Pelvis

SUN, MON

SUN, MON

home run

response system

unemployed

leads

little guy prices

environment / public health

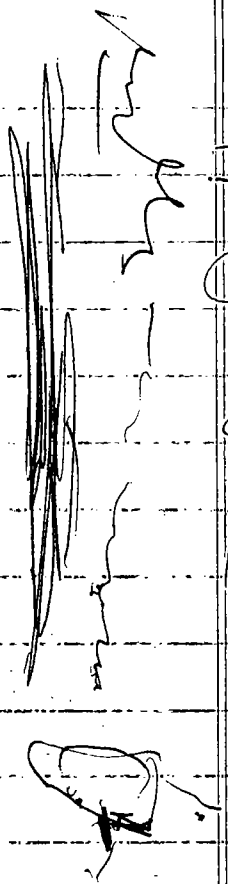
internships — research dis

Press — Access

late morning / late afternoon

10:30-12:00 / after 3:00

or weekend



DPC functions

Cures

Education

Health Care

- Unemployment
-
-

i unemployment —
|
| (managed care) —

- fundraising needs
- community schools
- prevention —

- Healthcare/kids —
- studies
-

elizabeth

ACHIEVEMENTS IN HEALTH REFORM

President Clinton's numerous achievements in health care reform include:

- **Passed portability, guarantee issue and guarantee renewal insurance reforms.** In response to the President's State of the Union challenge, the Congress finally passed long-overdue insurance reforms that will benefit as many as 25 million Americans. As a result, workers will no longer be locked into "second-choice" jobs because their (or their families') pre-existing condition make them live in fear of losing health insurance. Similar insurance reform provisions were included in the Health Security Act and the President's balanced budget proposals.

- **Eliminated the discriminatory tax treatment of the self-employed.** The President advocated eliminating or reducing the 100 percent vs. 30 percent disparity between large employers and the self-employed for years (the 1992 Campaign, the Health Security Act, and the President's two balanced budget proposals). The Kennedy-Kassebaum bill increases the deduction to 80 percent for the 3 million self-employed Americans now purchasing health care, (which is close to parity since most employers do not pay for more than 80 percent of their employees' premiums).

- **Strengthened fraud and abuse prevention and enforcement initiatives.** The Kennedy-Kassebaum legislation included provisions long sought by Secretary Shalala that strengthen our ability to target and prosecute "bad apple" health providers who are bilking the system of billions of dollars from Medicare, Medicaid, and private insurance. The bill expands penalties and provides for permanent funding to build on our already successful efforts to combat fraud. The Congressional Budget Office conservatively estimates that these provisions will save over $3 billion.

- **Provided tax incentives for private long-term care policies and consumer protections to go along with them.** The Kennedy-Kassebaum bill included the tax clarifications for private long-term care policies and many of the basic consumer protections that were in the Health Security Act. These provisions should increase the sales of responsible private insurance policies, which should reduce future financial burdens on the nation's public programs caused by an aging population.

- **Provided the tools to simplify the health care system and reduce paperwork, while still protecting the privacy of patient records.** The Kennedy-Kassebaum bill included provisions the President has long called for that would modernize, streamline and cut the costs of insurance paperwork by providing standards for a common electronic system for paying health claims that most private insurers would use. The bill also provides the Secretary the authority to establish Federal privacy protections that would prohibit inappropriate disclosure of information.

- **Strengthened Medicare Trust Fund by 3 years.** The President's 1993 economic package included policy and structural changes that extended the life of the Trust Fund by three years and were enacted without one Republican vote.

- **Preserved and protected the Medicaid guarantee of health coverage, while providing more flexibility to states to expand coverage.** The President successfully defeated the Republican Leadership's proposal to block grant the Medicaid program, thus assuring that millions of our most vulnerable Americans would not lose guaranteed health care coverage or benefits. At the same time, the President presided over the rapid approval of 12 thoughtful Medicaid waivers that, when completely implemented, will provide health coverage to 2.2 million previously uninsured Americans.

- **Contributed to getting health care inflation under control.** The President's efforts to assure that all Americans have affordable, quality health care focused the nation's attention on the problem of health costs. This attention expedited the private sector's interest in implementing approaches to slow cost growth. This, along with the improvements in the economy, helped slow medical inflation to 3.9 percent in 1995 -- the lowest rate in 23 years. In the first 6 months of 1996, medical inflation is running at less than 2 percent and may actually grow below the general inflation rate for the year.

- **Established a comprehensive childhood immunization initiative to ensure vaccinations and healthy futures for all children.** The President's proposal includes: a major community-based outreach effort to educate parents and providers about the need for vaccination; a program designed to make vaccinations more affordable; and better detection of vaccination levels and outbreaks of infection. In 1995, 75 percent of two-year old children were fully immunized -- an historic high.

- **Increased investment in biomedical research at the National Institute of Health (NIH) by an impressive 16 percent at a time when many other programs were being cut.** Funding for breast cancer research at NIH has increased by 76 percent and support for AIDS research funding has increased by 25 percent.

- **Funding for AIDS prevention and treatment has been increased to historic levels.** Support for AIDS prevention programs has increased by 19 percent, and support for treatment programs, primarily through the Ryan White Care Act, has increased by an extraordinary 95 percent. In addition, earlier this year, Congress responded to the President's request to increase the Federal commitment to the State AIDS drug assistance programs (ADAP) by $52 million. This funding will be used to help AIDS patients buy expensive, new protease inhibitor drugs. Combined with the increase in our AIDS research investment, total funding for HIV/AIDS programs in fiscal year 1996 was $2.86 billion; this represents a nearly 40 percent increase since the President took office.

- **Expedited the FDA review and approval of new drug products.** Under the President's watch, U.S. drug approvals are now as fast or faster than in any other industrialized nation. Average drug approval times have dropped since the beginning of the Administration from almost three years to just over one year. In 1997, virtually all breakthrough drugs will be approved within 6 months.

- **Protected kids from tobacco products and advertising.** Issued a proposed regulation to eliminate easy access to tobacco products by children and to prohibit companies from advertising to make tobacco appealing to kids. The goal is to reduce smoking by children by 50 percent within seven years after the plan goes into effect.

- **Increased funding for the VA health system by nearly one billion dollars.** This support will provide the resources necessary for the treatment of 43,000 more veterans.

- **Significantly reduced the regulatory burden of the Department of Health and Human Services for providers and consumers.** The Vice President's reinventing government initiative has resulted in the elimination of 1,600 pages of regulations, a 23 percent reduction.

August 16, 1996

PENDING HEALTH CARE PROPOSALS

President Clinton's numerous health care proposals include:

- **Extending the life of the Medicare Trust Fund until 2006.** The President's Medicare savings ($124 billion/CBO estimates it to be $116 billion), combined with the home health care expenditure transfer (previously passed by the House), extends the Trust Fund for ten years from today while also making a significant deficit reduction contribution. It is a responsible savings package that would hold the Medicare per person growth rate just under what CBO numbers assume is equivalent to the private sector growth rate.

- **Modernizing the Medicare program and beginning to prepare it for the retirement of the baby boom population.** The President's Medicare plan would increase choice of plans for beneficiaries (by adding a new Medicare Preferred Provider Organization option, a new Provider Sponsored Organization alternative, and a new HMO with a point-of-service option). It also would add important and potentially cost-effective preventive benefits (by providing for full coverage of mammography screenings, adding a colorectal screening benefit, and providing for diabetes case management.) It takes the first step toward providing a long-term care benefit by establishing a respite benefit for families of Medicare beneficiaries afflicted with Alzheimer's Disease. Lastly, it includes a number of market-reform-oriented "competitive-bidding" initiatives that would make Medicare a more prudent and more effective purchaser of health care services.

- **Liberating the states in their desire to have more flexibility to administer Medicaid.** The President's Medicaid proposal (which provides for $59 billion/CBO estimates $54 billion in deficit reduction through a per person cap) would eliminate the burdensome waiver process for managed care, and home and community-based care alternatives to institutionalization. It would preserve the Federal guarantee of health coverage, and also make it easier for states to spend money in an attempt to expand coverage.

- **Building on Kennedy-Kassebaum by providing for a "Workers' Transition Insurance" benefit.** This proposal would help assure that previously insured people who are looking for a new job could afford to keep their health insurance and thus retain their portability protections. It would cost about $2 billion a year, would help approximately 3 million temporarily uninsured Americans a year.

- **Empowering small businesses to gain market-leverage to access and purchase more affordable insurance.** This would be accomplished through the use of voluntary health purchasing cooperatives (HPCs) by providing access to Federal Employees Health Benefit Plans, overriding restrictive state laws, and giving grants for the establishment and operation of HPCs.

- **Providing mental health parity across health insurance products.** The President has endorsed the compromise mental health parity initiative proposed by Senator Domenici. It would require that health plans who use lifetime and annual spending caps for covered services could not treat the coverage of mental illness in a different and discriminatory manner.

- **Protecting mothers and their newborn babies from premature discharges from hospitals.** The President has endorsed proposals that require health care plans to allow mothers to remain in the hospital for at least 48 hours. There have been cases where plans have required a discharge within 8 hours of birth. Premature discharge can lead to serious health consequences for both mothers and children.

- **Expanding health care options for older veterans.** This summer the President proposed the "Veterans Medicare Reimbursement Project of 1996," a bill to open the VA system to Medicare-eligible veterans at a number of cities. This measure would allow VA to receive reimbursement from Medicare, improving access to care for older veterans while lowering costs to the VA system.

- **Contributing to the World Health Organization's initiative to eradicate global polio by the year 2000.** This proposal would increase spending on global polio eradication efforts by $20 million. If successful, the United States alone could save more than $230 million per year after polio eradication is achieved and vaccinations are no longer needed.

August 16, 1996

SCHOOL-BASED/LINKED HEALTH CENTERS

Overview

Many children lack access to the routine health care needed to prevent disease, disability and unnecessary hospitalization. Children need access to regular health care services because many of the major health problems that face our country are preventable, acquired in youth and attributable to a few types of behavior, including those that lead to injury and poor nutrition. Adolescents experience unique problems and are confronted with a complex web of physical, emotional and social issues requiring more than simple medical care. To address these concerns, a small but growing number of communities are using an innovative approach to reach children with limited access to health services: School-Based/Linked Health Centers (SBHC).

SBHCs provide preventive, medical and mental health services to elementary, middle and high school students around the country. In 1994, 79% of SBHCs serviced high school students, 9% serviced primary school children (pre-K through 8) and 12% serviced a combination of high school and primary school students. Since the early 1980s, states and communities have established SBHCs in about 650 of the nation's 80,000 schools. SBHCs are financed primarily through state, local and private foundation funds. Federal programs, particularly Medicaid, CHCs and the MCH Block Grant, supplement these funds.

Where are SBHCs?

SBHCs operate in schools in many states. The majority of SBHCs developed in rural and inner city communities where there are many uninsured children and high rates of adolescent health conditions caused by high risk behaviors. For example, New York has 140 of the 650 SBHCs, 112 of which are in New York City. New Mexico and California also have many SBHCs with 29 and 26, respectively.

Who is Served by SBHCs?

SBHCs serve a wide range of students. The children and adolescents vary in age, from pre-K to 12th grade, and have diverse ethnic, geographic and economic backgrounds. While many different populations use these health centers, the majority of SBHCs target low-income or below poverty level children and adolescents. For example, according to the Office of Technology Assessment, many of the adolescents who use school-linked health centers (SLHCs) have no other health care source. Among the other populations which many SBHCs target are ethnic minorities and high risk groups, such as teen parents. Some clinics extend services to siblings and parents of students.

SBHCs in Elementary Schools

While SBHCs provide particular benefits to adolescents, they are also beneficial for elementary school children. A 1994 GAO report concluded that the monitoring and early treatment of chronic conditions (e.g., asthma) can prevent unnecessary hospitalization and deaths. In addition, the report concludes that mental health services are particularly effective at

this level when problems first appear because younger children are more malleable, feel less peer pressure and are more open to discussing their problems than adolescents. The GAO report also noted that elementary school students are more likely to use a SBHC than other health care facilities because parents and students are already familiar with the school and the SBHC is a part of the school. Parents feel a SBHC is a much friendlier place to receive care. Also, SBHCs in elementary schools involve parents more directly because providers need the younger children's medical records or must instruct parents on a child's medication regimen.

Average Costs for SBHCs

A recent study of SBHCs by the Health Resources and Services Administration (HRSA), reporting data through 1993, estimated annual clinic costs for 6 SBHCs in 5 different states. Several estimates were generated, including total annual costs, costs per registered student, cost per user and cost per visit. Costs per user ranged from $122 to $500, while cost per visit ranged from $29 to $90. These costs varied significantly for the schools for a variety of reasons and therefore should not be used for comparison. For example, the cost estimates were not always based on data from the same school year; the clinics offer a wide variety of differing services; some of the clinics did not account for the costs of all in-kind services they received; and not all of the clinics included administrative costs in their estimates.

Major Problems Facing SBHCs

- Many SBHCs lack stable sources of financing. Because SBHCs receive financial support from a patchwork of sources, SBHC funding is fragmented and often short-term. Contributions from Medicaid are not a certainty given the increasing number of low-income children enrolled in Medicaid managed care organizations. Reimbursement from other sources is also difficult because SBHCs often have limited administrative capacity to implement effective billing mechanisms to bill Medicaid and third party payers. Private foundations, which have played a prominent role in establishing SBHCs, generally cease contributing funds once their grants expire.

- Budget limitations have adverse effects on the provision of services by limiting their availability. For example, there is a large demand for mental health services from elementary and high school facilities. Both public and private health insurance coverage of mental health services tends to emphasize acute or emergency conditions, rather than ongoing care, which limits SBHC's ability to receive reimbursement for services their clients need. Dental care is also a problem. Few SBHCs give onsite dental care (13%) and such care is hard to obtain out in the community due to high costs, long waits and a lack of dentists.

Other Problems Confronting SBHCs

- The comprehensiveness of referral networks vary among SBHCs.
- Some students drop out of school or, for those under age 5, are not in the school system.
- SBHCs may not always be open, especially in the summer and during school vacations,

and often have limited hours when students are in school.

- SBHCs find it difficult to recruit, train and retain nurse practitioners and physician assistants, the key primary care providers at SBHCs.
- Outcomes research on the effectiveness of SBHCs is sparse.
- There is controversy in most communities over SBHCs providing reproductive health care services, e.g., counseling, gynecological exams, pregnancy testing, sexually transmitted disease diagnosis and treatment, prescription and distribution of contraceptives and prenatal care.

Types of Services Offered (See Attached List)

- The most commonly provided services at SBHCs are:
  - primary care
  - physical examinations
  - injury treatment

- But, specific services vary by location and include:
  - immunizations
  - counseling
  - laboratory tests
  - chronic illness management
  - health education
  - substance abuse treatment
  - reproductive health services

Support for SBHCs

SBHCs generally enjoy parental support because they offer easy access to health care by bringing providers to the children. This eliminates the need for parents to leave work or to provide transportation. SBHCs also facilitate follow-up, offer free or low cost services and provide services in an atmosphere of trust and confidentiality in a culturally sensitive manner. Many programs, especially in elementary schools, require parental consent forms indicating which services can be provided to a child.

Assessing SBHCs

Although there are no national, comprehensive evaluations of either school-linked or school-based health centers, informal assessments of particular programs have been done at the state and local levels. Most of the findings show positive behavior and health outcomes for clinic users. The following are examples from either school-linked health centers (SLHC) or school-based clinics (SBHC):

- An evaluation of 6 SBHCs noted that there was considerably lower alcohol consumption

in most of the schools evaluated in comparison to other schools. However, there were no significant differences in use of illegal drugs.

- That evaluation also found that only a SLHC with a full-time physician which required all new students to have physical examinations positively impacted the likelihood of students having seen a doctor recently. Among those impacts were:
  - An 11% increase in the number of students seeing a doctor within the past 12 months.
  - An increase in the number of students receiving a physical exam, blood test or urine test in the past two years or having seen a dentist recently.

- School-linked community health centers, serving pre K-12th grade in three New York cities, report that parents, when electing the level of care on enrollment forms, chose levels that provide more than usual school health services. Principals and teachers declare that the health centers' programs have had positive impacts on learning and school attendance.

- An evaluation of seven SBHCs collectively serving elementary, junior and high schools reveals that clinic users are less likely to drop out of school than regular students and that the dropout rate for the schools as a whole has declined.

- A demonstration SLHC which served junior and senior high school students reported that knowledge and use of contraceptives significantly increased for students using the center's services. Also, previously increasing pregnancy rates eventually stabilized and declined; within 28 months it declined by 30 percent.

Existing Government Efforts to Improve the Health of Children through SBHCs

The Health Resources and Services Administration's (HRSA) Healthy Schools, Healthy Communities initiative is one example of a government program to improve the health of the nation's children in a school setting. Through this program, school-based primary health care sites have been developed in 27 communities to provide services for 24,000 students who are at risk for poor health, school failure, homelessness and other consequences of poverty. The 27 centers provide comprehensive primary care services on site, including diagnosis and treatment of acute and chronic conditions, preventive health services, mental health services and preventive dental care. The programs are from 8 rural areas and 19 urban areas representing 20 states and the District of Columbia. Children of all ages from kindergarten through grade 12 are being served.

Figure 1.1: Types of Services SBHCs May Provide

Medical Services

- Comprehensive medical and psychosocial histories
- Immunizations
- Comprehensive physical examinations per EPSDT guidelines
- Developmental assessment
- Assessment of educational, achievement, and attendance problems
- Vision and hearing screening
- Dental assessment
- Referral for dental care
- Dental care
- Diagnosis and treatment of minor and acute problems
- Management of chronic problems
- Prescription of medicines for minor, acute, and chronic problems
- Dispensing of medicines for minor, acute, and chronic problems
- Laboratory testing
- Referral to medical specialty services
- Twenty-four hour coverage
- Gynecological/urological care
- Family planning services or referrals
- Contraceptive prescriptions or referrals
- Condom availability
- Pregnancy testing
- Options counseling
- Prenatal care services or referrals
- Well child care of students' children
- Referrals to well child care
- On-site STD and HIV/AIDS treatment
- Referral for STD and HIV/AIDS treatment
- HIV testing and counseling
- Referral to HIV pre/post test counseling
- Case management

Health Education/Promotion

- One-on-one patient education
- Group/targeted education at SBHC
  - Sample topics: smoking cessation
    teen parenting classes
    weight reduction seminars
- Family and community health education
- Supplemental classroom presentations and resource support for comprehensive health education
  - Sample topics as appropriate:
    - STD/HIV/AIDS education
    - pregnancy prevention
    - drug use prevention
    - intentional and unintentional injury prevention
    - chronic conditions (e.g., asthma)
    - general parenting skills

Mental Health Services

- Individual mental health assessment, treatment, and followup, including: physical/sexual abuse identification and referral
  physical/sexual abuse counseling
  substance abuse assessment
  substance abuse counseling and referrals
- Group and family counseling
- Crisis intervention
- Mental health referrals

Social Services

- Social service assessment
- Referrals to and followup with social service and other agencies for: basic needs (e.g., food, shelter, clothing)
  employment services
  legal service
  public assistance (e.g., AFDC, Medicaid)
- Case management
- On-site provision of services (e.g., food pantry)
- Transportation

I had planned to do note to Chris/Jen to say we do not need to update current legislation at this meeting unless some catastrophe has hit that day....I would like for them to have a piece of paper for each person not to be distributed in advance and it would be taken up at the conclusion of meeting. It would have an outline of a vision and/or options with timelines and assignments decided at the meeting....your thoughts?

(I think the header, no message problem might be a system wide problem....I just got two like that from different parts of WH!)

Press announcement
on tobacco
reg.

