Files of Neera Tanden,
Associate Director of Domestic Policy
and Sr. Policy Advisor to the First Lady
Box 1: Files

Archived from 2nd Floor West Wing by Eric Woodard on January 1, 2001

Correspondence

Violence/Drugs
- Youth Development/Afterschool/Violence

Health - Groups
- Health Reform

Health Care – DNC
- Health Reform

Health Care – Task Force
- Health Reform

Health Care – Meetings
- Health Reform

Health Care – Correspondence
- Health Reform

Health Care – Correspondence Unit
- Health Reform

Health Care – Interoffice Memorandum
- Health Reform

Enclosures filed in Oversize Attachments # 20357

NARA # 17590

Health Care – Personnel
- Health Reform

Health Care – Talking Points/Task Force
- Health Reform

Health Care – Scheduling
- Health Reform

Health Care – Media
- Health Reform

Health Care – Legislature
- Health Reform

Health Care – Legal
- Health Reform

Dick Celeste

Media

H/C - business

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

MEMORANDUM

TO: Christine Varney
Deputy Assistant to the President and Cabinet Secretary

FROM: Erskine B. Bowles, Administrator

RE: Health Security Act

DATE: October 15, 1993

As Administrator, I have talked to thousands of small businesses over the last three months. Whether it was talking to an employer or an employee, health care was by far their greatest concern. The rate of increase in the cost of health care for small businesses is 50% higher than the rate of increase for big businesses. Educating the small business community will be critical to the success of the Administration's effort to communicate the need for national health care reform.

Since the President's introduction of the Health Security Act, the Small Business Administration has been committed to educating and informing the small business community on what the plan will mean to their business.

We identified programs and communication vehicles to determine how we could incorporate the importance of universal health care as a theme. In doing so, we have already committed significant funds ($100,000) from the Agency's budget to begin educating small businesses on the specifics of the Health Security Act, and its probable impact on their businesses. We have a plan for reaching out further to our constituency, but we are unable to commit any additional funds at this time.

The SBA is enthusiastic about what health care reform will mean to small business. In order to communicate the benefits of health care reform properly, however, we will need additional resources from other government Departments. Together we can reach the greatest number of constituencies with little or no duplication in our combined effort.

It is fitting that other Departments allocate proportionate resources to communicating about the health care reform effort. Since Departments have much larger budgets and staff than SBA their "proportionate" contributions should be substantial (Commerce alone is 25 times our size). Shifting some of these resources to our "small business" effort would make a great deal of sense and have a very positive impact.

Here are some of the steps we have taken thus far:

Brochure: *Health Security Act - Benefits for Business*

This 10-page brochure was designed to be used in a number of different ways: as an informational document; as a format for a speech; or, as talking points.

Our first printing, on September 27, consisted of 150,000 copies. On September 28, we sent out 10,000 copies (1,000 per) to our ten Regional Offices; 53,000 copies to our District Offices; and 6,300 to our Branch Offices. We also sent shipments to the sites of our four upcoming SBA Town Hall Meetings, in Portland, Cleveland, Houston, and Denver.

Along with the Commerce Department, we hand-delivered a copy to each member of the House and Senate. In addition, we provided the White House Communications Office with 1,000 copies, and the Office of Public Liaison with 4,000 copies. (See attachment entitled "Distribution of Brochure".)

By October 6, we had completed a shipment to each of our 536 SCORE (Service Corps of Retired Executives) chapters around the country, and also had sent 100 to each of our 56 lead Small Business Development Centers, and to several hundred women's business organizations.

The brochure has also been sent to Department Chiefs of Staff. It was sent in disk format with the hope that all federal employees will take the time to read it on their own computer.

Health Security Act Worksheet/Computer Program:

We have developed a computer software program which allows us to input data on an individual small business -- its number of employees, payroll costs, average annual salary, and annual insurance cost -- and then calculate their estimated projected cost under the Health Security Act. We successfully used this program during our briefing for 50 small businesspeople which we held at the SBA the day after the President's speech. In addition, this same program will be used when people call our 800 number. We have also sent this worksheet out to all of our District Directors and 70 district offices so they can begin compiling health insurance information on small businesses for our database.

