File – Medicare JUL 12 1996

MEMORANDUM

TO: Carol Rasco
Laura Tyson

FROM: Chris Jennings

DATE: July 10, 1996

SUBJ: Proposed Position on Establishing a Medicare Commission

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Gene suggested that we circulate a proposed response to inquiries about the President's position on establishing a Commission to study the Medicare Trust Fund. We have received a number of inquires and, although Mike McCurry and others commented favorably on the Medicare Trustee's recommendation to establish a bipartisan advisory group, the President has not yet specifically addressed this issue.

As you will note, the attached has the President generally supporting the concept of a Commission, or an advisory group, but attempts to quickly refocus the discussion on the need to enact common savings and policy changes to address the Medicare Trust Fund's short-term financing problems.

Please review and call with any comments. Thanks!

cc: Gene Sperling
Nancy-Ann Min
John Angel
Martha Foley
Jack Ebler
Glen Rosselli

TALKING POINTS ON ESTABLISHING A MEDICARE COMMISSION

In their 1996 annual report, the Board of Trustees recommended the establishment of a national advisory group to help develop recommendations to address the long-term challenges that face the Medicare Trust Fund. I believe this is a reasonable recommendation that deserves serious consideration. [Your proposal to establish a Commission appears to be largely consistent with the Trustees' recommendation and is a constructive contribution to the debate on the practical design of the concept].* However, I believe that we should not let the concept of an advisory group divert our attention from the need to take prompt action on the common savings and policy proposals that Republicans and Democrats previously supported to address the Medicare Trus Fund's short-term financing challenges. While we should seriously consider the design and structure of an advisory group, we cannot let that need distract us from working to extend the life of the Trust Fund to 2006.

*For those asking us to comment on a specific proposal (e.g., AHA, Congressman English, etc.)

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

17-Jun-1996 03:33pm

TO: Jennifer Palmieri

FROM: Carol H. Rasco
Domestic Policy Council

CC: Jeremy D. Benami
CC: Molly Brostrom
CC: Elizabeth E. Drye
CC: Carol H. Rasco for files

SUBJECT: Medicare/VA and DoD

At the recent Veteran's Roundtable held by the Presidnet the issue of Medicare Subvention was discussed at some length. As it concluded the President asked Hershel Gober of VA to follow up. I have also seen a draft memo that Alice Rivlin sent to Leon on this matter after the roundtable.

My staff who did the staffing work for the roundtable is trying to make sure all unresolved issues from the roundtable are moving ahead. Before we work with the involved agencies on this (VA, DoD, HHS, OMB) I need to know if Leon as a result of the memo has anyone outside DPC working on this or does he want DPC to bring the parties together and bring closure to the matter?

Thank you.

Herschel Cober

- Deputy Secy
- friend of FOTUS

E X E C U T I V E O F F I C E O F T H E P R E S I D E
N T E X E C U T I V E O F F I C E O F T H E P R E S I D E
N T

16-Jun-1996 06:17pm

TO: Carol H. Rasco

FROM: Molly Brostrom
Domestic Policy Council

CC: Jeremy D. Benami
CC: Elizabeth E. Drye

SUBJECT: Medicare Subvention

Medicare Subvention

At last week's staff meeting, I mentioned that one on the issues I am working on is follow up to the President's comments on Medicare subvention during the veterans' roundtable a couple weeks ago. Things are sort of slowly moving on a couple tracks, but Jeremy and I believe that a meeting with the involved parties (OMB, HCFA, VA and DoD) is necessary to bring this to resolution. Following is an update on the issue. After reading, please let us know whether you think your calling such a meeting would be helpful.

Background

-VA and DoD, and their respective constituencies, have been interested in being able to be reimbursed by Medicare for care provided to Medicare-eligibles in their facilities.

-As part of last year's REGO II announcement, a pilot is currently being developed by OMB, HCFA, and VA for VA. This has been in development for about a year; a recommendation is expected shortly, with the hopes of sending legislation to the Hill by the end of the summer/early fall.

-On the DoD side, however, for unclear reasons, the process of developing a pilot project has been stymied (OMB says that DoD has been unwilling to go through the "process" of developing one; DoD says that HCFA has been reluctant...). The development of a DoD pilot project has reportedly begun, but according to OMB, it will take about 6 months to develop.

