives, coupled with the increased market as a result of universal coverage and guaranteed benefits, will ensure an increased supply of physicians as a result of reform.

In answer to your question about malpractice insurance, I refer you to page 78 of the enclosed copy of *Health Security: The President's Report to the American People.* However, we will not institute a "no-fault" approach as you mentioned.

Once again, I appreciate your encouragement and hope we can count on your support of the Health Security Act.

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

PAM NOV 29 1993

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Mrs. Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington DC 20501

November 17, 1993

Dear Mrs. Clinton:

I had the opportunity and the pleasure to hear your right-on-target speech on Sunday, November 7 at the American Association of Medical Colleges at the Washington Hilton. I was one of those on line waiting to ask you a question. But time did not permit.

As a member of the Board of Trustees of New York University Medical Center I had wanted to ask you the following:

With Americans living longer, and with 30-40 million new "medical consumers" entitled to receive better health care through your plan, will there be sufficient physicians to meet the increased demand? And if not, what plans will be made to overcome this shortfall? Yes, training will be shifted from specialty to general medicine. Yes, there will be physician's assistants and increased nursing practitioners, but I still see a physician shortage by the year 2000, and not enough attention on preventing it. This possible shortage must be addressed now, because it takes a number of years to train additional physicians. I remember the serious physician shortage in the 1960's. At that time the medical schools increased their class size, and foreign physicians were paid airfare to encouraget hem to come to the U.S. quickly to fill the needed slots in rural and inner-city areas. Planning ahead is obviously the best approach.

Secondly, along the lines of the medical student who asked about the high costs of medical malpractice insurance. Certainly, the premiums are outrageous. For example my son-in-law, who is a hand surgeon in Massachusetts, pays more than $100,000 annually. With the number of tests and length of hospital stays being curtailed, I can see our litigious society becoming even more so. The "no-fee-if-we-don't-collect" syndrome will certainly keep lawyers busy. Limits must be set. How will you deal with this? Will the Clinton administration institute a "no-fault" approach, such as with auto insurance.

(over)

There's a tough fight ahead. I remember how FDR was vilified in the press with cartoons depicting Americans wearing Social Security dogtags. You have already a major victory. Now, both sides of the aisle agree that all Americans must have helath insurance coverage. Your espousing the cause of healthcare will forever be part of the Clinton legacy.

With all good wishes,

Stanley H Kaplan

Stanley H. Kaplan
Chairman

CAROLYN B. MALONEY
14TH DISTRICT, NEW YORK

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NOTES:

Per our discussion.

Thanks.

NO. OF PAGES: 3 (including cover)

bcc: Lisa Caputo

THE WHITE HOUSE

September 7, 1993

Mr. Richard A. Knox
The Boston Globe
P. O. Box 2378
Boston, Massachusetts 02107

Dear Mr. Knox:

Thank you so much for sending me a copy of your very good book, Germany's Health System. I appreciate your encouragement and support.

Sincerely yours,

Hillary

Hillary Rodham Clinton

I hope I'll have a chance to meet you and discuss our mutual interests in health care.

The Boston Globe
P.O. BOX 2378 BOSTON, MA 02107-2378 (617) 929-2000

Pam -
do TY
for very good
work

August 2, 1993

Hillary Rodham Clinton
The White House
Washington, D.C.

PHOTOCOPY
HRC HANDWRITING

Dear Mrs. Clinton:

I am pleased to send you the enclosed book, Germany's Health System: One Nation United with Health Care for All, published this summer. Since I wrote it with the Clinton health reform agenda very much in mind, I hope that it may prove useful to you and the President in the coming months and years.

Mindful of your statement to the AMA this summer that America's health care crisis demands an American solution, I am nonetheless convinced there is much to be learned from other nations' health care systems --- and Germany's in particular, since it combines private financing and delivery with government policy-setting. US policymakers might profit from a more detailed understanding of how the Germany system has worked to date; moreover, since both nations are facing similar sets of cost-containment problems, I believe both can learn much from each other in the coming years.

I hope Germany's Health System will stimulate greater interest in the German system among Americans. More important, I hope it will help overcome the pessimism that the health care enterprise is so complicated that nothing can be done to rationalize it and harmonize it with other social goals. Please accept the book with my wishes that the Clinton reforms succeed at last in doing for our country what Otto von Bismarck accomplished for Germany 110 years ago.

Sincerely,

Richard A. Knox
Medicine & health reporter

THE WHITE HOUSE

November 9, 1993

Mr. Greg Kostka
Office of the Legislative Counsel
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Kostka:

The President joins me in thanking you for the important role you played in drafting the Health Security Act. We are grateful for your hard work, counsel and commitment. When we enact national health care reform, you will have the satisfaction of knowing that you were critical to the success of this important national effort.

With deep appreciation, I am

Sincerely yours,

Hillary

Hillary Rodham Clinton

Thanks so much

THE WHITE HOUSE

October 4, 1993

Frank G. Kumpuris, M.D.
2317 North Palm Street
Little Rock, Arkansas 72207

Dear Frank:

I appreciate your several letters on health care reform and apologize for the delay in responding.

I hope that we can count you among the supporters of the President's reform proposal. I believe it responds to the main criteria in your letters by focusing on quality primary care, ensuring the freedom to choose one's own doctor, and providing health care security to every American, including the 37 million uninsured. We will be phasing in coverage, as you suggest. I am also pleased to note, as you probably know, that we have benefited from the advice of both Paul Starr and Judy Feder as key members of the health care team.

I appreciate your taking the time to write. I value your advice, and hope that we will have the opportunity to see you again soon.

Sincerely,

Hillary

Hillary Rodham Clinton

We loved having you visit!