1-800 Number:

We are expanding the capabilities of our existing SBA Answer Desk (1-800-U-ASK-SBA) so that small businesses will be able to call in and get information about the Health Security Act. A caller dialing this number will be asked to choose from a number of options, which automatically routes it to the Health Care Hotline. We have set up a local area network with 10 workstations to handle the software used for the computations in the program described above. The information will be obtained from the callers and entered into the database, which can be used for analysis or for follow-up activities. The people staffing the hotline also will have the capability from their workstations to FAX the caller a copy of their worksheet, and an electronic version of the brochure (as is available via SBA ON-LINE, described below). We are preparing to have 10 to 25 workstations operational and staff trained as soon as possible. We anticipate 300-500 calls daily. However, having already expended $100,000 on this project, we do not have adequate funding to operate this 800 number and need other Departments to share in its cost.

When the Health Security Act Information Service is operational, we will develop a "hypertext" type feature as an aid for our information providers. This is an on-line help window that the user can invoke after each entry filed. Each help window would provide clarification or Q&As related to the information in that field. Creating this help feature is essentially a software-writing task which we can perform internally over a two to three week period.

SBA "On-Line":

This is the SBA's electronic bulletin board that is accessible by anyone with a microcomputer and a modem. The service is provided free via an 800 number. SBA ON-LINE is being modified to allow callers the option of going to a section of the bulletin board where they can view or download to their individual computers a copy of the Health Security Act brochure. We also are establishing a mailbox on the bulletin board, where callers can leave comments regarding health care. This information will be analyzed by our trained staff and an immediate response will be sent via modem. We also can provide the capability for SBA staff to interactively communicate via computer with people calling the bulletin board. This might be something we would do periodically with updates on Health Security Act legislation. In addition, we plan to set up a mechanism to collect basic information from the callers that can go into a database to be used for analysis or for follow-up activities.

Associations Database:

To date, we have contacted over 100 small business-related associations to obtain information on their annual meetings and their publications, and plan to send them copies of the brochure, along with articles on small business and health care. After reviewing all association/trade speaking dates we will work closely with the "War Room" to identify the appropriate keynote speakers for specific events.

Part II: 1-800 Number Cost Estimates

These are the cost estimates for two options to provide Health Security Act information services to small business callers. We cannot reliably estimate the number of calls we will receive or the average length of each call. Assumptions have been made for discussion purposes and to create a budget estimate.

ASSUMPTIONS: (for both options)

-Full service operation 9 a.m. - 9 p.m. Mon-Fri.
using two shifts (9-3; 3-9)
-All phone lines in continuous use
-Salaries based on SBA Agency-wide average
-10 minute average call length during full service hours

▪ Option #1: Call Processing System

This system will answer calls on 25 incoming lines, provide menu-based information, transfer a caller to an operator for estimated cost calculations, or ask caller to hold if all operators are busy. System will feed 12 "on hold" callers to the next of the available 25 operators.

EQUIPMENT COSTS (One time only)

Microlog Call Processing Hardware	$24,900
Phones & Headsets	7,500
25 Microcomputers	67,500
Fax server, cabling, misc. hardware	31,000
Fax machines & lines	7,400
Phone line installation	2,500
TOTAL	$140,800*

*(SBA expenditure to date: $42,500)

RECURRING COSTS

PHONE LINES:	
1-800 lines (during full service hours Mon-Fri 9 a.m.-9 p.m.)	$186,480
1-800 lines (info messages during off-hours, after 9 p.m. and Sat-Sun 24 hours)	108,864
LABOR:	
50 FTE	633,000
Recurring total	928,344
+ equipment total	140,800

Total Estimated Cost over 3 months.....$1,069,144

CAPACITY:

-25 simultaneous operator assisted calls
-12 calls holding for next available operator
-Up to 9,000 operator-assisted calls per week during 9 a.m. - 9 p.m. period; 4,500 on hold for next available operator

▪ Option #2: Direct Call System

ASSUMPTIONS: (as in 1. above)

-Full service operation 9 a.m. - 9 p.m. Mon-Fri. using two shifts (9-3; 3-9)
-All phone lines in continuous use
-Salaries based on SBA Agency-wide average
-10 minute average call length during full service hours

This is direct person-to-operator calling with no pre-recorded intermediate answering system. This system has no "on hold for next operator" capability and no off-hours message capability. All callers after #26 will get a busy signal; after hours callers will get no pickup or response.