Immunization

HEALTH CARE WORKPLAN

1. Expanding Access to Health Care

Employment Transition Insurance: We are updating cost estimates and distributional analysis of the insurance program for workers who are between jobs that is in the President's balanced budget proposal. We will have new estimates by the end of next week. Mario's to K-K.

breaking out kids #

Kids Coverage: We are providing technical assistance on the Democratic "Kids Only" initiative. We are also reviewing our own proposal to increase coverage for children and will have more detail and initial estimates by the end of next week. rescoring 1994 kids piece

— but conferences/workload may push to next week

Community based Partnerships / "Community School" (what is the continuum) inventory

Purchasing Cooperatives: In any new health care announcement, we can highlight the proposal in the President's budget to provide technical and financial assistance to states to set up purchasing cooperatives and to empower states to require FEHBP plans to participate in these cooperatives. We are also planning to set up a meeting with OPM next week to pursue other options.

2. Focusing on Prevention and Investment in Research and Development

New Preventive Benefits in Medicare: In any new health care announcement, we can highlight the preventive benefits (e.g., mammography, colorectal screening, diabetes management) in the President's balanced budget.

Tobacco: In any new health care announcement, we can highlight the President's anti-smoking initiatives.

Biomedical Research: We can highlight our continuing commitment to investment in research which has great potential to prevent disease, save lives and decrease health care costs. Also beneficial affects on economy.

3. Protecting Health Care Consumers

Appropriate Regulation of Managed Care: We can highlight upcoming regulations that will be implemented on January 1, 1997 to monitor and improve the quality of managed care plans in Medicare and Medicaid. We can also develop proposals to increase quality regulation in the private sector (building on our support for 48 hour discharge legislation.) We are looking at models in California.

Fraud and Abuse: We will begin developing a proposal to combat fraud and abuse through use of the internet. We can also highlight the anti-fraud and abuse provisions in the Kassebaum-Kennedy bill.

4. Simplifying the Health Care System

We can highlight what the Administration has done already to reduce paperwork and other regulatory burdens in Federal programs and to make Federal programs more understandable for beneficiaries. We also believe we can support the provisions in Kassebaum-Kennedy to simplify the private health care sector.

5. Reforming Medicare and Medicaid

We should continue to emphasize the progress we have already made to reform Medicare and Medicaid without legislation as well as the provisions in the President's balanced budget proposal.

new
—choices

HMO's
PPO's
Preventive
Fraud and abuse —

BRIEFING BOOK MEMO

Briefing for Health Care Strategy Meeting
July 17, 1996, 1:00 p.m.
Carol Rasco's Office

FROM: Jennifer Klein
Chris Jennings

SUBJECT: Health Care Strategy Meeting

PARTICIPANTS: Carol Rasco
Laura Tyson
Bruce Reed
Bill Curry
John Angell
Gene Sperling
Nancy Ann Min
Chris Jennings
Jennifer Klein
Jeremy Benami/Elizabeth Drye

PURPOSE: To talk about current health care activity and about our vision for health care for the future.

AGENDA: You will begin the meeting. We will be prepared to run through attached update on current and future health care activities.

AGENDA FOR HEALTH CARE STRATEGY MEETING

CURRENT ACTIVITY

- **Kassebaum-Kennedy**: We are getting closer to an acceptable compromise on medical savings accounts, and the desire, on the part of both Republicans and Democrats, to reach agreement on the bill is increasing. Primary outstanding issues include mental health parity, group to individual portability protections, Medigap duplication and advisory opinions.

- **Medicaid/Welfare:** There are two Medicaid issues in the welfare bills: (1) how to maintain Medicaid eligibility as welfare eligibility changes (including issues about time limits and methodology for determining assets and income); and (2) Medicaid eligibility for immigrants.

HEALTH CARE VISION

- **Access to Health Care**

  1. **Employment Transition Insurance**: The President's balanced budget plan includes a program to pay premium subsidies for health insurance for workers with incomes below 240% of the federal poverty level who are unemployed for up to six months. We continue to talk about that program as part of our efforts to protect workers and ensure economic security. We have said that as we take steps to ensure that Americans have access to affordable health care, we can start by making sure that workers moving to new jobs have help paying premiums. We are updating cost estimates and distributional analysis.

  2. **"Kids Only" Democratic Hill Initiative:** We are providing technical assistance to Democratic Members who are working on a "Kids Only" initiative which is part of the Families First Agenda unveiled by house and Senate Democrats. The initiative: (1) requires all insurance companies and managed care plans that do business with the Federal government (through FEHBP, Medicare, Medicaid, etc.) to offer policies for children up to age 13; (2) requires that these policies meet Kassebaum-Kennedy insurance reform protections; and (3) covers part of cost of premium for children's policies through tax relief and premium subsidies.

  3. **Purchasing Cooperatives/FEHBP**: Purchasing cooperatives remain popular in Congress and the small business community as a way to level the playing field between small and large purchasers of health care. The President's balanced budget includes grants to states to set up purchasing cooperatives

Paperwork Reduction Act

and allows states to require health plans participating in FEHBP to offer insurance in those purchasing cooperatives. We believe that we should focus more attention on these provisions.

- **Effective Administration of Programs**

  1. **Appropriate Regulation of Managed Care**: Numerous health care provider and consumer groups have raised concerns about inadequate regulation of managed care. While we have proposed increasing choice of managed care plans for Medicare beneficiaries and have granted waivers allowing Medicaid beneficiaries to be put in managed care plans, we support public and private efforts to promote quality and protect against inappropriate denial of necessary services. For example, the Administration has: (1) implemented tracking systems to monitor and improve quality of care in Medicare and Medicaid HMOs and created new materials to help beneficiaries make informed choices about managed care plans; (2) issued regulations to ensure that HMOs that contract with Medicare or Medicaid do not reward doctors for withholding appropriate medical care; and (3) spoken out against insurance companies that discharge mothers and newborns earlier than 48 hours after delivery. We are considering whether to do more to regulate managed care in the private sector.

  2. **Fraud and Abuse:** Our efforts to combat fraud and abuse have been well received and successful. The Administration has recovered $15 billion in the past three years. We are considering whether to unveil additional fraud and abuse initiatives.

  3. **Antitrust**: We are about to be briefed on new antitrust guidelines that will clarify permissible activities for providers establishing competitive alternatives to traditional health plans.

- **Our vision on health care reform:** We have avoided talking about "universal coverage" or a "right" to health care. Instead, we talk about a step by step approach and about the importance of giving Americans access to high quality, affordable health insurance. We have prepared a series of documents talking about the Administration's health care accomplishments. We will also be asked to respond to criticisms about the Health Security Act.

- **Role of health care programs in balancing the budget:** Medicare and Medicaid will continue to be relied on as major sources for deficit reduction. Medicare Part A savings are also important because they strengthen the Trust Fund. It is important to note, however, that as baselines continue to decline, the savings from our current policies are also likely to decline. As a result, harsher policies will be necessary to reach the same level of savings. This will likely be particularly a problem for Medicaid.

Preventive Health Care — Medicare prevention

June 28, 1996 — Given to Bruce, but there will be future modifications

CCJ

TO: Bruce Reed
Paul Weinstein

FROM: Jennifer Klein

Section 1

When the Clinton/Gore Administration came into office:

- Health care costs were rising at two to three times the rate of inflation.
- 40 million Americans did not have health insurance and millions more risked losing it. In 1993, 84% of the uninsured were in working families and more than 55% lived in families headed by full-time workers. As many as 4 million people have been affected by "job lock" -- the inability to change jobs for fear of losing insurance -- and every year 18 million people change insurance when someone in their family changes jobs.
- The Medicare Trust Fund was projected to become exhausted in 1999.
- Fraud and abuse in the health care system was going unchecked, adding billions of wasted health care expenditures to the nation's health tab.
- The Food and Drug Administration drug approval process was excessively slow, delaying the introduction of needed, new prescriptions onto the marketplace.

[I can also get similar bullets on other subjects -- e.g. AIDS, immunization -- if you want more detail on those.]

Section II

During the last four years, the Administration has:

- Enacted an economic program, (without the support of one Republican), that included Medicare savings and policy changes that added three years to the life of the Medicare Trust Fund.
- Fought to give all Americans quality affordable health care and helped put the focus on rising health care costs -- last year, medical care inflation had the smallest increase in nearly two decades.

- Proposed a plan that would balance the budget while preserving and strengthening Medicare by extending the life of the Trust Fund by over a decade, increasing choices of health plans for beneficiaries, providing more preventive benefits and a downpayment on long-term care through a new respite benefit, and strengthening anti-fraud and abuse activities -- all without any new cost increases for beneficiaries.

- Proposed a plan that would balance the budget while maintaining the Medicaid program's guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, children, and older Americans. This builds on the Administration's efforts to give states more flexibility to manage the program more efficiently, while maintaining quality standards and financial protections for families.

- Cracked down on health care fraud, waste and abuse. Launched "Operation Restore Trust" to combat health care fraud and abuse in Medicare and Medicaid. This program has brought a $10 return for every dollar spent. Over 90% of this money is returned to the Medicare Trust Fund.

- Simplified and reduced paperwork and regulation in federal health programs.

- Established a comprehensive Childhood Immunization Initiative to ensure vaccinations and health futures for all children. In 1995, 75% of two year old children were fully immunized, an historic high.

- Proposed a bold initiative to cut off children's access to tobacco products and to ban advertising directed at children.

- Put the Women, Infants and Children (WIC) nutrition program on a full funding path.

- Increased funding for breast cancer by 65%.

- Made investment in AIDS programs a top priority, increasing funding for AIDS research, prevention and treatment by nearly 40%, including increasing funding for the Ryan White Care Act by almost 112%.

- Proposed a $1.3 billion increase in veterans' benefits -- of which $1 billion will be directed to the VA health system to provide treatment for 43,000 more veterans.

- Called for the passage of legislation assuring that women and their new born babies be permitted to stay in the hospital for a minimum of 48 hours.

- Significantly sped up the review and approval of new, life-saving drug products at the FDA to the extent that the agency is as fast or faster than any other similar regulatory body in the world.

[I left out Family and Medical Leave and choice because I assume those are being handled elsewhere.]

Section III: The Republican approach is wrong because...

- Republicans continue to insist on excessive Medicare cuts and damaging structural changes that would, in Speaker Gingrich's words, cause Medicare to "wither on the vine." (10/24/95). The President's budget shows that their deep cuts and damaging structural changes are not necessary to balance the budget and guarantee the life of the Medicare Trust Fund for 10 years.

- Republicans continue to insist on block granting Medicaid and cutting as much as $250 billion over 7 years if states spend only the minimum required to receive their full share of federal dollars. The Medicaid guarantee to meaningful benefits would no longer be secure for millions of children, people with disabilities and older Americans -- putting millions of middle class families at risk of paying for health care for their parents, children or family members with disabilities.

- Republicans are more interested in getting untried, untested Medical Savings Accounts enacted into law than they are in seeing passed needed insurance reforms and step-by-step positive approaches toward improving access to affordable health care.

Section IV

We should not reference issues of universal coverage/guarantee of health care for all Americans. We can, however, talk about taking steps to ensure that Americans have access to affordable, quality health care.

The only other specific promise that we have not kept is: "make drug treatment available for all addicts who seek it." I also need to check on "expand clinical trials for treatments and vaccines."

Section V. Vision:

- Continue to fight against steps backward -- excessive Republican Medicare and Medicaid cuts AND policy changes (Medicare plan options that compete on basis of attracting the healthy and wealthy and Medicaid block grants) -- and for reasonable efforts to ensure that Americans cannot be denied insurance because they have a preexisting medical condition and to ensure that they do not lose their insurance if they lost a job or change jobs.

- We will also continue to fight for premium assistance to pay for health insurance for workers and their families who lose their jobs, as the President proposed in his balance budget plan.

Concepts -- access to affordable health care; giving Americans economic security through dependable, high quality health care.

① time limits → can temper

② deregulation → moderates → move it

③ immigration → hospitals/providers move —

Ex. Action on Purch Coops — negotiations —

better contract out —

require those participating ~~same~~ in FEHBP to offering purchasing coops.

"patients bill of rights"?! (BC)

FTC — DOJ — doing guidance — on anti-trust —
record on it ~~Series~~ Series of 12 guidelines —

Consumer grps/

Lower # of savings for Medicaid if you want to keep the same growth rate (GDP H%)?
baseline makes it harder to achieve the same level of savings —
Congress depended on the documentary rate. —

7/26

— kids piece —
↳ age groups (younger)
- House looking at tax deductions in add'n to tax subsidies -
— analysis on dropping is similar —
— health care infrastructure expansion { state/local grant/directed spending
- schools
- public health system —
— enhanced ~~state~~ enrollment of Medicaid eligibles
Downsides - state substitutions —

Over

Purchasing coops
FEHBP has 9) plans —
MLR (w/Bill Cassidy) → OPM next week

Prevention
Academic Health Centers —
↳ preserving it —
Various has a study — funding for Academic Health Centers —
Challenge?
Over rider problem?

Add: National Information infrastructure initiative

CHART PACK

THE KAISER-HARVARD PROGRAM ON THE PUBLIC AND HEALTH/SOCIAL POLICY

Survey of Americans on Health Policy

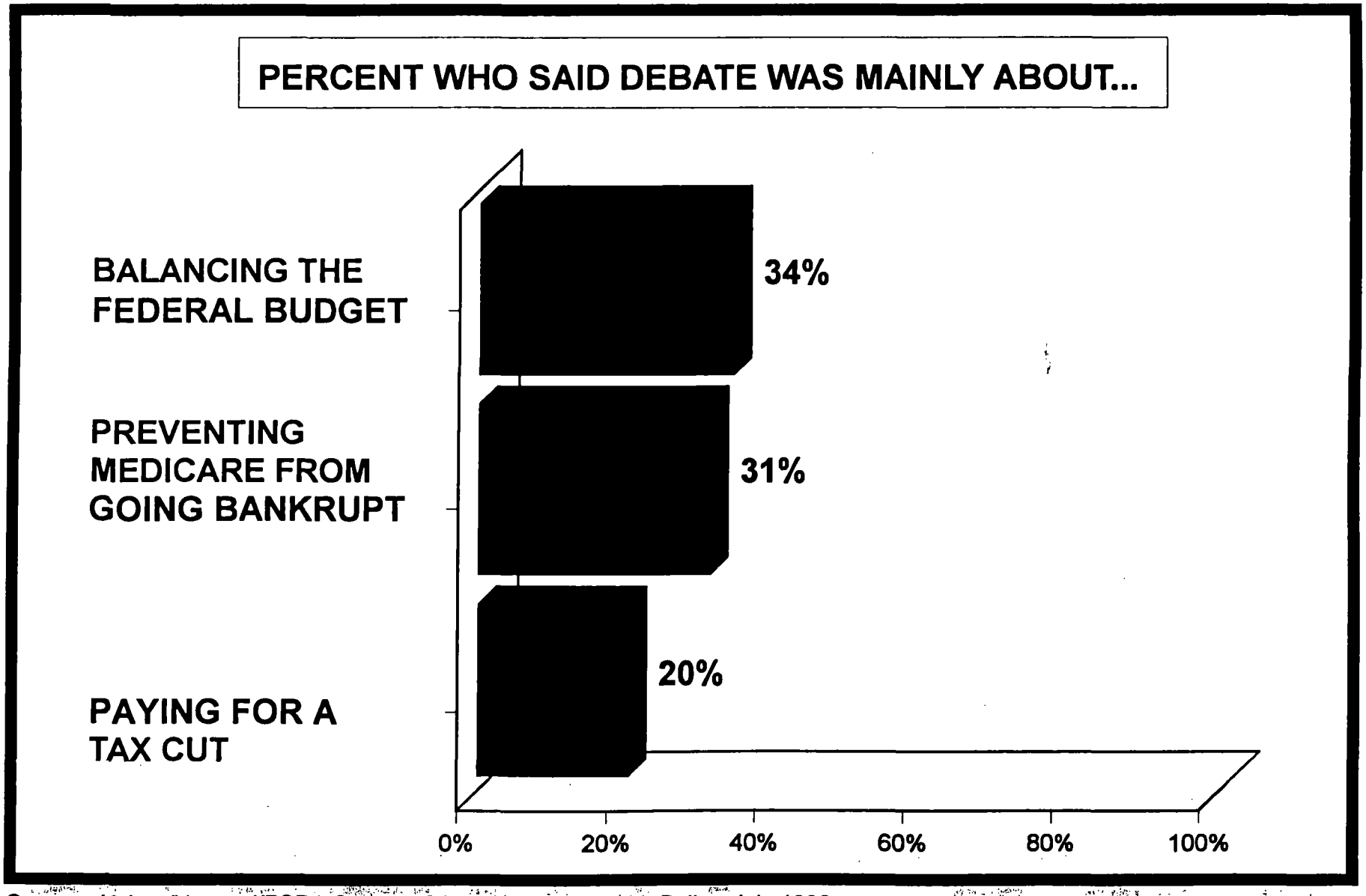
July 30, 1996

Conducted for the Foundation by
Princeton Survey Research Associates

CALIFORNIA OFFICE: 2400 Sand Hill Road, Menlo Park, California 94025 (415) 854-9400 FAX (415) 854-4800
WASHINGTON OFFICE: 1450 G Street, NW, Suite 250, Washington, DC 20005 (202) 347-5270 FAX (202) 347-5274