-If you're like Jeremy, you're saying what "issues", why so long? OMB is assuming that legislation is necessary to launch a subvention pilot: Section 1814 C of the Social Security Act prohibits VA and DoD from receiving Medicare reimbursement. With legislation, comes CBO scoring and they have scored similar pilots at around $200 million a year. Concerns about potential impact to the Medicare Trust Fund are of course very high right

now.

-But there is demonstration authority. I have heard that HCFA's initial legal read was that such a pilot wasn't possible under this authority. It seems to need further probing.

Veterans Roundtable

-Meanwhile, at the Veterans Roundtable on June 3, the President was asked by General Pennington of the National Association of Uniformed Services why HCFA refuses to work with DoD to set up a pilot for DoD? The question reveals that whatever process DoD is reportedly working with OMB and HCFA on is not sufficient/timely enough for them and they are not telling their groups that a process is underway. Despite my having told the President in the

briefing that a process was underway, he chose to agree with Pennington, and said that he realized that he needed to make it happen.

-Since the roundtable:

-Alice Rivlin has sent Leon a memo outlining the issue as they see it, and recommending that the Administration propose legislation shortly for the VA demo, and directing DoD and HCFA to expedite their work toward submitting demo legislation in the fall.

-Hershel Gober, who the President reportedly asked to follow up on this issue when they were leaving the roundtable, has been trying to talk with Leon about it. (If you do call a meeting, you could call it jointly with Hershel if you'd like.)

Potential Meeting

The questions that need to be pursued:

-Can we do this without legislation? -- i.e. probe the demonstration authority further.

-If not, can we get DoD on board with an expedited process and "sell" that to the military retiree groups as adequate response by the President to his commitment to get it moving?

-How sound are the rumors that Sen. Gramm may introduce his own subvention proposal?

I'm not sure if or when Leon will respond to the OMB memo -- but I think what we can't let this issue fester out there too long without a coordinated response (OMB isn't sharing much of their thinking with others, particularly DoD and VA, on this).

I will send you a copy of the transcript and Alice's memo to Panetta. Please Advise.

Eliz –

A memory "refresher" you may not want. Else don't share. Call when you've had a chance to read.

thanks - Molly

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 13, 1996

DRAFT

MEMORANDUM TO THE CHIEF OF STAFF

FROM: Alice M. Rivlin

RE: "Medicare Subvention"--Proposals from DOD and VA to Obtain Medicare Reimbursement for Services Provided at Their Facilities

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I understand that the subject of "Medicare subvention" came up at a recent veterans' roundtable in which the President participated. Medicare subvention means allowing DOD and VA to obtain Medicare reimbursement for services provided at their hospitals for DOD and VA beneficiaries who are also Medicare eligible. As with so many issues involving Medicare, this one is far more complicated than it may at first appear. The attached paper discusses what we have done with VA and DOD to develop demonstrations of Medicare subvention, the potential costs to the Medicare trust fund and scoring issues, and some options for moving forward.

The Problem: Although it might at first appear that a VA or DOD demonstration of Medicare subvention would be budget neutral because Medicare is already paying for these beneficiaries, both we and CBO believe that subvention could be costly. CBO has estimated the costs of a DOD demonstration at $1.5 billion over six years and full-scale DOD implementation at $18 billion over 7 years. CBO has not formally scored a VA demonstration, but based on their reasoning in estimating the DOD policy, we expect they would score substantial costs from a VA demonstration as well.

A demonstration would be budget neutral if VA/DOD reimbursed the Medicare trust fund for the additional costs incurred by the fund and did not spend more on these patients than they would have spent before the subvention. CBO scores this policy as a cost to Medicare because (1) no one knows how much DOD and VA currently spend on their Medicare beneficiaries (so there is no baseline), and (2) CBO believes both agencies have a strong incentive to shift costs from their discretionary budgets to the Medicare trust fund.

CBO's cost estimate creates two problems. First, it indicates that CBO (and probably the HCFA actuaries, the official arbiters of Medicare trust fund solvency issues) believes that

this policy will cost Medicare money, and thus potentially move forward the date of HI trust fund insolvency from 2001. Second, it means that the Administration and/or Congress will have to figure out a way to meet PAYGO requirements.