EQUIPMENT COSTS (One time only)

Phones & Headsets		7,500
25 Microcomputers		67,500
Fax server, cabling, misc. hardware		31,000
Fax machines & lines		7,400
Phone line installation		2,500
	TOTAL	$115,900

RECURRING COSTS

PHONE LINES:

1-800 lines (during full service hours. M-F, 9 a.m. - 9 p.m.; No off-hour message or information service)	$126,000

LABOR:

50 FTE	633,000
Recurring total	759,000
+ equipment total	115,900

Total Estimated Cost over 3 months.....$874,900

CAPACITY:

-25 simultaneous operator assisted calls
-Up to 9,000 operator-assisted calls per week during 9 a.m. - 9 p.m. period

▪ [A third option considered was an interactive voice response system which would collect information by prerecorded questions which the customer would respond to via touch-tone phone input. Operator Assistance would be available as an option. We have decided to exclude this system from consideration because it would require 45-60 days to develop, and we believe the complexity of these issues merits more immediate operator assistance.]

Distribution of *"The Health Security Act: Benefits for Business"*

Department of Commerce	23,800
SBA Regional Offices	10,000
SBA District Offices	53,000
SBA Branch Offices	6,300
Portland, OR (town hall meeting)	350
Cleveland, OH (town hall meeting)	350
Des Moines, IA District Office	400
New York District Office	400
Houston, TX District Office	500
Houston, TX (town hall meeting)	350
Other Executive Departments/Agencies	300
White House Office of Communications	1,000
White House Office of Public Liaison	4,000
Democratic National Committee	10,000
Mailing to SCORE, SBDCs and WBOs	19,200

40 Chester St
Newton, Mass 02161
September 14, 1993

Dear Dick,

I write to express my relief and enthusiasm about your selected to lead the fight for the President's health care plan. It's good to know that you continue to fight for the greater good in a public arena.

One of my most distinct memories of high school was of you medically enforced six weeks of silence. You always seemed to feel a responsibility to others. As I remember, we both worked on the Kennedy campaign; you would go on to become a professional while I remained a volunteer.

It has been very difficult to watch the attempt to dilute the President's program and the

BC/ARC

Rosemarie Marshall Johnson, M.D.
Diplomate, American Board of Anesthesiology
Post Office Box 82801
San Diego, California 92135-2801
Telephone (619) 565-9660

September 28, 1993

Governor Richard F. Celeste
Chair, National Health Care Campaign
430 S. Capitol Street, S.E.
3rd Floor
Washington, D.C. 20003

Dear Governor Celeste:

I entered the meeting at the UCSD University Hospital with a healthy skepticism for the President's healthcare agenda. I was moved by your insight, cogent reading of health matters, and person anecdotes that to me confirmed your strength as a leader. Your revelation of family medical matters and the brief but poignant and insightful mention of the lessons of failure won my admiration and attention. I thought we'd merely be fed the party line, the acceptable speech on doing good for our brethren (and sistren?) but I was happy to be wrong.

I still believe in the ideals of my profession after almost thirty years of practice and half that in medical advocacy (read politics). And I believe you want to do good things for our wonderful country. You are a superb emissary for our President and his program and bridge a gap I previously felt. As incoming President of the San Diego County Medical Society, I pledge honest effort to make the reform of healthcare delivery viable here.

I had planned to form a committee called "Medicine in Transition" at our medical society and have asked Jeff Morris to help. I also had just written an opinion editorial for The San Diego Union-Tribune on neighborhood meetings of health experts and citizens aimed towards getting smart together. Your words were the final push I needed to move on these projects.

We have particular problems in San Diego, as every region does. I am very interested in border health issues and have represented the California Medical Association (as a Trustee) on this issue for the past five years. This is an extremely important aspect of health care for us, as you know. I am making this another focus of our agenda at the Medical Society.

I believe all of us have to invest significant effort in making decisions about the development of this reform. Neither the President nor American physicians want unhappy, unhealthy citizens. Please keep us informed and let me know how we can help here in San Diego.