FIGURE 1

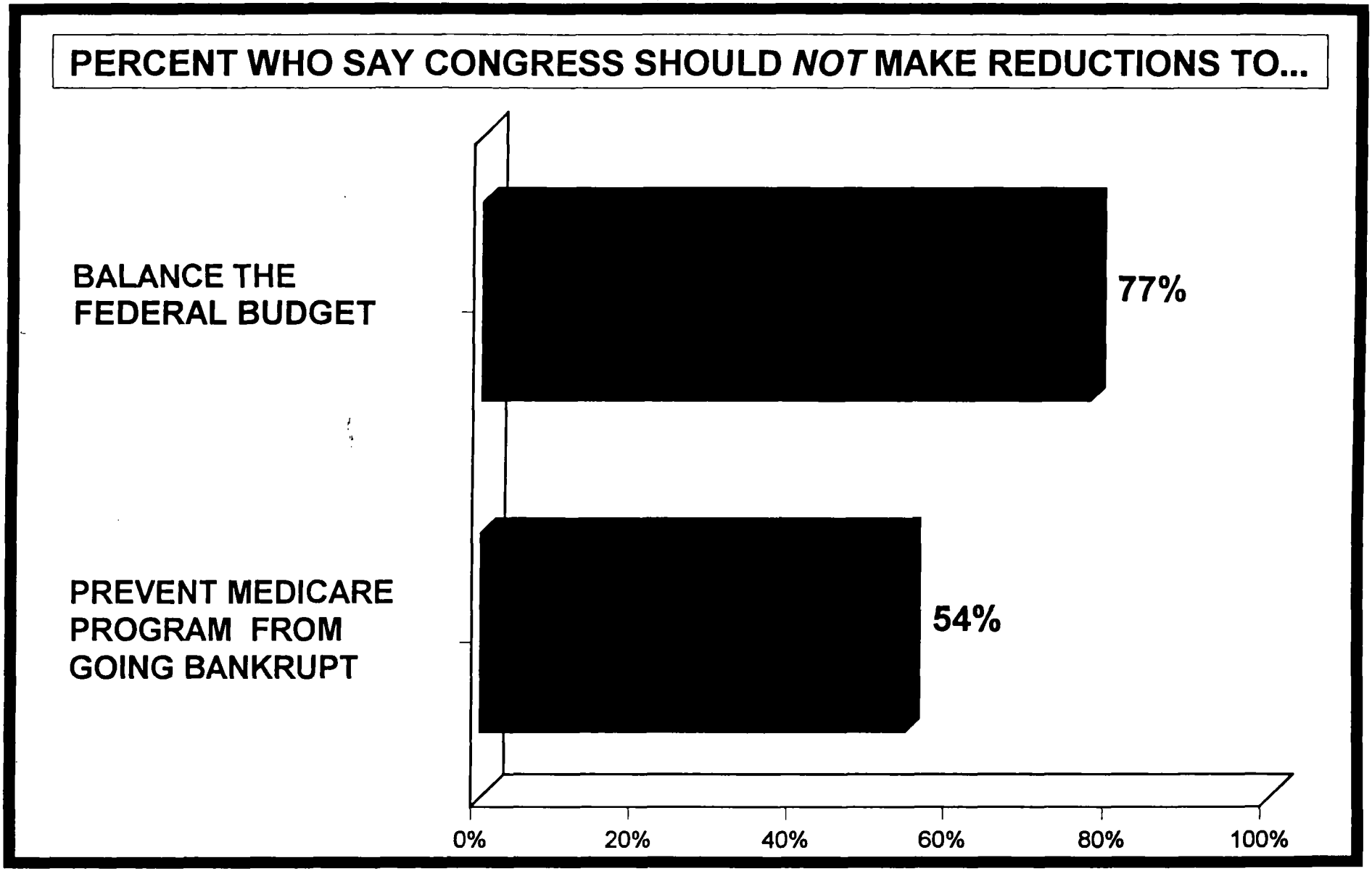
PUBLIC DOES NOT THINK DEBATE OVER MEDICARE IS ABOUT PREVENTING BANKRUPTCY



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 2

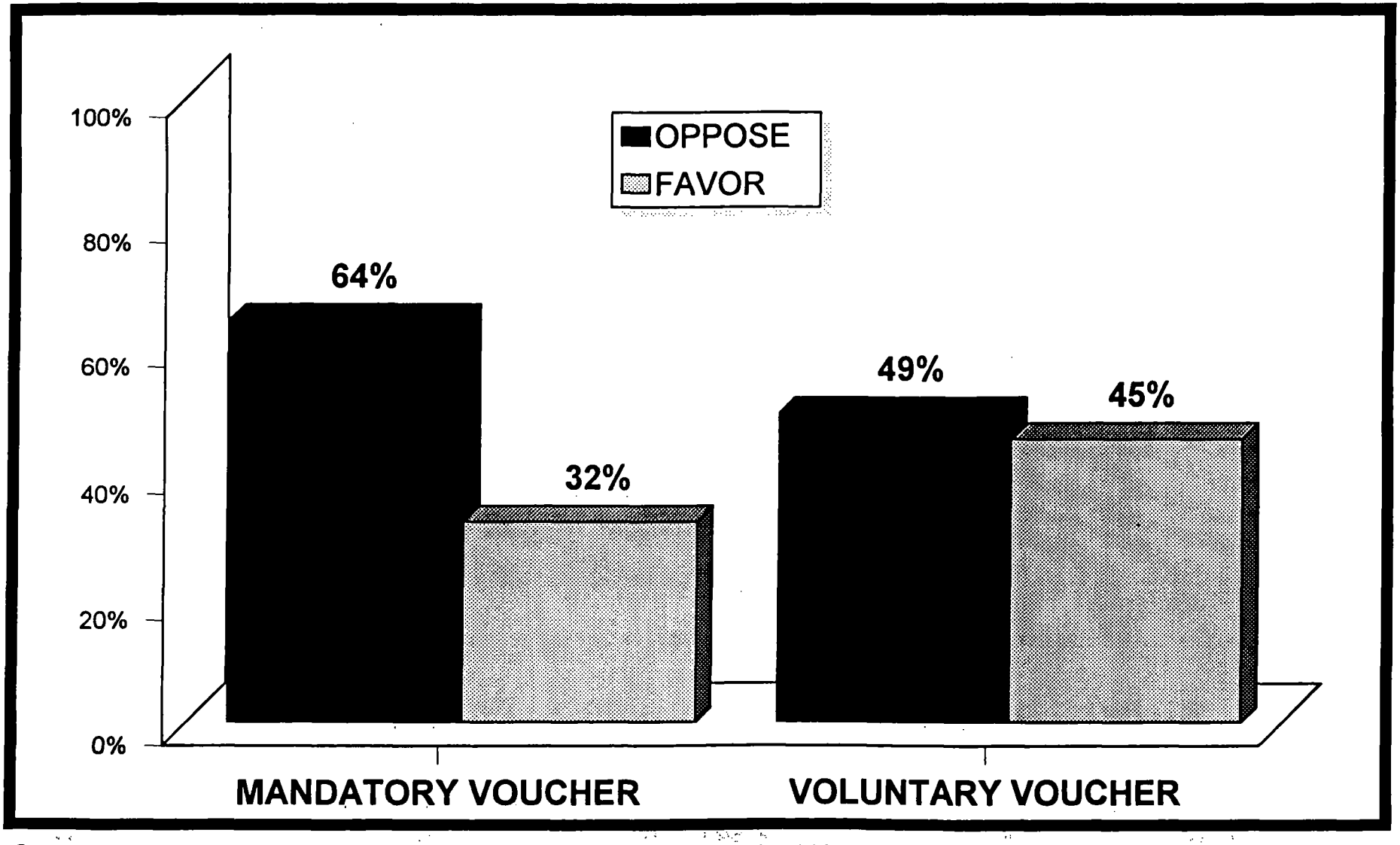
AMERICANS OPPOSE MAJOR REDUCTIONS IN FUTURE SPENDING ON MEDICARE



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 3

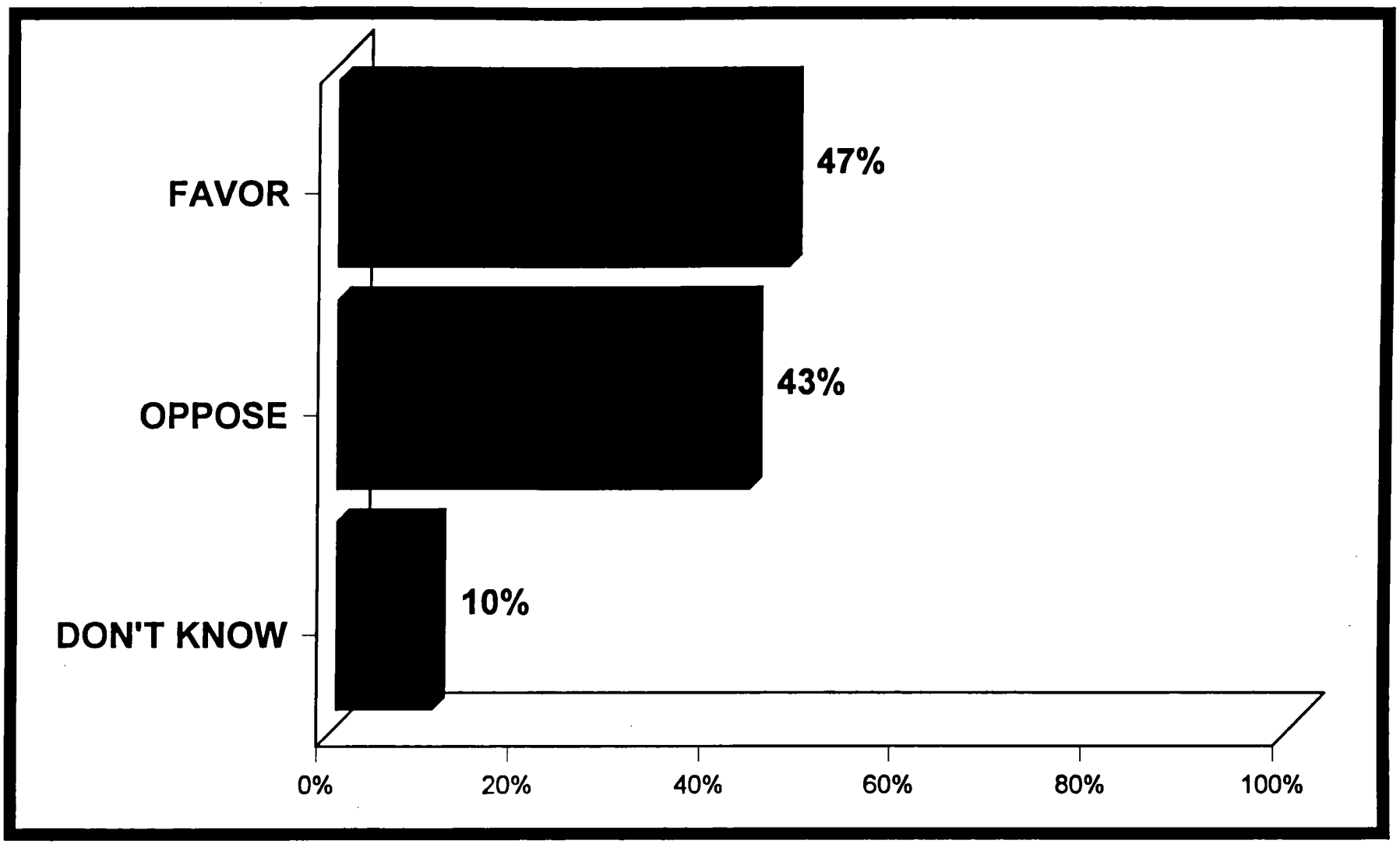
PUBLIC OPPOSED TO MANDATORY VOUCHERS FOR MEDICARE PROGRAM, MIXED ON VOLUNTARY VOUCHERS



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 4

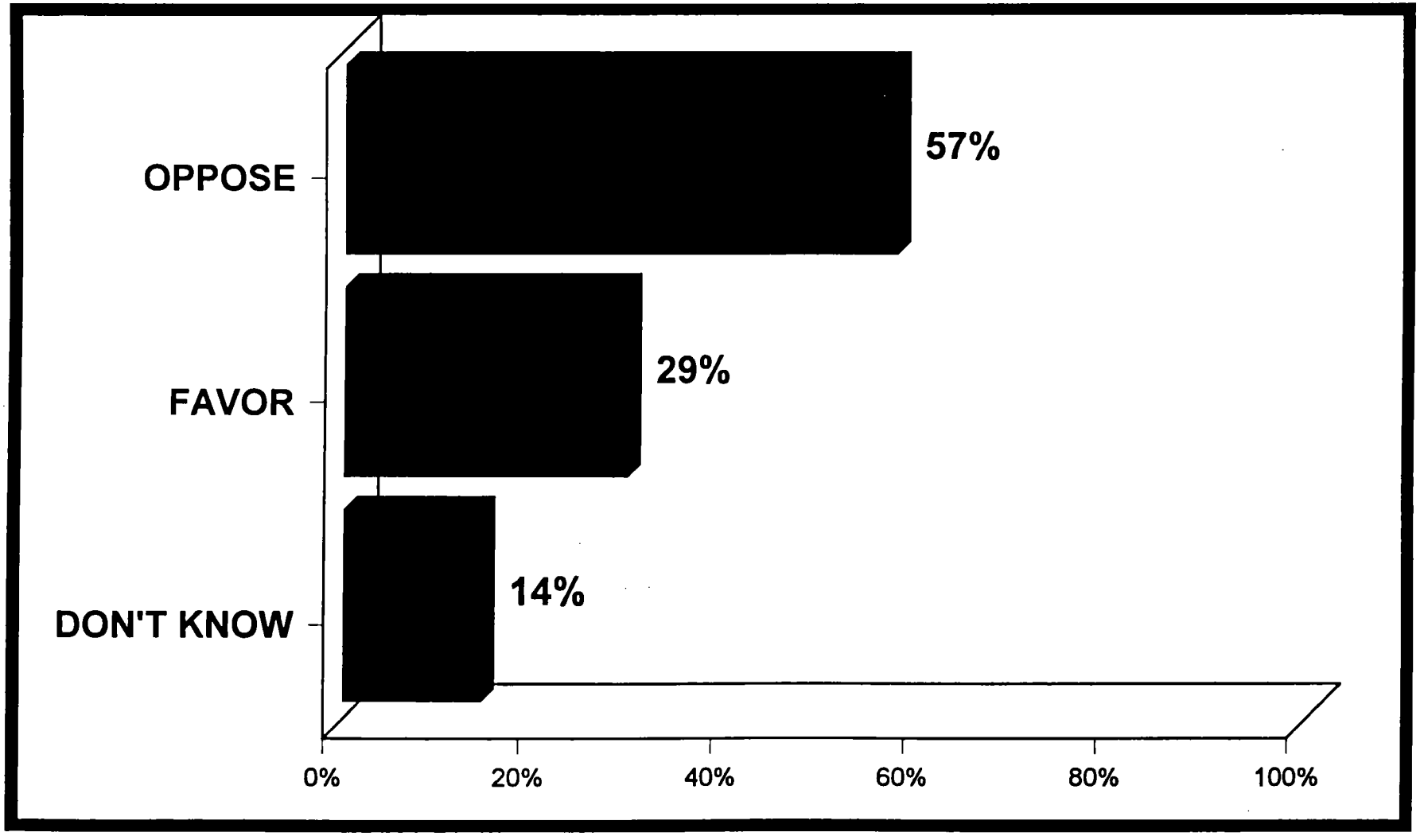
AMERICANS SPLIT ON TURNING OVER RESPONSIBILITY FOR MEDICAID TO THE STATES



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 5

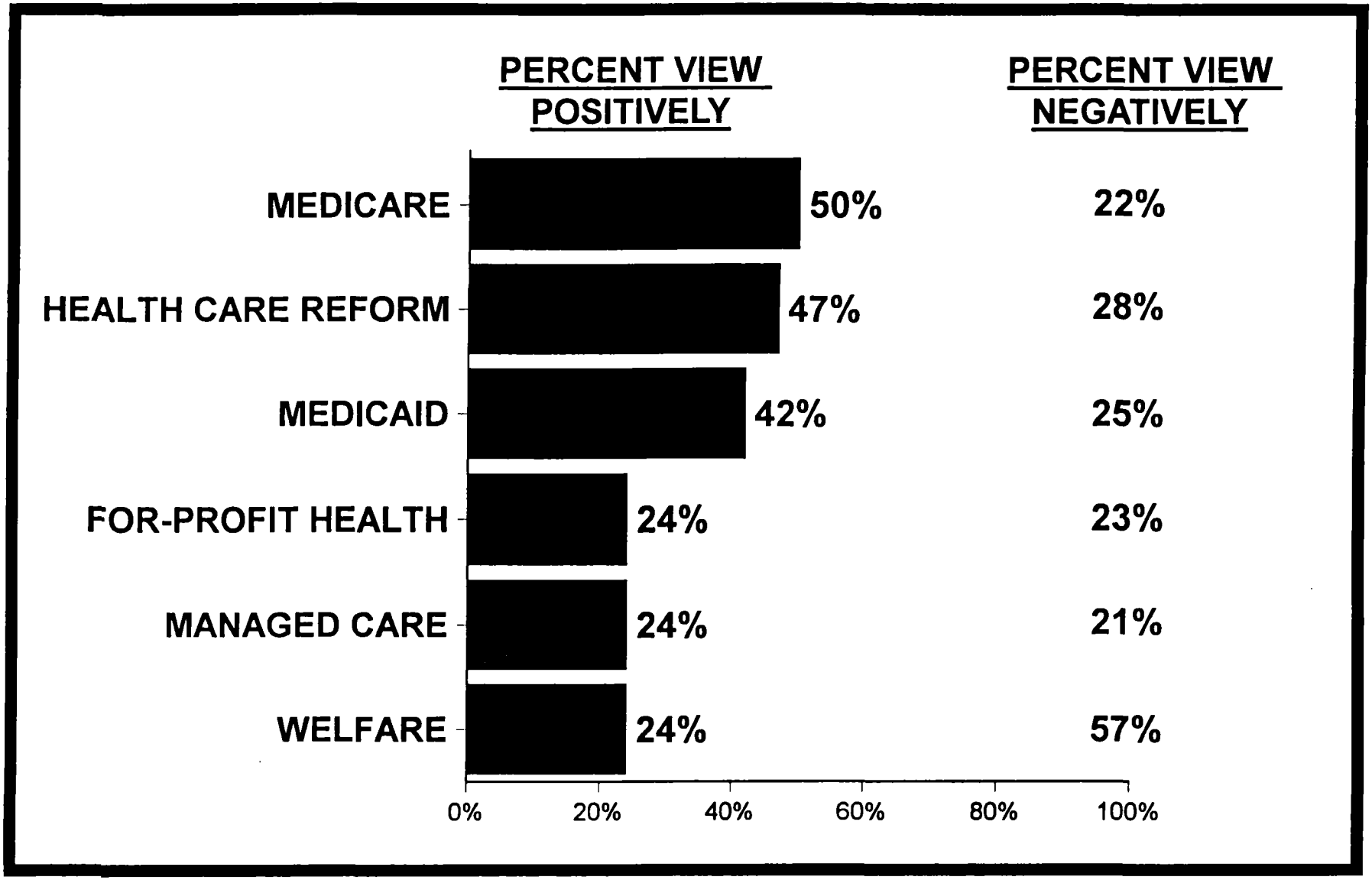
WHEN CAP OF FEDERAL DOLLARS EXPLAINED, AMERICANS OPPOSE TURNING MEDICAID OVER TO STATES



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 6

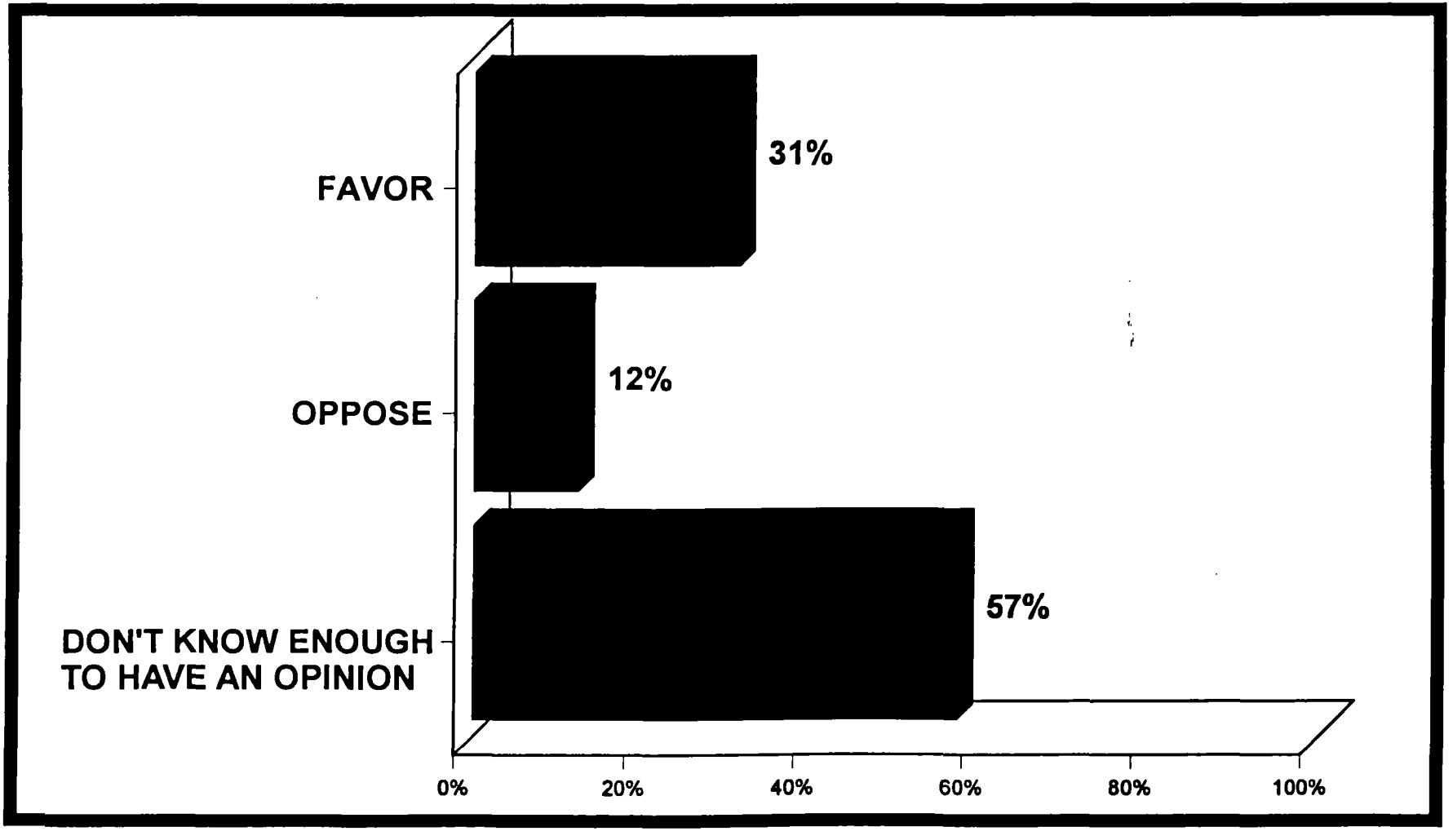
MEDICAID VIEWED FAVORABLY BY MANY AMERICANS



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 7

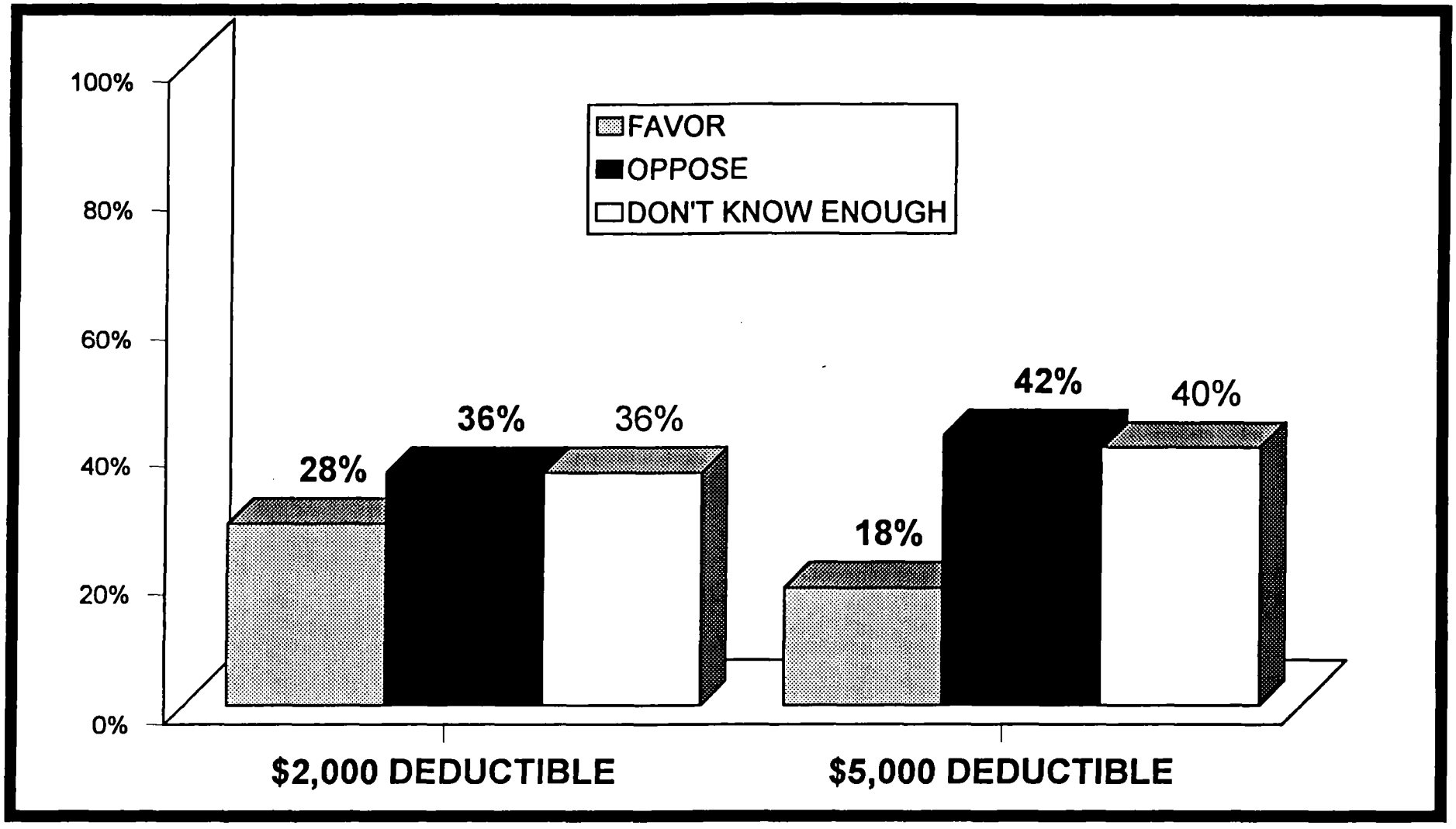
MOST AMERICANS HAVE NOT FORMED AN OPINION ON THE KASSEBAUM / KENNEDY BILL



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 8

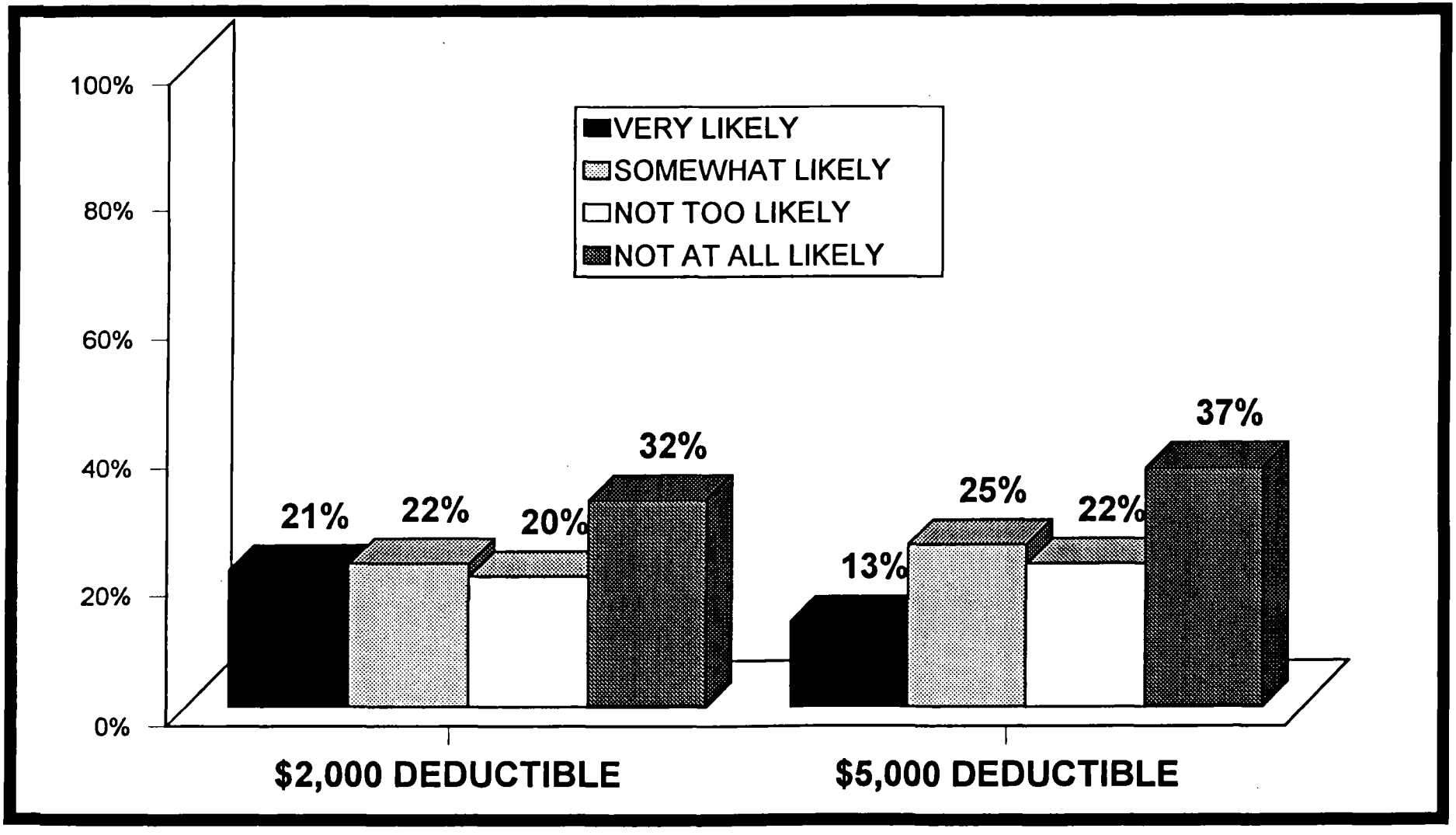
MORE AMERICANS OPPOSE THAN FAVOR MEDICAL SAVINGS ACCOUNTS, ALTHOUGH SIZE OF DEDUCTIBLE MATTERS



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 9

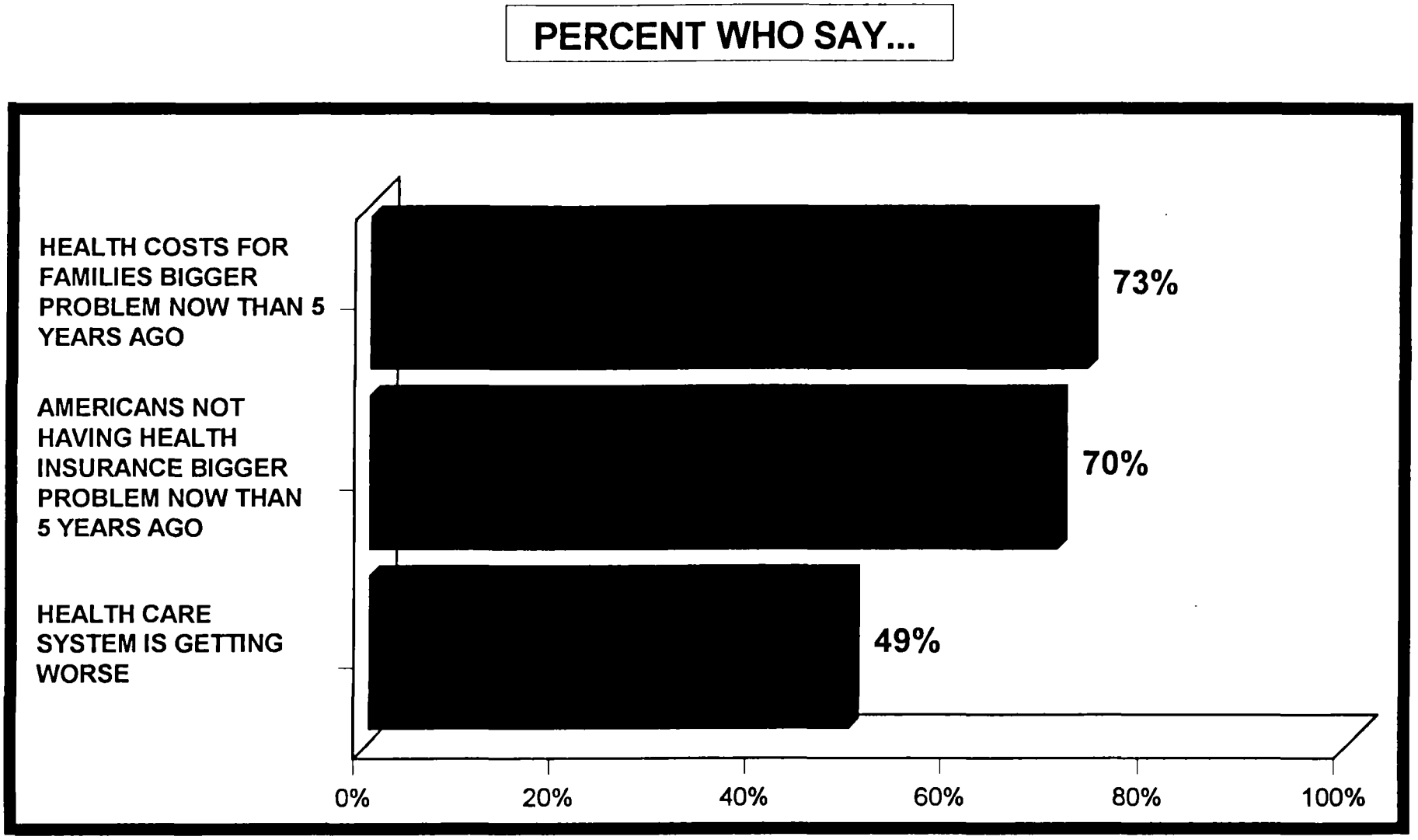
AMERICANS' PERSONAL INTEREST IN CHOOSING A MEDICAL SAVINGS ACCOUNT



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 10

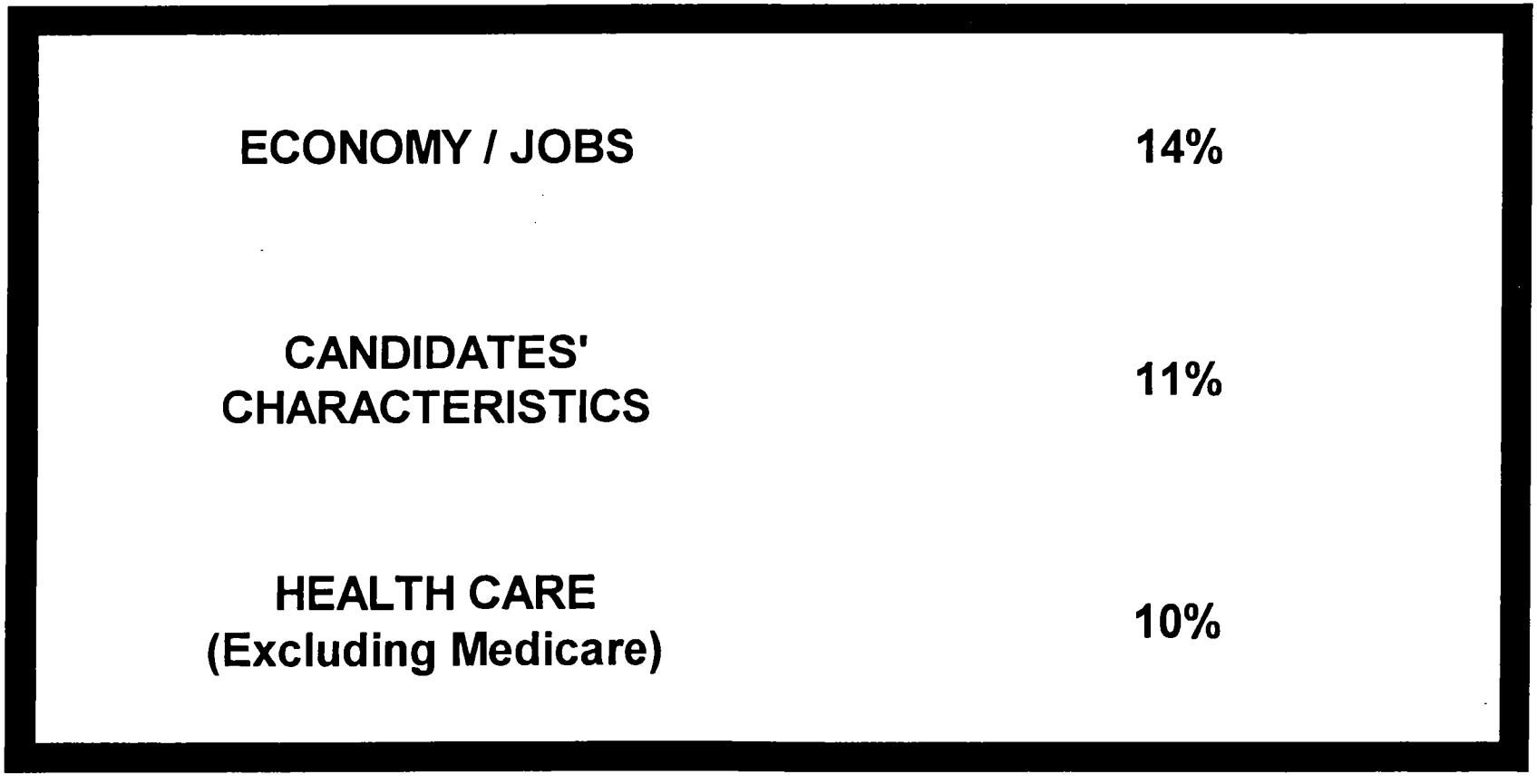
AMERICANS THINK HEALTH CARE PROBLEMS GETTING WORSE



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 11

MOST IMPORTANT ELECTION ISSUES



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 12

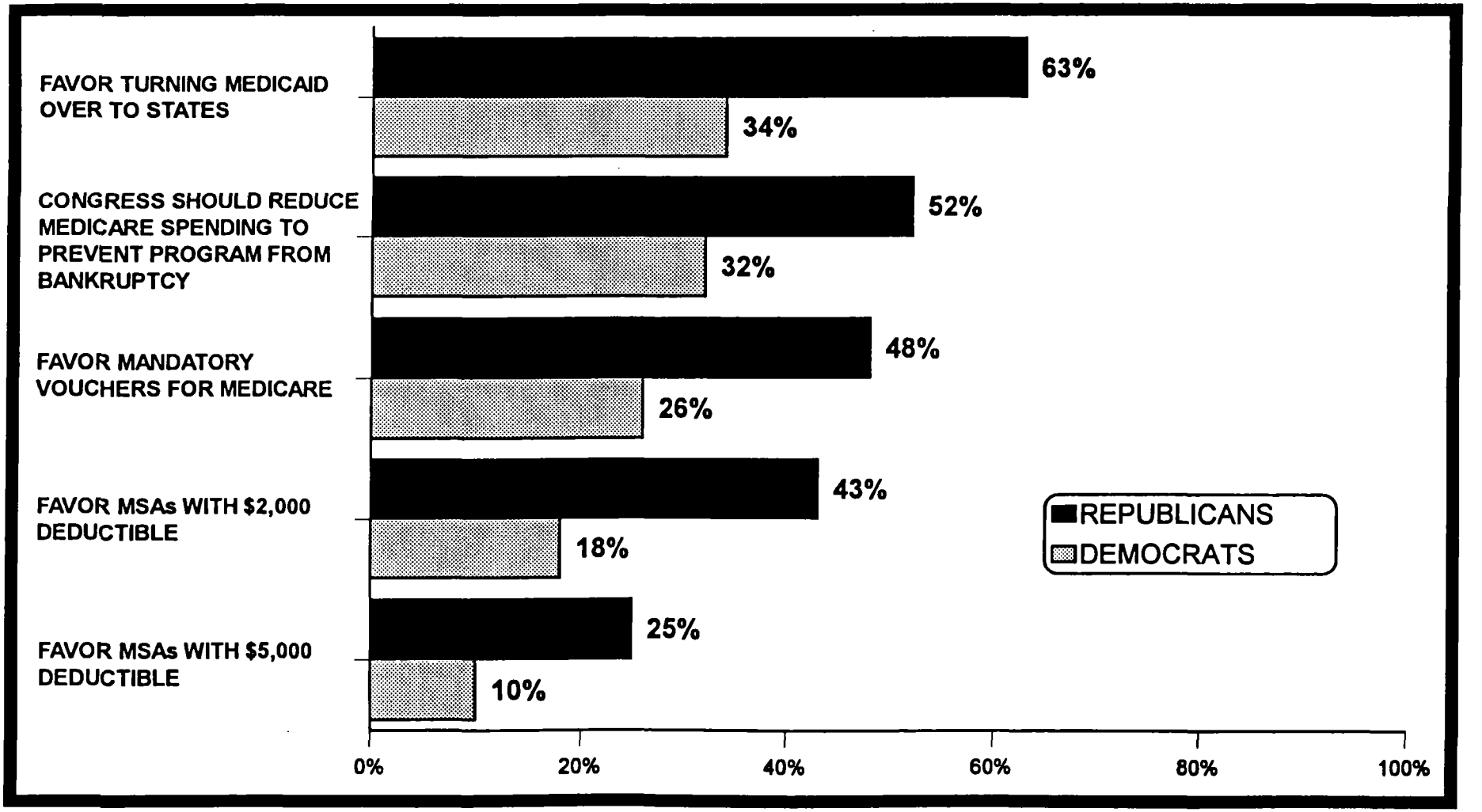
AMONG AMERICANS WHO SAY HEALTH CARE IS A VOTING ISSUE, MEDICARE IS THE TOP CONCERN