Sincerely,

Rosemarie Marshall Johnson

Rosemarie Marshall Johnson, M.D.
President-Elect, San Diego County Medical Society

RMJ:p

White House Bulletin

Bill Frenzel, agreed to "most" of the demands. One exception, apparently, is the one which called for the agreements to be "in writing."

While the negotiations clearly underscore the general distrust Republicans have for the Administration, Republicans apparently view any commitment from the White House's political arm, the DNC, with even more suspicion. Organized labor, an ardent opponent of NAFTA, is a major contributor to the DNC. Moreover, some Democratic [illegible] that the DNC is so completely geared-up for health-care reform, it lacks the resources to effectively engage in another battle. Meanwhile, on the GOP side, sources say Rep. [illegible] (R-CA) and Rep. Tom DeLay (R-TX) will play the roles of Republican whips in the NAFTA [illegible].

President Clinton [illegible] to discuss NAFTA at the White House this morning.

The Clinton health care team believes the major health insurance companies are presenting a cooperative image in public while behind the scenes they are funding an organization designed to combat the [illegible] administration official. "It appears to us that the big [illegible] are making nice statements, and meanwhile they are [illegible] the [illegible] Council, which is what [former] Senator and presidential [illegible]," said the official. "They want to appear as good guys in the public [illegible], which does not say 'insurance companies' [illegible] putting out scurrilous material on us. So, effectively, what the [illegible] while below the radar screen they are [illegible] by an ad hoc coalition of [illegible]. Tsongas has been out doing [illegible]," added the official.

The White House is [illegible] the leading small business lobby over health care, according to a source [illegible] the Administration told the Bulletin. "The National [illegible] and the more they are in the [illegible] revenues to wage an even bigger [illegible] for the White House to get [illegible] going directly to small businesses [illegible] health care costs, and get them politically [illegible]."

President Clinton's [illegible] yesterday [illegible] the non-political White House [illegible] inside. Yesterday, while defending [illegible], the President said a couple of things that angered [illegible] White House staff is "doing more work and carrying a bigger load [illegible] than [illegible] dozen years ..." The President also said [illegible] to work 60 or 70 or 80 hours a week and [illegible] work." According to a number of non-political employees [illegible], however, neither statement is fair. "As far as I can tell, [illegible] amount of time on the job [as those of past Administrations], [illegible]. We recognize it is a new Administration with people trying to figure out how the place works, but, by and large, the level of confusion and disorganization is viewed as a sorry spectacle," said one non-political White House worker. Added another: "There is no need for the President to bad mouth the workers who have been here for a number of years. We keep this place operating, despite the best efforts of his politicos to turn it into a circus." According to a third: "Since the very beginning, many of us who were accustomed to political appointees who had a degree of reverence for this institution have been disgusted by the behavior of many of the Clintonites. Quite a few come to work in casual closes and act like this is party central.

Who is this? Mike Lux

Companies issued positive statements on Speech night.

Alliance for Managed Competition "the five..."

"Ready" to come into the tent..." Put money behind the Pres' proposals...

Help for public campaign. Good legislative team.

Issues:
- Premium caps
- Closer to Cooper/Breaux
- Regulatory scope of Alliances...

PHOTOCOPY PRESERVATION

HIAA

Health Insurance Association of America

TO Dick Celeste DATE 9/29/93

FROM Bill Frenzel

SUBJECT

"Blackmail"?

B.

10/1 rec'd

RGF

POLITICAL DISPATCHES

Lobbyists ready for health care hardball

By Amy Bayer
COPLEY NEWS SERVICE

Dr. Benjamin Stohlman has a new bumper sticker on his Acura: "If you like the Postal Service, you'll love Hillary's health care plan."

"I've never marched on Washington for anything," said Dr. Stohlman, who is by his own account so apolitical he has never joined the American Medical Association.

"But I'm so angry I'd walk the halls of Congress," said the 47-year-old Baltimore cardiologist. "It's enough to make me a lobbyist."

Dr. Stohlman has plenty of company. As President Clinton puts the finishing touches on his controversial health care plan, a legion of lobbyists, professional and otherwise, is gearing up for perhaps the biggest lobbying blitz in history.