MEDICARE	25%
HEALTH CARE COSTS	18%
HEALTH CARE AVAILABILITY / ACCESS / UNIVERSAL COVERAGE	17%
HEALTH CARE FOR CHILDREN	7%
GOVERNMENT INTERFERENCE	6%

Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 13

DIFFERENCES BETWEEN REPUBLICANS AND DEMOCRATS ON MAJOR HEALTH POLICY ISSUES



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 14

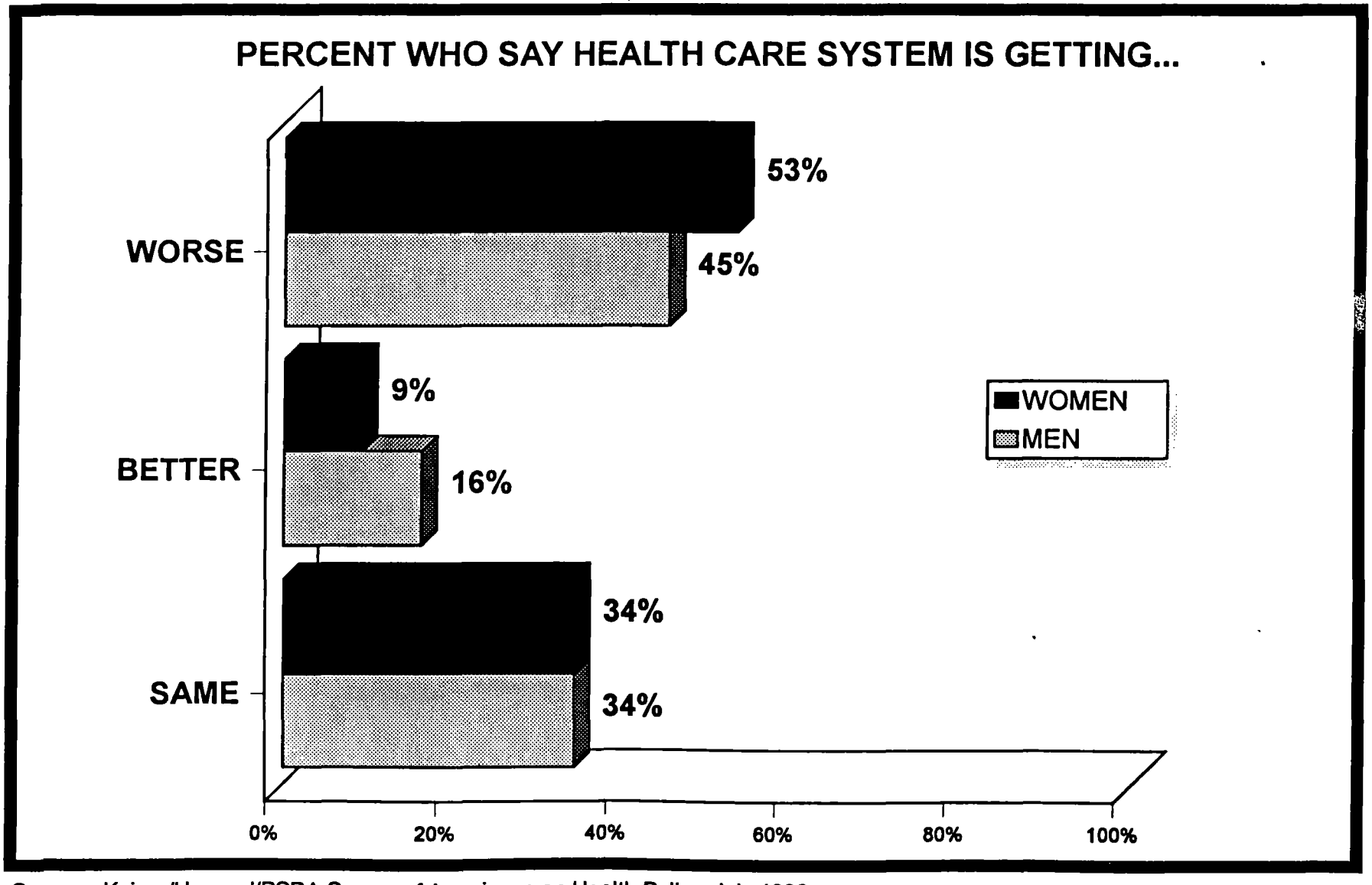
WOMEN MORE LIKELY TO RANK HEALTH CARE AMONG THEIR TOP VOTING ISSUES

	MEN		WOMEN
1	ECONOMY / JOBS (18%)	1	HEALTH CARE (13%) (Excl. Medicare)
2	CANDIDATE CHARACTERISTICS (13%)	2	ECONOMY / JOBS (11%)
3	DEFICIT / GOVT. SPENDING (9%)	3(t)	ABORTION (9%)
4	TAXES (8%)	3(t)	CANDIDATE CHARACTERISTICS (9%)
5	HEALTH CARE (7%) (Excl. Medicare)	5	TAXES (7%)

Source: Kaiser/Harvard/PSRA Sruvey of Americans on Health Policy, July 1996.

FIGURE 15

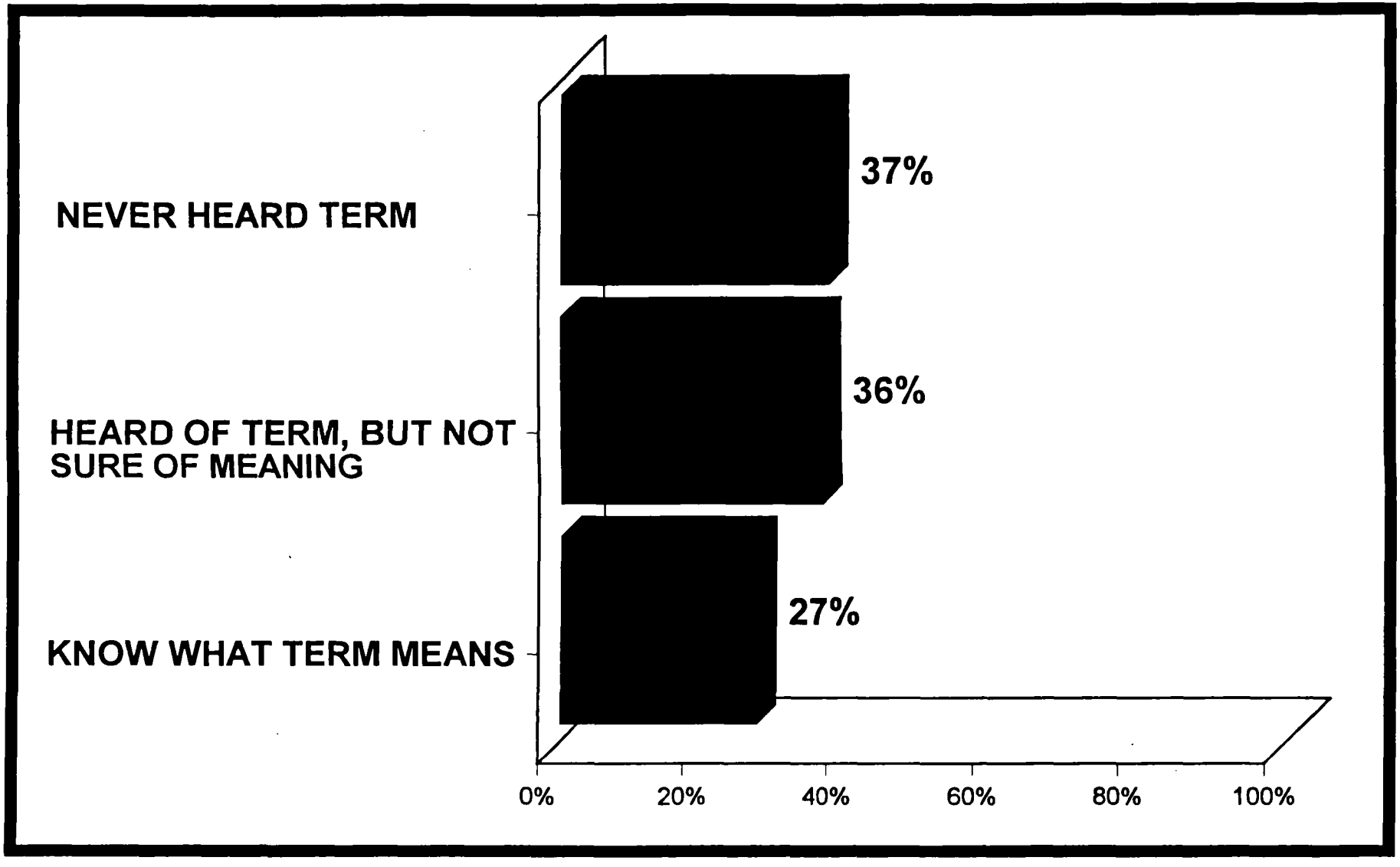
WOMEN MORE LIKELY TO THINK HEALTH SYSTEM IS GETTING WORSE



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 16

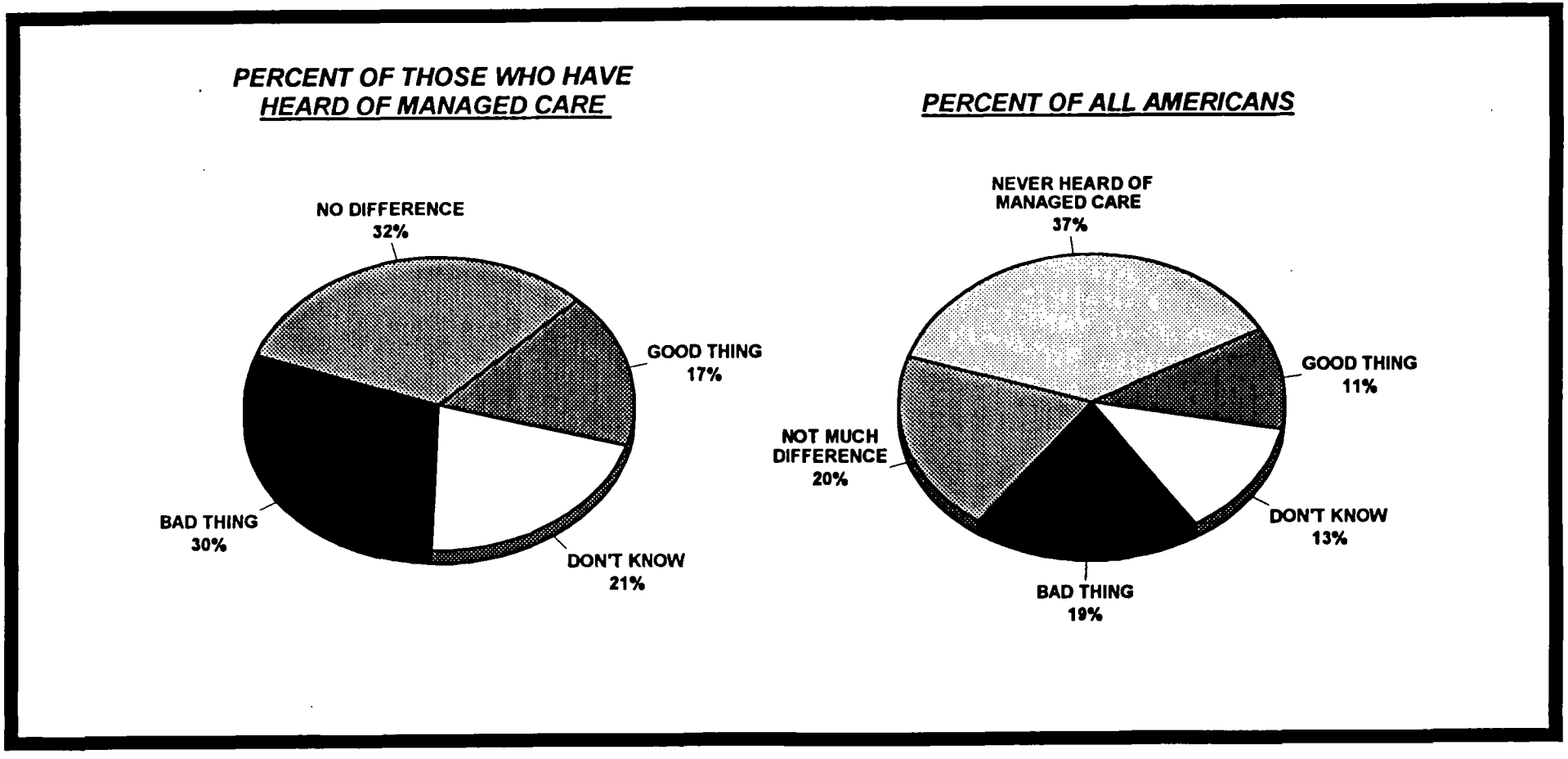
FEW AMERICANS KNOW WHAT THE TERM "MANAGED CARE PLAN" MEANS



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 17

AMERICANS HAVE MIXED FEELINGS TOWARD MANAGED CARE

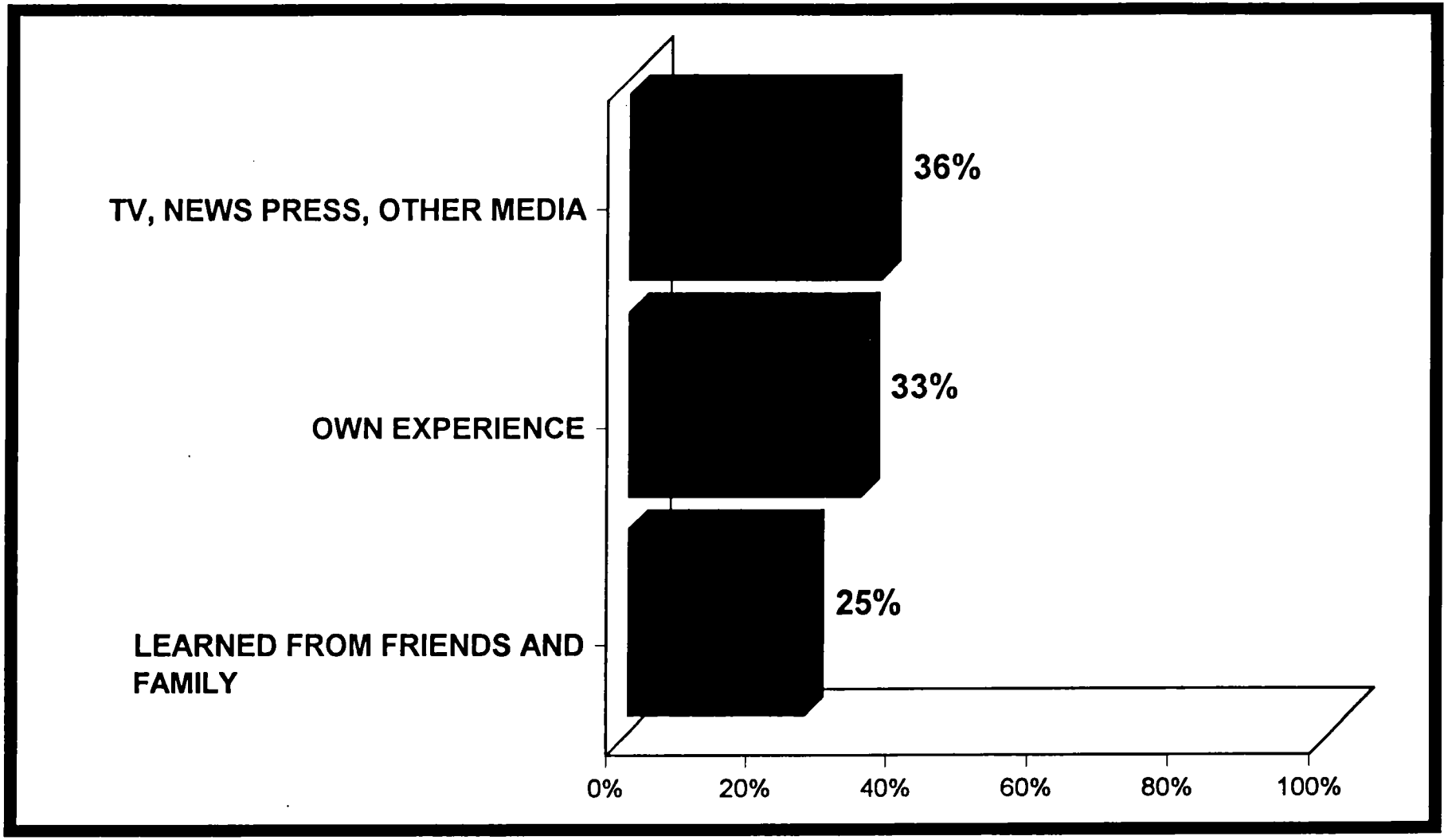


Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

FIGURE 18

WHAT INFLUENCES NEGATIVE VIEWS ON MANAGED CARE?

QUESTION: *WHAT IS THE MAIN REASON YOU SAID MANAGED CARE WOULD BE A BAD THING FOR YOU AND YOUR FAMILY?*



Source: Kaiser/Harvard/PSRA Survey of Americans on Health Policy, July 1996.

THE HENRY J. KAISER FAMILY FOUNDATION

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THE KAISER-HARVARD PROGRAM ON THE PUBLIC AND HEALTH/SOCIAL POLICY

EMBARGOED FOR RELEASE UNTIL:
9:30 a.m. E.T., Tuesday, July 30, 1996

Contacts: Matt James
or Tina Hoff,
(415) 854-9400

PUBLIC NOT FOLLOWING BATTLES IN WASHINGTON OVER KASSEBAUM/KENNEDY AND MEDICAL SAVINGS ACCOUNTS

Most Say Don't Know Enough To Express An Opinion; Those Who Do, Favor Insurance Reform and Are More Negative Toward MSAs

Most Americans Oppose Changes in Medicare, Even to Save Program from Bankruptcy

Washington, D.C. -- While Congress wrestles with health insurance reforms and medical savings accounts (MSAs), most Americans say they have neither read nor heard about these debates. Even after being read descriptions of the proposals, many say they don't know enough to form an opinion, according to a new national survey. Those who offer an opinion regarding insurance reforms are favorable, while those with an opinion on MSAs tend to be more negative with the size of the MSA deductible affecting the levels of support and opposition.

After the extended debate of the last year, Americans are more likely to have opinions about Medicare and Medicaid. The public is resistant to major spending reductions in the Medicare program, even to prevent it from going bankrupt. Americans are split over whether responsibility for Medicaid should be turned over to the states, but the majority of the public opposes a Medicaid block grant when they learn that along with more flexibility states would also get a fixed amount of federal money.

After a considerable lapse in public interest following the demise of the health reform debate, health appears to be rising again on the list of issues people say they are concerned about. Health care in general (excluding Medicare) ranked third, behind concerns about the economy and candidate characteristics among issues that people say would influence their vote in the upcoming presidential election. In addition, Medicare was tied for seventh. The vast majority of Americans believe that health care costs and the uninsured are bigger problems today than five years ago. And, a plurality believe that the health care system is getting worse.

These findings are from the latest survey designed to monitor public knowledge, opinions, and beliefs on health and health-related issues conducted by the Kaiser-Harvard Program on the Public and Health/Social Policy. The survey was designed by the Kaiser Family Foundation, Harvard University, and Princeton Survey Research Associates (PSRA), and conducted by PSRA.

-- more --

When asked if they would choose an MSA if they had a choice, 21 percent of Americans say they would be very likely to choose an MSA with a $2,000 deductible and 22 percent say they would be somewhat likely to choose an MSA at this level of deductible. Only 12 percent would be very likely to choose an MSA with a $5,000 deductible and 25 percent would be somewhat likely.

Only a minority of Americans (30 percent) say they have followed the debate over MSAs, but they are more favorable than the general public toward the proposal -- 44 percent favor a MSA that would provide coverage after an employee pays $2,000 in medical bills, while one-third (35 percent) oppose it. For a MSA with a $5,000 deductible, support among those following the debate falls to 34 percent and opposition rises to 42 percent.

- **Medicare**

In the war of words over the future of the Medicare program, much has been staked on whether the debate is about the future solvency of the program, balancing the Federal budget, or tax cuts. When asked what they believe the debate over Medicare is about, the public is divided with 34 percent saying that the debate is about balancing the federal budget, 31 percent to save the program from bankruptcy, and 20 percent to pay for a tax cut. Regardless of the rationale offered, however, there is little support for altering the present system. A majority of Americans believe Congress should not make major reductions in future spending on Medicare, even to head off insolvency (54 percent). Changes to the Medicare system draw even less support when the objective is balancing the budget (77 percent oppose).

Likewise, the public has not entirely warmed up to a defined contribution or voucher plan for Medicare: only 32 percent favor mandatory vouchers that would be used to purchase private health insurance, while 64 percent favor keeping Medicare as it is today. Attitudes towards a voluntary voucher are more mixed with slightly more Americans opposing a voluntary voucher system (49 percent) than favoring it (45 percent). Support for a voluntary voucher drops to (21 percent) if told that such a program might increase costs to those who remain in the traditional Medicare program, a criticism some made of voucher plans. Among those 65 years and older, only 19% support a voluntary voucher plan.

Among Americans who say health care or Medicare will influence their vote in the 1996 election (14 percent of the general public), almost nine out of ten (89 percent) oppose major reductions in Medicare spending to balance the federal budget. Twenty-two percent of Americans 65 years and older say health care or Medicare is one of the top two issues which will influence their vote.

- **Medicaid**

Americans are split on whether they think responsibility for Medicaid should be turned over to the states with 47 favoring state control and 43 percent opposing it. However, support for state control drops to 29 percent and opposition rises to 57 percent when the public is informed that in addition to being given flexibility in running Medicaid, each state would be given a fixed amount of Federal dollars under a block grant.

- Health care for children, 12 percent;
- Health care costs, 10 percent;
- Americans losing their health insurance, 9 percent; and
- Health insurance for those who can't afford it, 9 percent.

In a period when the public is very resistant to discussions of tax increases, the majority of the public (60 percent) say they are willing to pay higher taxes or insurance premiums to guarantee health insurance coverage to more people. At the same time, however, the public ranked rising taxes among their top overall concerns. The public expressed support for action on long-term care, with 68 percent saying they would be willing to pay more in taxes to help provide such care to the elderly. Thirty-eight percent say they would be willing to pay more to improve mental health coverage for all Americans.

Methodology

The Kaiser/Harvard/PSRA survey was conducted by telephone with 1,011 adults nationwide between June 20 and July 9, 1996. The margin of error is plus or minus 3 percent.

The Kaiser Family Foundation, based in Menlo Park, California, is a non-profit, independent national health care philanthropy and is not associated with Kaiser Permanente or Kaiser Industries. The Foundation's work is focused on four main areas: health policy, reproductive health, HIV, and health and development in South Africa.

Copies of the actual questionnaire and national top line data for the findings reported in this release (#1166) are available by calling the Kaiser Family Foundation's publication request line at 1-800-656-4533.

THE KAISER-HARVARD PROGRAM ON
THE PUBLIC AND HEALTH/SOCIAL POLICY

Survey of Americans on Health Policy

Questionnaire and National Toplines
July 30, 1996

A JOINT PROGRAM OF THE HENRY J. KAISER FAMILY FOUNDATION AND HARVARD UNIVERSITY

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KAISER FAMILY FOUNDATION/
HARVARD UNIVERSITY
PRINCETON SURVEY RESEARCH ASSOCIATES
HEALTH POLICY SURVEY

FINAL TOPLINE
July 30, 1996

METHODOLOGY: The Kaiser/Harvard/PSRA survey was a national random sample conducted by telephone with 1,011 adults between June 20 and July 9, 1996. The margin of error is plus or minus 3 percent.

1. Looking ahead to the presidential election in November, what issue will be MOST important to you in deciding who to vote for? **(RECORD VERBATIM RESPONSE FOR UP TO TWO MENTIONS. PROBE ONCE, IF NECESSARY, FOR A 2ND MENTION:** Is there another issue that will be almost as important to you?

Total	Republicans	Democrats	Independents	
14%	13%	17%	14%	Economy/Jobs
11	17	9	10	Candidate characteristics
10	6	15	9	Health care (excluding Medicare)
8	10	7	7	Deficit/Government spending
8	10	6	8	Taxes
6	8	5	6	Abortion
5	3	6	6	Crime/Guns/Violence
5	2	6	3	Medicare
4	4	6	4	Education
4	6	3	4	Welfare
4	2	5	5	Social Security
4	5	4	4	Other issues
6	5	7	5	None
32	26	29	36	Don't know/Don't plan to vote

Note: Adds to more than 100% due to multiple responses.

2. Now thinking ONLY about issues relating to HEALTH CARE (EXCLUDING MEDICARE), what specific issue, if any, will be of MOST concern to you in deciding who to vote for? **(RECORD VERBATIM RESPONSE FOR UP TO TWO MENTIONS. PROBE ONCE, IF NECESSARY, FOR AN ADDITIONAL MENTION:** Is there any other specific health care problem that will matter almost as much in your voting decision?

TOTAL MENTIONS OF THOSE SAYING "HEALTH CARE IN Q1"

Total	Of Those Saying "Health Care" in Q1	
27%	25%	Medicare
15	18	Health care cost/Health insurance cost
14	17	Health care availability/Access/Universal coverage
2	7	Health care for children
4	6	Government interference in choosing health care coverage (doctors)
12	20	Other specific issues
3	3	Health care in general
8	4	None
26	17	Don't know/Don't plan to vote

3. Do you think the health care system in this country is getting better, getting worse, or staying about the same?

Total	Republicans	Democrats	Independents	
12%	15%	9%	15%	Better
49	42	54	50	Worse
34	39	33	31	Same
4	3	4	3	Don't know
100				

4. Now, on another subject... I'm going to read you a list of concerns some people have. As I read each one, please tell me how much, if at all, it concerns you. (First/next), how concerned are you about... **(INSERT--READ AND ROTATE) :** very concerned, somewhat concerned, not too concerned, or not at all concerned?

		Very Concerned	Some-What Concerned	Not Too Concerned	Not At All Concerned	DK/ Refused	
a.	Being unable to save enough money to put a child through college	48%	18%	10%	22%	2%	=100
b.	Losing your job or taking a cut in pay	39	16	15	28	2	=100
c.	Being unable to afford mental health care if you or a family member needs help	43	28	16	13	*	=100
d.	Becoming a victim of crime	41	32	19	7	1	=100
e.	Your taxes getting too high	65	25	7	2	1	=100
f.	Being unable to afford necessary health care when a family member gets sick	61	18	13	8	*	=100
g.	Life for our children not being better than it has been for us	71	20	5	3	1	=100

		Not Very Concerned	Some-What Concerned	Not Too Concerned	At All Concerned	DK/ Refused	
h.	Being unable to take care of your parents, grandparents, or spouse if they need long-term care	59	21	7	10	3	=100
I.	You or your spouse losing your health insurance coverage	53	16	15	13	3	=100
j.	Government interfering too much in your life	46	29	18	6	1	=100
k.	Being unable to get adequate health insurance if you change jobs	56	15	11	12	6	=100
l.	Your family's income not keeping up with the cost of living	58	25	11	5	1	=100

5. Next, I'm going to read you some words and phrases and ask you to describe your overall feelings toward each one. If I name something you're not familiar with, please say so. (First,) how would describe your overall feelings toward ... **(INSERT--READ AND ROTATE) :** very positive, somewhat positive, neutral, somewhat negative, or very negative? Next, how about...

		Very Positive	Some-what Positive	Neutral	Some-what Negative	Very Negative	Not Familiar With Term	DK/ Refused	
a.	Health care reform	26%	21%	21%	20%	8%	2%	2%	=100
b.	Medicaid	20	22	26	16	9	5	2	=100
c.	Welfare	11	13	17	32	25	0	2	=100
d.	A balanced budget for the federal government	30	17	19	16	14	1	3	=100
e.	Medicare	29	21	26	15	7	1	1	=100
f.	Managed care	8	16	26	14	7	25	4	=100
g.	Medical savings account	14	17	20	6	6	35	2	=100
h.	For-profit health care	8	16	26	15	8	24	3	=100
i.	Universal health care coverage	18	24	19	14	7	16	2	=100
j.	Health Maintenance Organization or H-M-O	12	25	23	19	9	9	3	=100

5. You said that the following issues... **(READ ITEMS RATED AS MOST IMPORTANT ABOVE)** should be among the most important health care issues for the next President and Congress to address. Which ONE of these do you think should be most important?

Total	Republicans	Democrats	Independents	
10%	11%	9%	10%	Health care costs
5	3	7	6	Long-term care for elderly people
3	2	4	3	Prescription drugs for the elderly under Medicare
9	6	12	9	Americans losing their health insurance
9	5	13	8	Health insurance for those who can't afford it
4	3	5	4	Medicare
2	1	2	1	Medicaid
12	11	12	12	Health care for children
17	26	10	16	Waste, fraud, and abuse in government health care programs
1	1	2	1	Malpractice costs
1	1	1	1	Mental health benefits in insurance policies
25	29	22	26	No item rated most important
2	1	1	3	Don't know
*	*	*	*	Refused
100	100	100	100	

7. How familiar are you with the term "MANAGED CARE PLAN?" Do you know what this term means OR have you heard of it, but are not sure what it means, OR have you never heard the term "managed care plan" before this interview?

Total	Republicans	Democrats	Independents	
27%	32%	23%	26%	Know what it means
36	33	38	39	Heard of, not sure what it means
37	35	39	35	Never heard of a managed care plan
0	0	0	0	Refused

8. If in the future you and your family received your health care through a managed care plan, do you think that would be a good thing, a bad thing, or would not make much difference either way?

Total	Republicans	Democrats	Independents	
11%	8%	12%	9%	Good thing
19	21	17	20	Bad thing
20	25	17	21	Not much difference
37	35	39	36	Never heard of managed care plan
13	11	15	14	Don't know
*	*	*	*	Refused

Of Those Who Have Heard of Managed Care	
17%	Good thing
30	Bad thing
32	Not much difference
21	Don't know
*	Refused

What is the MAIN reason you feel this way? Is it your own experience with a managed care plan; what you've learned from friends and family; or what you've seen, heard, or read on television, in newspapers or other media?

BASED ON THOSE WHO THINK MANAGED CARE WOULD BE A BAD THING

Total	Republicans	Democrats	Independents	
33%	23%	34%	42%	Own experience
25	28	17	27	From friends and family
36	43	39	28	TV, newspapers and other media
5	4	9	3	Other (SPECIFY)
1	2	1	*	Don't know
*	*	*	*	Refused

n=211)

10. I'm going to read you five different approaches to health care the next President might take. After I read you all five, tell me which ONE you would most like to see taken by whoever is elected President next November. The first one is . . . **(READ LIST, DO NOT ROTATE)**

a. A comprehensive health reform plan similar to the one President Clinton introduced a few years ago
OR...
b. A new bill that would guarantee health insurance coverage for all Americans, and would require less government intervention than the earlier Clinton plan
OR...
c. A new bill that would be the first step in addressing the problems of the health care system and guarantee health insurance for some -- but not all -- Americans
OR...
d. A new bill that would make private insurance more available and affordable through insurance reforms without any government guarantees
OR...
e. Do nothing on health care?

Total	Republicans	Democrats	Independents	
9%	5%	15%	6%	Option A - (should remain as it is today)
44	30	55	45	Option B - (Clinton Plan)
11	14	11	9	Option C - (Coverage for all with less government)
31	48	16	35	Option D - (Coverage for some, but not all)
2	2	2	2	Option E - (Do nothing)
1	*	*	2	Other (VOL.)
2	1	4	1	Don't know
*	*	*	*	Refused

11. Which ONE of the following three things do think the government should do... **(READ)**

a. Take some action to ensure that all Americans have health insurance coverage

b. Make a start by helping some groups get health insurance
OR...

c. Leave things they way they are now?

Total	Republicans	Democrats	Independents	
60%	43%	76%	57%	Option A - (Coverage for all)
24	31	16	30	Option B - (Help some groups)
13	24	4	12	Option C - (Leave as is)
*	1	*	1	Other (VOL.)
2	*	4	*	Don't know
1	1	*	*	Refused

12. Medicare is the government program that provides health insurance primarily to people who are 65 and older. Do you think the recent debate about reducing future Medicare spending was MAINLY about...

Total	Republicans	Democrats	Independents	
31%	39%	29%	26%	Preventing the Medicare program from going bankrupt
34	32	37	34	Balancing the federal budget?
20	15	24	23	Paying for a tax cut?
3	2	1	3	None of these/other (VOL.)
12	12	9	14	Don't know
*	*	*	*	Refused

13. Do you think Congress should or should NOT make major reductions in future spending on Medicare to balance the federal budget?

Total	Republicans	Democrats	Independents	
19%	31%	10%	16%	Should
77	65	87	80	Should not
4	4	3	4	Don't know
*	*	*	*	Refused

14. Do you think Congress should or should NOT make major reductions in future spending on Medicare to prevent the Medicare program from going bankrupt?

Total	Republicans	Democrats	Independents	
37%	52%	32%	33%	Should
54	41	60	56	Should not
9	7	7	10	Don't know
*	*	1	1	Refused

15. Now I'm going to read you two statements about the future of the Medicare program. After I read both statements, please tell me which one comes closer to your own view. The first one is... **(READ)**

a. Medicare should remain as it is today, with a defined set of benefits for people over 65 and the government providing them with a single insurance card.
OR...
b. Medicare should be changed so that people over 65 would receive a check or voucher from the government each year for a fixed amount they can use to shop for their own private health insurance policy

Total	65 years+	Republicans	Democrats	Independents	
64%	86%	50%	72%	70%	Option A - (should remain as it is today)
32	12	48	26	26	Option B - (should be changed)
3	2	2	2	3	Don't know
1	*	*	*	1	Refused

16. What about the idea of giving people over 65 the VOLUNTARY choice of receiving a check for a fixed amount each year instead of current Medicare benefits? Would you prefer this change over keeping Medicare as it is today, or not?

Total	65 years+	Republicans	Democrats	Independents	
13%	7%	8%	15%	16%	Prefer voluntary voucher
32	12	48	26	26	Prefer voucher system in Q23
49	76	41	54	53	Keep Medicare as is
5	5	2	5	4	Don't know
1	*	1	*	1	Refused

17. Would you still feel this way if you knew that it might increase costs for those who chose to stay in traditional Medicare?

Total	65 years+	Republicans	Democrats	Independents	
21%	13%	32%	16%	20%	Favor change despite cost issue
19	3	20	18	18	Would no longer favor
49	76	41	54	53	Do not favor charge
10	8	7	11	9	Don't know
1	*	*	1	*	Refused

18. Currently, the federal and state governments share the responsibility for Medicaid, the program which provides health and nursing home benefits for the poor, low-income elderly, and disabled. In general, do you favor or oppose proposals to turn over the responsibility for Medicaid to the states?

Total	Republicans	Democrats	Independents	
47%	63%	34%	47%	Favor
43	30	55	41	Oppose
10	7	11	12	Don't know
*	*	*	*	Refused

19. Would you still feel this way if you knew that each state would be given only a fixed amount of federal dollars along with the flexibility to decide how to spend it?

Total	Republicans	Democrats	Independents	
29%	48%	16%	30%	Yes, would still favor
14	12	15	13	No, would change my mind
43	30	55	41	Don't favor state run Medicaid
14	10	14	16	Don't know
*	*	*	*	Refused

20. Would you be willing to see the federal government spend more to provide long-term care for the elderly, even if it means you would have to pay more in taxes?

Total	Republicans	Democrats	Independents	
68%	54%	77%	70%	Yes, willing
28	42	19	27	No, not willing
4	4	4	3	Don't know
*	*	*	*	Refused

21. Would you be willing to pay more through higher health insurance premiums in order to improve mental health coverage for all Americans, or not?

Total	Republicans	Democrats	Independents	
38%	29%	46%	40%	Yes, willing
57	67	49	55	No, not willing
5	4	5	5	Don't know
*	*	*	*	Refused

22. Compared to five years ago, do you think the cost of health care for families is a bigger problem, less of a problem, or about the same?

Total	Republicans	Democrats	Independents	
73%	65%	79%	75%	Bigger
1	2	1	*	Less
24	31	18	23	Same
2	2	2	2	Don't know
*	*	*	*	Refused

23. Compared to five years ago, do you think the problem of Americans not having health insurance is a bigger problem, less of a problem, or about the same?

Total	Republicans	Democrats	Independents	
70%	57%	75%	74%	Bigger
2	2	3	2	Less
26	38	20	22	Same
2	3	2	2	Don't know
*	*	*	*	Refused

24. I'd like to ask you to think about uninsured Americans--that is, people with no health insurance at all. Would you say that more of them are... **(READ AND ROTATE)**

a. Employed people and people from families in which someone is employed?
OR, that more of them are...
b. Unemployed people and people from families in which no one is employed?

Total	Republicans	Democrats	Independents	
42%	41%	44%	41%	Option A - (employed)
50	52	46	52	Option B - (unemployed)
8	7	10	7	Don't know
*	*	*	*	Refused

25. Is it your impression that people in your community without health insurance are unable to get medical treatment, or that those uninsured people are still able to get the medical care they need from doctors and hospitals?

Total	Republicans	Democrats	Independents	
30%	18%	35%	33%	Unable to get care
62	76	56	60	Still able to get care
7	6	9	7	Don't know
1	*	*	*	Refused

26. For which ONE of the following groups, if any, do you think we should try to provide health insurance coverage first? (READ AND ROTATE ITEMS 1-4)

Total	Republicans	Democrats	Independents	
48%	53%	45%	46%	Children
22	21	22	23	Working people who are currently uninsured
15	13	16	15	All low-income people
10	9	10	11	People who need long-term care
4	2	6	4	Don't know
1	1	1	1	Other (VOL.)
*	1	*	*	None (VOL.)
*	*	*	*	Refused

27. Would you be willing to pay more--either in higher health insurance premiums or higher taxes--in order to guarantee health insurance coverage for all Americans, or not?