Millions of dollars already have been spent to defend, fight or rewrite the president's plan before it even lands on Capitol Hill.

And with a $900 billion industry at stake, the battle has just begun.

"There are so many lobbyists up here I think the line forms somewhere in Virginia," joked Sen. John D. Rockefeller IV, a leading reform advocate.

Among the players in the health care lobbying game are health professionals, universities, disease support groups, scientists, veterans, unions, religious groups, ethnic groups, and nearly every business and industry.

"Everybody is getting into the game," said Common Cause President Fred Wertheimer.

When Mr. Clinton took office, he had already decided the broad outlines of his reform plan. According to observers close to the process, it was hardball lobbying that filled in most of the details.

Mr. Clinton added expensive benefits for prescription drugs and long-term care after a pointed warning from the American Association of Retired Persons that its 33 million members would not back a plan without them.

To mollify organized labor, he postponed plans to tax some workers' health benefits, a proposal central to Mr. Clinton's "managed competition" method to reduce costs.

Mr. Clinton abandoned plans to cap doctor and hospital fees rather than risk alienating those extremely powerful lobbies.

The president promised subsidies to small-business owners, who would be forced to buy health insurance for their employees. And he offered an unexpected bonus to larger businesses by proposing that the government assume 80 percent of the health care costs for early retirees.

"The administration is playing good politics," said AARP lobbyist John Rother. "You want to have something to offer everyone."

The lobby campaign now moves to Congress, which offers a far warmer reception for lobbyists than a White House that has threatened to "take on" special interests.

"They shut us out completely," said Sean Sullivan of the National Business Coalition on Health, referring to the presidential health care reform task force. "Once the plan hits Capitol Hill, it's an open book. We believe we can change it, and we're not alone."

"There are so many lobbyists up here I think the line forms somewhere in Virginia."
— Sen. John D. Rockefeller IV

Even the winners under Mr. Clinton's plan are gearing up for a fight.

The beer industry, for example, was greatly relieved that the president did not include a six-pack tax to help pay for new health benefits.

"I've been around this town long enough to know that Congress could come a-knocking when they're looking for more money," said Raymond McGrath, president of the Beer Institute.

The industry is targeting lawmakers from blue-collar districts, arguing that a beer tax could cost a lot of votes in the vast middle class.

The anti-beer-tax campaign resembles hundreds being played out by interests as diverse as medical equipment manufacturers, plastic surgeons, ambulance drivers and epileptics.

Nearly every interest group has lined up lobbyists to pressure members on Capitol Hill. The law firm of Patton, Boggs and Blow, for example, is lobbying on health care for no fewer than three dozen clients.

But on this bill, more than any other, the target is outside Washington.

"The best lobby efforts begin at home," said Michael Bromberg, director of the American Federation of Health Care Systems. "When push comes to shove, members usually vote how the folks at home want them to."

Beer makers plan to put signs in liquor stores and use their delivery trucks as rolling billboards, advising drinkers that new taxes will hit them in the wallet.

Perhaps the most heated campaign is being waged by the health insurance industry. "If they choose, we lose," it warns in a $2 million television ad intended to make Americans think twice about changing plans.

The White House predicted the onslaught but views it with some indignation.

"Essentially, they're trying to blackmail us," said Ira Magaziner, Mr. Clinton's top health care adviser.

W Times 9/28/93

File Celeste' — recd 9/29

HIAA

Health Insurance Association of America

TO Dick Celeste DATE 9/28/93

FROM Bill G.

SUBJECT

Is this the response to our "good faith efforts"??

Bill

White House Seeks Insurance Firm Curbs During Transition

HEALTH, From A1

transition period or are unable to buy insurance because they have a pre-existing health condition would be able to purchase coverage through the Department of Health and Human Services.

The HHS-sponsored plan would be funded by the premiums it charged consumers. But if the premiums were insufficient, the government would force all insurance companies and large companies that operate their own health plans to contribute as well, according to the draft.

The HHS-sponsored plan would use the Medicare payment rates to reimburse hospitals and doctors treating its members.

Several states, including Missouri, currently have state-run plans to insure people who have been turned away or charged high rates by private insurance companies because they have medical conditions that required expensive treatment. In general, these "state risk pools," as they are called, have not kept up with the demand for coverage.