Total	Republicans	Democrats	Independents	
60%	46%	72%	63%	Yes, willing
36	49	26	35	No, not willing
3	5	2	1	Don't know
1	*	*	1	Refused

28. Some members of Congress have proposed legislation that would require health insurers to offer coverage to people who lose or change jobs -- without regard to pre-existing medical conditions -- as long as they pay their insurance premiums. Before this interview, had you heard or read about this proposal, or not?

Total	Republicans	Democrats	Independents	
43%	47%	40%	44%	Yes, heard of
56	52	59	56	No, not heard
1	1	1	*	Don't know
*	*	*	*	Refused

29. **(READ AND ROTATE ORDER OF ARGUMENTS A AND B)**

ARGUMENT A:
Supporters say this legislation would help protect some people who change or lose their jobs from being denied the opportunity to continue their coverage and would make insurance available to more Americans. They also say that helping to solve this problem is the federal government's responsibility.

ARGUMENT B:
Opponents say this legislation would raise health insurance costs for many people and would result in more people dropping their coverage. They also say the federal government should not be telling insurance companies how to run their business.

After hearing these arguments, do you favor or oppose this proposed legislation, or don't you know enough about these issues to have an opinion?

Total	Republicans	Democrats	Independents	
31%	31%	32%	30%	Favor
12	10	9	11	Oppose
57	52	58	59	Don't know enough
*	*	*	*	Refused

29. (Continued)

Of Those Who Are Aware of Kassebaum/Kennedy	
47%	Yes, willing
14	No, not willing
38	Don't know
1	Refused

30. Some members of Congress have proposed legislation that would allow employers to offer their employees health insurance through a new arrangement called a Medical Savings Account. Before this interview, had you heard or read about this proposal, or not?

Total	Republicans	Democrats	Independents	
30%	37%	26%	31%	Yes, heard or read
69	63	73	68	No, not heard or read
1	*	1	1	Don't know
*	*	*	*	Refused

INTRODUCTION TO Q.31:

I'm going to give you some information about how Medical Savings Accounts would work, and then ask your opinion of them... Medical Savings Accounts would allow employers to purchase plans with lower premiums that would only provide coverage after the employee pays about...

FORM A: $2,000 a year in medical bills.
FORM B: $5,000 a year in medical bills.

Any savings the employer gets by offering this less expensive plan could be put into the employee's tax-free medical savings account, which could be used to help pay the first ($2,000/$5,000) in medical bills or any additional medical expenses. If it is not spent, it could be withdrawn as additional taxable income or saved to spend on next year's medical bills.

31. **(READ AND ROTATE ORDER OF ARGUMENTS A AND B)**

ARGUMENT A:
Supporters of Medical Savings Accounts say this will lower individuals' health care costs, because it would give individuals the incentive to spend their own money more carefully. They also say this would reduce hassle for people to go to a doctor of their own choice without getting the approval of the insurance company.

ARGUMENT B:
Opponents say that, because people would have to pay the first...

FORM A: $2,000
FORM B: $5,000

...for doctor and hospital visits at the time they receive care, Medical Savings Accounts would discourage people from getting needed services and preventive care. They also say that, because healthier people are more likely to sign up for Medical Savings Accounts, this would leave sicker people paying higher premiums.

After hearing these arguments, do you favor or oppose this proposed legislation to create Medical Savings Accounts, or don't you know enough about these issues to have an opinion?

Form A - $2,000 (n=528)

Total	Republicans	Democrats	Independents	
28%	43%	18%	25%	Favor
36	30	43	38	Oppose
36	26	39	37	Don't know enough
*	1	*	*	Refused

Form B - $5,000 (n=483)

Total	Republicans	Democrats	Independents	
18%	25%	10%	22%	Favor
42	35	52	39	Oppose
40	40	38	39	Don't know enough
0	0	0	0	Refused

Of Those Who Follow the MSA Debate

$2,000	$5,000	
44%	33%	Favor
35	42	Oppose
21	25	Don't know enough
*	*	Refused

32. If you were given a choice, how likely would you be to choose the Medical Savings Accounts option for your health insurance coverage? **(READ)**

Form A - $2,000 (n=528)

Total	Republicans	Democrats	Independents	
21%	28%	15%	18%	Very likely
22	22	21	23	Somewhat likely
20	25	23	14	Not too likely
32	24	34	40	Not at all likely
4	2	5	5	Don't know
1	*	2	*	Refused

Form B - $5,000 (n=483)

Total	Republicans	Democrats	Independents	
12%	19%	9%	11%	Very likely
25	28	22	26	Somewhat likely
22	25	25	18	Not too likely
37	25	42	41	Not at all likely
4	3	2	4	Don't know
*	*	*	*	Refused

MEMORANDUM

May 24, 1996

TO: Carol Rasco and Laura Tyson
FR: Chris Jennings
RE: Health Care Developments/Background Materials
cc: Jen K., Elizabeth Drye, Tom O'Donnell

Although debate around welfare reform and the minimum wage has understandably gained the bulk of attention this week, there have been some noteworthy developments on the Kassebaum-Kennedy and Medicaid fronts that are worth reporting. In addition, I should take this opportunity to remind you that the Medicare Health Insurance Trust Fund report is scheduled to be released June 5th. The Republicans will be all over it and it may be advisable to discuss early next week our strategy/message on its release.

First, although the conferees have still not been selected for the conference on the Kassebaum-Kennedy bill, the Republicans and their staffs have held a number of meetings in an attempt to expedite movement/agreement among at least the Republicans on the Hill. My best sources inform me that the Senators want to get something done prior to, or soon after, Leader Dole's departure from the Senate. However, the House Republicans are already feeling their oats and apparently are comfortable with a leisurely pace; they feel delay enhances their leverage with the more moderate (and soon to be "Dole-less") Senate and the President. They also feel their interests are least served by a signed bill and want to extract as much from the Conference as possible before they relent; this means, at least for now, they are signaling no interest in any compromise on Medical Savings Accounts (MSAs).

We have been asked for weeks now for an MSA alternative proposal by Hill Members. Since our position is that we support the Senate-passed bill (with no MSA), we have consistently declined these repeated invitations. The Republicans also felt constrained to not put a more watered down version of their proposal on the table. It appeared we had a classic stalemate until I received a call from the Finance Committee Republican Staff Director asking for a more detailed listing of our specific concerns about MSAs. She theorized that such a list might help Republicans be a bit more responsive to our concerns and could help break the impasse. John Hilley thought we should send something over. Building on some of our past MSA critiques (and working with Treasury and HHS) we prepared the enclosed document and forwarded it to the Hill yesterday. (FYI, the House Republicans were furious that the Senate made the request because they thought it could help to undermine their positioning on this almost theological issue to them.).

There are three other extremely controversial issues that will complicate any conference: medical malpractice, the deregulation of Multiple Employer Welfare Arrangements (MEWAs), and the mental health parity issue. Medical malpractice seems to be the least of our problems as some Republicans in the Senate have problems with dealing with this controversial issue on THIS bill. Until very recently, we also thought that the MEWA issue could be easily disposed of since the Senate has little appetite for them. However, there is one Senator who is an exception -- likely new Leader Trent Lott. It may well be that we face a serious complication on this issue with him. Having said this, clearly right after the MSA problem, the greatest other challenge to getting an acceptable bill to the President is the controversy and complications surrounding the mental health parity provision. The business community is absolutely beside themselves in opposition. However, remarkably, rumors persist that something more significant than a commission may still emerge. (Because our position is supporting the passed amendment, we are going to hold back as long as possible before becoming at all engaged on this issue.)

There are a host of important, but second tier issues that Nancy Ann, Jen and I have reviewed. They range from the treatment of private long-term insurance standards, to Medicare fraud and abuse provisions, to administrative simplification, to Medicare Medigap duplication issues, etc. We have completed a 30-plus page side-by-side that we are using for our discussions with the Hill. (If you are interested in seeing it, please call and we would be happy to get it over to you.)

Second, on Wednesday, the Republicans released what they purported to be the bipartisan NGA Welfare and Medicaid agreement. The Medicaid agreement seems to be a classic Howard Cohen (Republican Commerce Committee staffer) special. It is extremely complicated and creative, but in the end extremely flawed.

Attached are two "one-pagers" on the Republicans Medicaid bill that was just unveiled. The first focuses on the Republican plan from the perspective of the Administration. The second illustrates why the Republican plan does not reflect the bipartisan NGA agreement (as the Republicans have claimed) and helps explain why the Democratic Governors are so opposed to it. (The Dem. Governors may send a Welfare/Medicaid letter to the Congress as early as today to raise their serious objections, particularly focusing on Medicaid; the other option they may be considering waiting for a formal reply right after their meeting next week with the President.)

Also attached is a just completed, more detailed, HHS analysis of the major shortcomings of the Republican bill. Without restating the enclosed, we feel very comfortable describing their newest offering as a poorly disguised block grant that undermines the guarantee of meaningful coverage for Medicaid's 36 million recipients

Third and finally, we have just updated our health care issue brief for the President. Since the perception sometimes is that nothing other than our failed attempt in health care has occurred under the President's watch, the information contained is helpful in countering that impression. We thought you might like to have on hand to use in speeches or to give to people who may be interested in having on hand. We hope you find this to be helpful.

REPUBLICANS STILL INSIST ON ENDING THE MEDICAID GUARANTEE
May 24, 1996

THEY ARE STILL INSISTING ON A BLOCK GRANT FORMULA THAT THE GOVERNORS HAVE ALREADY REJECTED. *The Federal–State partnership is severed. The Republican proposal does not meet the Governors' principle that funding must automatically adjust for all changes in enrollment.* Under the Republican proposal, fully 97% of Federal Medicaid spending is a block grant. The remaining 3% is dedicated to an umbrella fund posing as protection for States with high enrollment growth. However, this umbrella is full of holes because it is difficult to access and provides only a one–time payment for population increases, not sustained support for States with higher than expected enrollment.

MEDICAID CUTS COULD STILL TOTAL $265 BILLION. While the Republicans cut Federal Medicaid spending by $72 billion, the total Medicaid cuts could still reach $265 billion over 6 years if States spend only the minimum required to receive their full grant allocation. This is because the Republican proposal reduces State matching requirements.

MEDICAID GUARANTEE TO MEANINGFUL BENEFITS NO LONGER SECURE FOR MILLIONS OF CHILDREN, PEOPLE WITH DISABILITIES, AND OLDER AMERICANS. The Republican Medicaid plan still undermines the guarantee to meaningful health benefits. With total cuts reaching up to $265 billion, States could be forced to deny health benefits to millions of children, people with disabilities, and older Americans, putting millions of middle class families at risk of paying for health care for their parents, children or family members with disabilities.

- **Children.** Deep total cuts in Medicaid would put severe financial pressure on States to reduce health benefits for many of the 18 million children who currently receive Medicaid. In addition, the Republican proposal would deny the guarantee of coverage for 2.5 million children aged 13–18.

- **People with Disabilities.** The Republican plan still jeopardizes the Medicaid guarantee for the over 6 million people with disabilities who currently receive Medicaid by allowing States the option to define who meets the disability criteria. Their excessive Medicaid cuts may force States to restrict the scope of eligible disabilities, or cut back on benefits.

- **Older Americans.** Many of the Medicaid benefits critical to older Americans and people with disabilities are optional — including prescription drugs, home and community–based care, and assistive devices such as wheelchairs and communication devices — and cuts reaching up to $265 billion could force States to cut back on these optional benefits.

THE GUARANTEE OF FINANCIAL PROTECTION FOR THE MIDDLE CLASS IS ENDED. Under the Republican bill, current law protections for Medicaid beneficiaries who own homes appears to be eliminated. As such, States may have the option to treat homes as assets, which would result in ineligibility for nursing home coverage. The only way to then obtain coverage could be to sell the home or family farm as an asset and spend down until the beneficiary met the State–defined resource threshold. In addition, States and providers will face overwhelming financial incentives to shift long–term care costs to patients and their families. Since Federal protections against excessive cost–sharing requirements are eliminated, many patients and their families will pay more for less.

THE REPUBLICAN MEDICAID BILL MIRRORS VETOED BLOCK GRANT -- NOT BIPARTISAN NGA AGREEMENT.

May 24, 1996

THE REPUBLICANS' FINANCING PROPOSAL — CENTRAL TO MEDICAID REFORM — IGNORES THE GOVERNORS' RECOMMENDATIONS. Unanimously, the Nation's Governors agreed to a financing formula that increases Federal funding when caseload and inflation increase. *The Republican bill's financing formula does not meet this principle.*

- **It is still a block grant.** The Federal-State partnership in financing Medicaid is severed. Under the Republican bill, fully 97 percent of Federal Medicaid spending is block granted. The Federal spending formula is permanently set in legislation so that if States experience a recession or a period of inflation, they are virtually unprotected.

- **Funding does not follow the people.** There is no component of the block grant that adjusts for caseload increases. Without incorporating caseload increases, funding will not keep pace with the caseload, possibly forcing States to deny health benefits to millions of children, people with disabilities, and older Americans.

- **The "umbrella" is full of holes.** Although 97 percent of Federal Medicaid spending is fixed in the block grant, there is a small "umbrella" fund that is supposed to protect states with high enrollment growth. However, this "umbrella" fund is full of holes because it is difficult to access and provides only a one-time payment for population increases, not sustained support for States with higher than expected enrollment.

THE REPUBLICAN BILL GOES BACK TO A MEANINGLESS BENEFITS PACKAGE. The NGA proposal moved towards standards for the amount, scope, duration, and benefits.

- **The Republican bill moves away from the NGA acknowledgement of the need for benefits standards.** Without standards, there is no such thing as meaningful benefits or a guarantee of coverage. For example, "coverage" of inpatient hospital care could consist of one day a year.

THE REPUBLICAN BILL ENDS A GUARANTEE OF FINANCIAL PROTECTION FOR MIDDLE CLASS FAMILIES. The NGA proposal did not remove protections against excessive cost sharing requirements for Medicaid beneficiaries.

- **The Republicans will force families to pay more for less.** The Republican bill removes current protections against excessive cost sharing requirements — although the NGA proposal did not endorse this. Since total Medicaid spending will be cut by $265 billion over six years under this proposal, providers will face overwhelming financial incentives to shift long-term care costs to patients and their families.

VACCINES FOR CHILDREN PROGRAM (VFC) IS ELIMINATED. The NGA proposal did not recommend that the Vaccines for Children program be repealed.

- **Children would suffer without adequate vaccinations.** The Republican bill ends the Vaccine for Children program and lets States establish their own vaccinations programs. Repeal of VFC funding will reduce the number of children immunized.

DRAFT

THE REPUBLICAN BILL STILL FAILS TO MEET THE PRESIDENT'S BASIC PRINCIPLES FOR MEDICAID REFORM

The Republican bill still fails to meet many of the President's basic principles for Medicaid reform.

These principles include:

- A real, enforceable guarantee of coverage for a defined benefit package
- Appropriate federal and state financing
- Beneficiary protections through quality standards and accountability

THE REAL GUARANTEE OF COVERAGE

Any "guarantee" of Medicaid coverage has three critical components: 1) eligibility, 2) benefits, and 3) enforcement. Without any one of these necessary elements, there is no true guarantee of coverage. The Republican bill has significant problems in all three areas of the coverage guarantee.

Eligibility

While the Administration proposal maintains all current law mandatory and optional eligibility groups, the House Commerce Republican bill would alter eligibility criteria thereby eliminating the guarantee of coverage for some groups. The bill:

- **repeals the phase-in of Medicaid coverage for children ages 13-18 in families with income below the Federal poverty level.**
- **offers each state the option of using either: 1)the federal definition of disability, or 2) its own definition of disability.** This could result in fifty separate state definitions, instead of the one in current policy. State definitions of disability could eliminate coverage for disabled people who have more specific and complicated needs for Medicaid; or states could redefine disability to shift costs to the federal government.
- **permits additional eligibility limitations based on age, residence, and employment or immigration status.**
- **eliminates the guarantee of medical assistance for individuals losing cash assistance due to time limits or other provisions in welfare reform.**
- **lets states define what constitutes income and resources.** If income and resource tests are more restrictive than current law, then a large number of current beneficiaries could lose their eligibility for Medicaid.

Benefits

While the Administration proposal would maintain all current law mandatory and optional services, the Republican bill could lead to drastically scaled-back and inadequate benefits packages.

- **The bill gives states complete flexibility to define the adequacy of required benefits (the "amount, duration, and scope" of benefits).** The Secretary does not have clear authority to affect states' decisions regarding amount, duration, and scope. As a result, states could restrict benefits drastically, thereby further undermining the guarantee to coverage.

- **Statewideness requirements would be eliminated.** States could arbitrarily offer different coverage and benefits packages in different parts of the state. This could also result in loss of coverage for certain special populations that tend to live in specific areas.

- **Comparability requirements would be eliminated.** States could reduce benefits for certain populations (such as HIV positive beneficiaries).

- **"Treatment" under EPSDT is severely curtailed and requires treatment only for dental, hearing and vision services.** Treatment is not required for other services, illnesses or conditions discovered by health screens and exams. This means that children diagnosed with certain medical conditions may go untreated. Under current law, children diagnosed (in an EPSDT screening) with medical conditions must be treated.

- **Federally Qualified Health Center (FQHC) and Rural Health Clinic (RHC) services are mandatory services only for the first eight quarters after the program is enacted in a state.** After that time, they are optional services. (Note that in the Spring overview document, they are listed as guaranteed services.)

- **The Vaccines for Children Program is repealed,** and states are given flexibility to set their own vaccination schedules.

- **Federal funding for abortion services is limited to instances of rape, incest, or where the life of the mother is in jeopardy.**

- **Family planning services are limited to "pre-pregnancy" family planning services only.** States would be able to determine which family planning methods would be available.

Enforcement

A real guarantee of health coverage must include an adequate enforcement mechanism. The Administration proposal maintains the right of beneficiaries to enforce their federal program benefits in federal courts, assuring that Medicaid recipients have the same due process rights everywhere in the United States. However, the Republican bill has serious weaknesses when it comes to enforcing the rights of Medicaid beneficiaries.

- **The Republican bill removes the right of beneficiaries to sue in federal courts.** No federal right of action means there are no guaranteed enforceable federal benefits for individuals.

- Without federal court rulings, Medicaid law may not have consistent interpretations across the nation.

- Medicaid would become the sole federal statute conferring benefits on individuals with no possibility of federal enforcement for its intended beneficiaries.

FINANCING

The Administration proposal protects States from enrollment increases due to economic downturns, and from demographic changes by maintaining the shared federal-state financial responsibility through a per capita cap. The Republican bill does not guarantee funding for all new enrollees.

The funding formula in the Republican bill has been seen before: it's the basic Medigrant II. It's a funding stream and allocation across states with essentially the same component parts defined by the same formulas and legislative language in earlier Republican bills. Now the block grant is embellished by a limited umbrella fund. About 97% of funds flow through the Medigrant II block grant. About 3 percent is attributable to the new umbrella fund.

The funding provides very limited risk protection for enrollment growth.

- **Funding growth is not linked to comparisons between actual and projected enrollment, and the umbrella provides *one time only* adjustments that do not carry forward to subsequent years.** This is not the kind of protection to be expected from a true federal-state partnership. Instead, like earlier Republican plans, it limits federal responsibility and shifts the fiscal burden to the states. The calculations associated with access to the umbrella mechanism limit access to the fund and treat states unevenly.