Under Clinton's plan, insurance companies would not be prohibited from raising premiums. But the increases could not be applied to a small class of customers, such as the elderly. The premium increases would have to apply uniformly to all customers within what the insurance companies refer to as either the small group market—individuals or small businesses—or within the large group market—usually medium-to-large firms.

The rules would also apply to companies that self-insure and to companies that join together to buy insurance as a group.

To ensure that employers who pay much of their employees' coverage do not cut back on coverage of sick employees, the plan would prohibit employers "from reducing existing coverage for any medical condition or course of treatment" if the cost of that treatment is likely to exceed $5,000 a year, according to the draft.

One way insurance companies have made money is to select only the best "risks"—younger, healthier people that the insurer believes will not need medical care. Conversely, some companies have found ways to avoid insuring "bad risks"—usually elderly people or women in their child-bearing years.

"We don't want to make risk selection worse," Magaziner said.

2 OF 2

HIAA

WASHINGTON POST
9/27/93

Insurance Curbs Asked For Interim

Administration Seeks Stable Coverage During Health Plan Transition

By Dana Priest
Washington Post Staff Writer

President Clinton, as part of his health care reform proposal, wants Congress to prohibit insurance companies from dropping sick subscribers or selectively raising their premiums during the three years before his plan would be fully implemented.

Clinton also wants Congress to set up a government-sponsored insurance plan for consumers who cannot buy private coverage during the transition period.

Both measures reflect the administration's belief that health insurers, faced with declining profits because of impending reform, might price-gouge or drop coverage for sick people who need medical services during the transition period between the time Congress passes Clinton's proposal—if it does—and full implementation of it.

The administration has said it would like the plan to be up and running in all states by the end of 1997, although Hillary Rodham Clinton recently suggested the White House was open to a later date.

"We want to prevent the insurance market from becoming unstable during the interim," top White House health adviser Ira Magaziner said in an interview yesterday. "We want to prevent them from raising prices in a profiteering manner or selectively" dropping the more expensive policyholders, who usually are people with existing medical conditions and the elderly.

The administration's proposal, if enacted by Congress, also would immediately limit the amount insurers could charge some individual new subscribers and existing policyholders. It would also prohibit companies from terminating or failing to renew health insurance coverage for any insured person or group, according to a draft of the plan.

The interim measure would mean that insurance companies would not be allowed to drop coverage of small businesses or individuals, for instance, while maintaining coverage for large-sized firms.

"That appears to me totally contradictory to their overall goals of consolidation," said Linda Jenckes, lobbyist for the Health Insurance Association of America, referring to the president's other goal of weeding out inefficient, wasteful health plans.

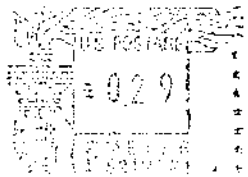
By requiring companies to renew all policies and restricting their rate adjustments, "you really could run the risk of making a company insolvent" if health costs go up, Jenckes said.

If the proposals are enacted, people who lose their health insurance, for whatever reason, during the

See HEALTH, A6, Col. 1

1 OF 2

Health Insurance Association of America
1025 Connecticut Avenue, NW
Washington, DC 20036-3998



THE HONORABLE RICHARD CELESTE
Democratic National Committee
430 South Capitol Street, S.E.
Washington, D.C. 20003

rec'd 10/4

HIAA

Health Insurance Association of America

TO Dick Celeste DATE 10/1/93

FROM Bill Archer

SUBJECT

Am I beating a dead horse?

Bill

FOR IMMEDIATE RELEASE
September 30, 1993

Contact: Barbara Gracey
202/223-7782

HIAA

Health Insurance Association of America

STATEMENT OF BILL GRADISON, PRESIDENT OF THE HEALTH INSURANCE ASSOCIATION OF AMERICA ON HILLARY CLINTON'S TESTIMONY TO SENATE LABOR AND HUMAN RESOURCES COMMITTEE

The Clinton Administration continues to try to portray the health insurance industry as the scapegoat in the debate over health care reform (see attached article from the 9/27 White House Bulletin).

Yesterday, in hearings, Hillary Clinton was quoted as saying "the heavy administrative percentages that you will find in the private sector insurance market is due to a very clear decision, which is, the more money we can spend making sure we don't insure people who might cost us money, the more money we will make..."

The facts are -- the insurance industry wants to broaden coverage so all Americans have universal, cradle-to-grave coverage. Reforms that the health insurance industry advocates now, and advocated before President Clinton came into office, would eliminate the need for any underwriting in bringing people into the system.

In addition, since 1976, profits for commercial health insurers have averaged less than 2 cents on the dollar. During that same time, the number of people with private health insurance has increased by more than one million. Clearly, insurers are neither profiteering nor trying to insure fewer people.

# # #

1025 Connecticut Avenue, NW Washington, DC 20036-3998 202/223-7780 Telecopier 202/223-7896

assessment system hasn't changed in 20 years.

o **The plans of the Clinton Administration to bar insurance companies from dropping coverage for sick people or raising their premiums during the transition to a new health care system may also have a political benefit.** While the Clinton team reportedly believes the insurance companies may take advantage of the period between now and when the larger reforms kick in by trying to increase profits, it also sees an opportunity to use the industry as a political foil, painting the companies and other opponents of the Clinton plan as greedy special interests wanting to hold on to the status quo. "Go back to the beginning of the campaign," a White House official told the Bulletin this morning. "We attacked two type of companies from the very beginning: the insurance companies and the drug companies. This is not a change in strategy. This is not some new strategy." The official concluded: "Number one, it is the same strategy. And number two, its the truth. If there are any villains out there who the American people can't stand, its the insurance companies and the drug companies."

Reportedly, the Clinton plan would:

- Bar insurers from cutting off anyone's health insurance for any reason "except for non-payment of premiums or other strictly defined cause."
- Require insurers to develop a single rate manual with only three categories: individuals, groups of fewer than 100 and larger groups. Any premium increases would have to apply equally to all three.
- Forbid exclusions for pre-existing conditions for new employees and their families who had insurance in the previous 90 days. If they had been uninsured, only medical conditions that occurred in the previous six months would be grounds for exclusion.
- Ban employers from imposing waiting periods for coverage on eligible employees.
- Prohibit employers and insurers from reducing coverage for AIDS or any other disease expected to cost more than $5,000 a year to treat.
- Also, the government may set up a national risk pool for sick people who lose coverage or cannot buy new coverage during the transition.

o **Congressional committee chairmen on Capitol Hill are competing to have Hillary Rodham Clinton address them first, and longest,** reports a White House official. This official told the Bulletin: "The committees are in a bidding war to see who can get her first and for how long. I wouldn't be surprised if there is going to need to be a little health care provided up on the Hill after these chairmen finish with each other to see who can get her first." The official added: "There are some bruises already, and I am not just talking about egos. Think of the publicity she brings to them." As for what the First Lady will say, considering the actual White House legislation won't be sent up to the Hill for another couple of weeks, the official said: "She will have plenty to say. It will definitely be worth watching. There will be some more details, but there will also be statements of rhetorical interest. The tone will be every bit as important, if not more important, than the details.

o **The "entitlement summit" which President Clinton promised Rep. Marjorie Margolies-Mezvinsky will most likely take place in late November,** according to informed sources. One Administration source told the Bulletin: "While we do not yet have a political strategy for this high profile meeting, we are starting to prepare the substantive side of the issue of entitlement controls. A lot will depend upon the specifics of the President's recision package in October. Obviously, the President will want to make the most out of the need to first control health care spending. Vice President Gore, who told the Congresswoman he also would try to attend, will want to emphasize reinventing government." But another source close to the planning for this event said that "we think the conference will be very eye opening to most Americans when they realize how generous middle and upper class entitlements really are. The unfortunate part of the whole propaganda war about budget cuts, from Republicans and Democrats, is trying to convince people that if only we got rid of fraud, waste and abuse, we could solve the budget problem. It is just not true, and we have got to decide that if we really want to help our

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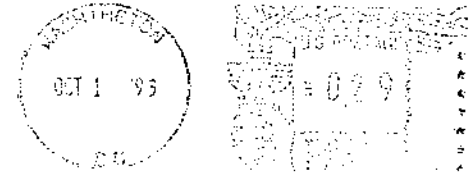

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