- **The Republican funding scheme clearly restructures the dynamics of the Medicaid program.** States will always be faced with poor and sick populations. Without a guarantee of federal funding to support meeting the needs of those populations, it will be left to the states to balance revenue against societal needs--they will be forced to either raise taxes or reduce services. These dynamics clearly undermine the concept of "guaranteed" coverage of defined populations with a meaningful benefit package.

- **The Republican bill would repeal the limitations placed on provider taxes and donations schemes.** When states had unlimited use of such financing mechanisms in the late 1980's and early 1990's, Medicaid spending growth reached almost 30 percent annually. Once bipartisan legislation limited these schemes, Medicaid spending growth fell substantially -- to about 10 percent a year.

- **The Republican bill would change the minimum Federal Matching Assistance Percentage (FMAP) from 50 percent to 60 percent.** This change would allow many states to significantly decrease the state contribution and increase federal dollars spent on Medicaid. Given the block grant structure of the financing proposal, this change would shift funding from poorer states with higher current FMAPs to the 23 wealthier states that currently have 50 percent FMAPs.

PROTECTIONS FOR BENEFICIARIES AND TAXPAYERS

The Administration proposal maintains a variety of current law quality protections including managed care plans, and also contains financial protections for the family members of nursing home residents.

The Republican bill would either eliminate or reduce at least the following long-standing provisions that ensure quality and protect the family members of beneficiaries.

- **The bill repeals title XIX and replaces it with a new title.** This change seriously compromises the existing framework of quality standards, beneficiary and family financial protections, and program accountability by eliminating numerous provisions that protect beneficiaries, providers, and states.

- **There is no mention of quality standards for managed care plans.** Given that almost one-third of Medicaid beneficiaries are now in managed care, managed care quality provisions are essential to protect the health of millions of people.

- **The Republican bill contains no standards for cost sharing other than some limits related to primary and preventive care for children and pregnant women.** Beneficiaries and their families who are protected by current law against excessive cost sharing could face new obligations to pay for their care or that of a family member. Without cost sharing standards, benefit packages could be essentially meaningless for other services for children and pregnant women, and for all services for the elderly and disabled.

- **Under the Republican bill, adult children could be required to pay for hospital care, physicians services, or any other service (except long term care) for their parents on Medicaid.**

- **The prohibition in current law against balance billing by providers for amounts above the Medicaid rate would be repealed for most services.** Although the Republican bill retains a nominal prohibition on balance billing by nursing homes, this could be easily circumvented by redefining what is covered as "nursing home services." Because states have complete flexibility to define benefit levels (amount, duration, and scope), elements of care now in the basic benefit, the cost of which is in the basic rate and not subject to balance billing, could become the responsibility of the patient.

- **The Republican bill would allow states to review asset transfers as far back as they would like in determining eligibility for Medicaid.** Currently, the look back period is 36 months. In addition, states could broaden the scope of the penalty (now limited to denial of certain long term care benefits) to any or all benefits. Implementation of such an approach could seriously limit eligibility for Medicaid, even in those instances where assets were transferred years in advance of application for Medicaid, or were not transferred for the purpose of gaining eligibility.

- **The bill replaces current law with complete flexibility regarding recoveries from estates of deceased beneficiaries.** Assets, including the home, needed by survivors could be at risk of being claimed by the state.

- **Under the Republican bill, states would have both a financial incentive and the opportunity to receive federal matching payments for the costs of services that are currently supported with state funds only (e.g., state psychiatric hospitals).** This cost shift is possible because states would have flexibility in defining eligibility (e.g., for the disabled), and benefit levels (amount, duration, and scope), and the elimination of the IMD exclusion.

MEMORANDUM

June 3, 1996

TO: Distribution

FR: Chris Jennings

RE: Medicare Trust Fund Information

Attached are the following documents:

1) Medicare Trust Fund Talking Points

2) CBO report on the impact of Administration's budget proposal on the HI Trust Fund

3) Talking Points on the Home Health Trust Fund

4) General Medicare Talking Points

5) Key Republican Quotes on Medicare

6) Statement by Laura D'Andrea Tyson on Republican Medicare Cuts

We hope this information is useful. Please feel free to call me at 6-5560 with any questions or comments

MEDICARE TRUST FUND TALKING POINTS

June 3, 1996

UPCOMING MEDICARE TRUSTEES' REPORT CAN ONLY CONFIRM WHAT WE ALREADY KNOW — REPUBLICANS SHOULD ACCEPT PRESIDENT CLINTON'S CALL TO BALANCE THE BUDGET AND STRENGTHEN THE MEDICARE TRUST FUND.

- As CBO said in its April 30th Hill testimony, "*... the projected date of insolvency should be viewed not as telling us something new, but confirming what we already know.*"

WE WELCOME REPUBLICANS' CONCERN ABOUT THE TRUST FUND, BUT LONG BEFORE THEY STARTED TALKING ABOUT THE PROBLEM, THE PRESIDENT WAS ACTING TO ADDRESS IT.

- The President's 1993 Economic Plan extended the life of the Trust Fund by *3 years* -- *without a single Republican vote.*

- The President's Health Care Reform Plan would have extended the life of the Trust Fund by *another 5 years.*

THE PRESIDENT'S BALANCED BUDGET GUARANTEES THE LIFE OF THE TRUST FUND FOR A DECADE -- THE SAME AS THE SENATE REPUBLICAN BUDGET

- In a May 9th letter, June O'Neill states that "CBO estimates that the Administration's proposals would postpone [the insolvency] date to 2005."

ACTION IS NEEDED -- BUT THE ONLY CAUSE FOR ALARM IS THE REPUBLICANS' REFUSAL TO MEET WITH THE PRESIDENT ON BUDGET AND MEDICARE ISSUES.

- **The need for responsible intervention in improve the Trust Fund is real.** The President's plan addresses this need in a responsible way, without imposing devastating provider cuts, increasing beneficiary costs, or enacting structural changes that hurt the program and the people it serves.

- **Over $125 billion remains in the Trust Fund.** While incoming revenues are somewhat less than outgoing payments, the current balance in the Trust Fund means that there is absolutely no danger that claims will not be paid.

- **Reports should not be used irresponsibly.** The upcoming Trust Fund report should not be used to recklessly frighten the 37 million Medicare beneficiaries and their families into thinking that their benefits are in imminent danger. They simply are not.

IT IS TIME TO PUT PARTISAN DIFFERENCES ASIDE AND AGREE ON THE COMMON MEDICARE SAVINGS BOTH REPUBLICAN AND DEMOCRATIC PROPOSALS HAVE.

- We have tens of billions of dollars in common Medicare savings that we could agree on tomorrow to strengthen the Trust Fund. All the Republicans need do is set aside their structural changes that would segment the wealthy and healthy from other beneficiaries and cause Medicare to *"whither on the vine."* (E.G., the Republican Medical Savings Account would actually weaken the Medicare Trust Fund, as it would cost $4 billion.)

CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

June E. O'Neill
Director

May 9, 1996

Honorable J. James Exon
Ranking Minority Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Senator:

At your request, the Congressional Budget Office (CBO) has examined the effects of the Administration's budgetary proposals on the Hospital Insurance (HI) trust fund. Under current law, the HI trust find is projected to become insolvent in 2001. CBO estimates that the Administration's proposals would postpone this date to 2005.

Sincerely,

June E. O'Neill

June E. O'Neill

cc: Honorable Pete V. Domenici
Chairman

THE HOME HEALTH TRANSFER AND THE MEDICARE TRUST FUND: THE FACTS

June 3, 1996

DRAFT

FALSE CLAIM: *Without its home health transfer gimmick, the President's budget only extends the life of the Trust Fund by one year.*

THE FACTS: **Not True.**

1. **The President's balanced budget guarantees the life of the Medicare Trust Fund for a decade -- the same as the Senate Republican budget.** The Congressional Budget Office projects that the President's Medicare reforms would extend the life of the Medicare Trust Fund to 2005. The reforms build on the President's 1993 deficit reduction plan, which extended the life of the Trust Fund by 3 years -- *without a single Republican vote.*

2. **The President's budget strengthens the Trust Fund by:**

   a. **Reducing provider payments; and**

   b. **Restoring the pre-1980 law on Part A home health benefits -- This is NOT a gimmick:**

   - Prior to 1980, home health care services unrelated to hospital stays were not financed by the Hospital Insurance (Part A) Program. Only the first 100 home visits after a three-day hospital stay were financed under Part A. All other visits were financed by Part B. This is because Medicare Part A was intended to finance costs related to hospital stays.
   - In 1980, the law was changed and nearly all home health costs were shifted to Part A.
   - The President's proposal simply restores the pre-1980 law because home health care expenditures unrelated to hospital stays should not be financed by the Part A Trust Fund. Shifting home health spending unrelated to hospitalization back to the Part B programs helps extend the life of the Medicare Part A Trust Fund. (This shift will not affect the Part B premiums, coinsurance or deductibles.)

3. **REPUBLICANS ARE BEING HYPOCRITICAL: The 1995 House Republican budget also shifted some home health costs from Part A to Part B.** The House-passed Republican reconciliation bill also transferred certain home health care expenditures from Part A to Part B -- similar to the proposal in the President's balanced budget. *So if Republicans say it's a gimmick, it's a gimmick every Republican in the House voted for.*

4. **President Clinton's budget extends the life of the Trust Fund as long as the Senate Republican budget, but without their $167 billion Medicare cut and without their damaging structural changes.** The President's balanced budget proves the Republican $167 billion Medicare cut and damaging structural changes are not necessary to balance the budget and strengthen the Trust Fund for a decade.

REPUBLICAN BUDGET STILL THREATENS MEDICARE

June 3, 1996

*"No, we don't get rid of it in round one because we don't think it's politically smart....
But we believe it's going to wither on the vine"* — Newt Gingrich, 10/24/95

EPUBLICANS STILL INSIST ON EXCESSIVE MEDICARE CUTS THAT WOULD MOVE IEDICARE TOWARD SECOND CLASS HEALTH CARE. The Republican budget reduces Medicare ɔending by $167 billion — $51 billion or 44% more than CBO scored the President's balanced budget. They ɔuld use savings from cutting corporate subsidies and closing tax loopholes to reduce their Medicare cuts — but ıstead they use these savings to fund capital gains and other tax cuts for the wealthy.

/HILE HOUSE REPUBLICANS HAVE FINALLY AGREED NOT TO RAISE MEDICARE REMIUMS, THEY HAVE NOT LOWERED THEIR TOTAL CUTS. Rather than raising costs on eneficiaries directly they now do it indirectly through even deeper cuts in payments to the hospitals and home ealth providers that serve beneficiaries, jeopardizing quality and access to health services.

Extreme Cuts Threaten Viability of Many Hospitals. Their $167 billion cut could mean hospitals get lower payments tomorrow than today — even in nominal terms — and will result in cost-shifting, undermine quality, and threaten the financial viability of many rural and urban hospitals. According to the American Hospital Association, nearly 700 hospitals derive *two-thirds or more* of net patient revenues from Medicare & Medicaid.

American Hospital Association and National Association of Children's Hospitals are "gravely concerned about the level of reductions proposed" by Republicans in Medicare and Medicaid. [May 10, 1996 letter to Chairmen Roth, Archer, and Bliley from ten hospital associations.]

IORE THAN DOLLARS ARE AT STAKE — THEIR DAMAGING STRUCTURAL CHANGES /OULD FORCE MEDICARE TO "WITHER ON THE VINE." The Republican budget still contains the ımaging structural changes that President Clinton vetoed last year. These changes would segment the Medicare ɔpulation, leaving the traditional program with fewer dollars and sicker beneficiaries.

MEDICAL SAVINGS ACCOUNTS (MSAs). Republicans insist on the immediate adoption of untested changes to the Medicare program, such as MSAs, that appeal to the healthiest and wealthiest beneficiaries, leaving the sickest and most costly beneficiaries in a weakened fee-for-service program. CBO projects that MSAs will *increase* Medicare costs by more than $4 billion over seven years.

> *New York Times* [11/18/95]: "A hallmark of the [Republican] Medicare legislation is the encouragement of private health plans....But many experts fear a balkanization of healthy and sick....If some experts worry that managed care plans would skim healthy recipients from the conventional Medicare program, many of the large plans are *concerned that the healthy would be skimmed from them by medical savings accounts.*"

OVER-CHARGING IN PRIVATE PLANS. Republican proposals permit physicians to charge beneficiaries extra — through "balance billing" — in private Medicare plans, increasing out-of-pocket costs for beneficiaries and slowly draining the fee-for-service system of both doctors and dollars.

HARD SPENDING CAP. Republicans impose a hard cap on Medicare spending. If costs increase faster than projected, spending would no longer keep up — leading to cuts exceeding $167 billion.

> *Wall Street Journal:* "Republicans also would apply a cap to these services. If health-care costs rose faster than the GOP budget allots, doctors, hospitals and other providers would have to absorb the losses. *That, in turn, could come back to bite the beneficiaries.*" [12/27/95]

PRESIDENT CLINTON'S BUDGET SHOWS THAT THEIR DEEP CUTS AND DAMAGING STRUCTURAL CHANGES ARE NOT NECESSARY TO BALANCE THE BUDGET AND GUARANTEE THE LIFE OF THE MEDICARE TRUST FUND FOR 10 YEARS.

KEY REPUBLICAN QUOTES ON MEDICARE

Senator Bob Dole: "I was there, fighting the fight, one of twelve, voting against Medicare in 1965 ... because we knew it wouldn't work."

American Conservative Union Speech
10/24/95

Speaker Newt Gingrich: "No, we don't get rid of it in round one because we don't think it's politically smart..... But we believe it's going to wither on the vine."

Blue Cross/Blue Shield Association Speech
10/24/95

Senator D'Amato: "If I had my druthers ... I would have said to my distinguished colleagues, both in the House and in the Senate, 'Don't link this business of tax cuts with fixing this badly flawed system. Put it aside.

Senate Finance Committee
09/26/95

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 2, 1996

STATEMENT BY DR. LAURA D'ANDREA TYSON
NATIONAL ECONOMIC ADVISER

Rather than joining President Clinton in passing common savings in Medicare to strengthen the Trust Fund and balance the budget, Speaker Gingrich has chosen to reargue and defend the extreme Medicare cuts and policies in the Republican Reconciliation bill that President Clinton already vetoed and the American people soundly rejected.

Speaker Gingrich should drop the political attacks and look at the facts. He should go back and listen to the many voices that agree that the Republican Medicare cuts and damaging structural changes would -- in his own words -- cause Medicare to "whither on the vine:"

- "We think that cuts of this magnitude call into question our ability to provide the world class medical care." [American Academy of Physicians, October 5, 1995]

- "This legislation...is not in the best interest of patients, communities, and the men and women who care for them. ...the reductions in the conference report will jeopardize the ability of hospitals and health systems to deliver quality care, not just to those who rely on Medicare and Medicaid, but to all Americans." [America Hospital Association, Catholic Health Association, and Voluntary Hospitals of America, and State Hospital Associations from 47 states, November 17, 1995]

- "Four hundred billion dollars in cuts from these two major health care programs that serve older and low-income Americans do not meet the fairness test. Reductions in Medicare called for in the conference report are much more than is necessary to keep the program solvent into the next decade." [American Association of Retired Persons (AARP), November 16, 1995.]

Even under the current Republican plan, Medicare spending would still be cut by $167 billion -- $51 billion or 44% more than CBO scored the President's balanced budget. Their new plan maintains the damaging structural changes in their reconciliation bill that would segment the Medicare population and leave the traditional program with fewer dollars and a sicker pool of beneficiaries.

- "It's impact on hospitals appears worse. ...We are gravely concerned about the level of reductions proposed" by Republicans in Medicare and Medicaid. [American Hospital Association, Federation of American Health Systems, Catholic Health Association, and 7 other national hospital associations, May 10, 1996.]

-30-30-30-

Document No. 10575

WHITE HOUSE STAFFING MEMORANDUM

DATE: May 14 ACTION/CONCURRENCE/COMMENT DUE BY: May 15

SUBJECT: Shalala Health Care proposal for young adult

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓		McCURRY		
PANETTA	✓		McGINTY		
McLARTY			NASH		
ICKES		✓	QUINN		
LIEBERMAN		✓	RASCO	✓	
RIVLIN	✓		REED		
BAER	✓		SOSNIK		
CURRY			STEPHANOPOULOS	✓	
EMANUEL			STIGLITZ		
GIBBONS			STREETT		
HALE			TYSON	✓	
HERMAN			WALLEY		
HIGGINS		✓	WILLIAMS		
HILLEY	✓		JENNINGS	✓	
KLAIN	✓		J. KLEIN	✓	
LAKE			Angell	✓	
LINDSEY					

REMARKS: Please advise

RESPONSE:

Staff Secretary
Ext. 6-2702

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 8 1996

96 MAY 9 A10:26

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Incremental Health Care Reform -- Covering the Class of '96

Summary

In one of your upcoming commencement speeches, you could call for a voluntary, private sector campaign to address better the health coverage needs of young adults -- who often lose health coverage as dependents when they graduate from college.

Introduction

In the past year, you have effectively focused public and Congressional attention on the need for incremental health care reforms, with the centerpiece being insurance reforms. That effort, coupled with your strong stand in updating and preserving Medicare and Medicaid, is proving successful, and provides a model for future strategies -- a modular approach to health care reform.

We should continue to target our efforts on gaps that occur in the transitions among parts of the health care system -- as individuals move from job to job, as they age from one form of coverage to another, or as the system itself changes. I have been reviewing potential approaches, and one in particular suggests itself for immediate attention. That is to call on employers, insurers, and the National Association of Insurance Commissioners to develop model programs to address coverage needs for young adults.

As you may know, many young adults now lose health insurance coverage as they become independent; such as graduating from college. My own department's General Counsel discovered the problem first-hand shortly after her son's graduation. When her son went in to fill a prescription last June, he was informed that he was no longer covered by the family's health insurance policy, and his mother, while surprised, immediately took action to purchase supplemental insurance. Just weeks later, a serious bicycle accident put him in the hospital for two different surgical operations -- which would have cost the family thousands of dollars if he had not discovered that he was uninsured because of his college graduation.

Calling on insurance companies to design policies to address this gap in coverage would have special appeal to two important groups: young adults age 18-24, who either don't have health insurance or are realizing its cost for the first time, and their parents, who are increasingly concerned about their children's safe transition to independence. And it gives you the

opportunity to simultaneously address the high-profile issues of health care, corporate responsibility, and the government's role in supporting families, through a voluntary, non-regulatory approach.

The proposal could be announced in one of your upcoming commencement speeches, which would guarantee you a supportive audience and a visible platform. It could also be followed by a meeting with insurers, interviews with college newspapers, specialty press outreach to target media like MTV, and visits to college campuses this fall.

Background

Young adults are the population most likely to be uninsured: 27 percent of 18-24 year olds are uninsured, compared with 15 percent of the population as a whole. Health insurance gaps are the norm as these individuals make a transition from coverage as dependents to coverage in the work force.

In general, children are considered dependents through age 18-21, depending on state law. Full-time students are covered generally through age 22 or 23. Many states provide for a continuation of coverage option when dependency status ceases; certain provisions in the insurance reforms recently passed by the House and Senate, if enacted, will provide for the availability of individual policies for such individuals.

Proposal

You would call on employers and insurers, working with the National Association of Insurance Commissioners (NAIC), to create a campaign to better address the coverage needs of this population. The campaign would include:

- model family health insurance program(s) for states, with a uniform extended age through which young adults would be able to be carried as dependents;

- an educational campaign on the purchase of health insurance for young adults.

I have talked informally with some major insurers about this proposal. If you are interested in pursuing this matter, I will follow-up with more detailed discussions with the key parties to set the stage for an announcement during the spring graduation season.

Donna E. Shalala