We have been working for the past few months with VA and DOD to try to solve both problems by designing budget-neutral demonstrations. Unfortunately, however, completing the design (and presenting the arguments about why it is budget neutral to CBO) would take another month for VA and six months for DOD. Moreover, making decisions about the design of the demonstrations that are driven by the desire to get CBO to score them as budget neutral may force other design choices that would be unpopular or unwise. For example, if we wanted to make sure that CBO would score the VA demonstration as budget neutral, we might have to limit the benefit package for veterans in the demonstration to the Medicare benefits package, instead of the richer VA benefits package. This would have the effect of discontinuing prescription drug coverage for some veterans who participate in the demonstration, a policy choice we may not want to make.

Recommendation: We recommend that the Administration propose legislation to authorize a VA demonstration. However, we cannot guarantee that CBO will score it as budget neutral. Therefore, we recommend that in transmitting the legislation to the Congress, the Administration should indicate that we intend to offset the cost of the demonstration with a reduction in VA's discretionary budget that would be dedicated to holding the Medicare trust fund harmless. (This would require directed scorekeeping to make it work under PAYGO rules, and VA will not want to pay for this with a reduction in its budget, but we did something similar to this -- with the VA's concurrence in the Health Security Act.)

With respect to DOD, we recommend that the President could direct DOD and HCFA expedite their work toward designing the demonstration and drafting legislation that could be submitted to Congress in the fall. Then we will have to deal with the financing of the DOD demonstration, but offsetting the cost by a reduction in the DOD "topline" seems to us to be appropriate.

MEDICARE SUBVENTION FOR VA AND DOD

Background. Section 1814(c) of the Social Security Act prohibits VA from receiving Medicare reimbursement for services provided to Medicare beneficiaries who are also eligible for VA medical care at VA hospitals and clinics. The same law prohibits DOD from receiving Medicare dollars for services it provides to dual eligibles at military treatment facilities. The rationale for this statute is that VA and DOD facilities are fully funded each year through the appropriations process, and the Federal government/Medicare trust fund should not have to "pay twice" for these beneficiaries.

For several years, the VA and its veterans' service organizations, and--more recently--DOD and its retiree organizations, have sought to change this policy. They view Medicare subvention as a way of attracting more VA and DOD eligibles to their systems and thus increasing the funding and support for their health programs.

This issue arose during the development of the President's health care reform plan, and as a result, the President's bill proposed to change the law and allow both DOD and VA to receive Medicare reimbursements. We dealt with the issue of the additional costs scored by both HCFA and CBO from the Medicare subvention policy by reducing DOD's "topline" and VA's discretionary medical care budget by the amount that it was estimated would be needed to reimburse Medicare for the additional costs. The logic was that DOD and VA were receiving additional mandatory funds from Medicare reimbursements, so their discretionary budgets could be reduced without harm. VA and DOD did not like this, but they accepted it in order to get the policy in the bill.

Agency Activities to Develop Subvention Demonstrations. The Vice President's "REGO II" initiative endorsed the concept of a budget-neutral demonstration of Medicare subvention for VA last summer. Since that time, OMB staff has been working intensively with VA and HCFA staff on designing such a demonstration and they are within a month or so of completing their work.

Work on a demonstration of Medicare subvention for DOD has just begun, but that process has intensified, and staff from OMB, DOD, and HCFA have been meeting for almost twenty hours a week for the last month or so. We are working towards completing the data collection and other work necessary to design a demonstration for DOD by this fall.

VA and DOD have been enthusiastic participants in the demonstration design process, but both agencies would probably prefer to have the Administration seek authorizing legislation for the demonstrations now, rather than waiting until we have obtained CBO's agreement that what we have designed is budget neutral. DOD has argued that we need to either submit our own bill or support Senator Dole's DOD subvention demonstration bill (scored as costing $1.5 billion over six years) now, and similarly, VA has said that, given the discussion at the veterans' roundatable, the Administration should submit legislation now and worry about the costs later.

Potential Costs/Scoring of Medicare Subvention. Proponents of Medicare subvention for VA and DOD argue that Medicare subvention should not cost Medicare anything. They believe that, because Medicare is already responsible for these dually-eligible beneficiaries, Medicare dollars that are currently being spent in the private sector will simply be redirected to VA and DOD.

Unfortunately, however, CBO disagrees with this logic. They believe that Medicare subvention would be far from budget neutral and that it would increase costs to the Medicare program, for several reasons:

- "Cost Shifting". First, there are about 445,000 Medicare beneficiaries (50,000 in VA and 395,000 in DOD) receiving some sort of care in the VA and DOD health care systems. Both HCFA and CBO maintain that the ability to collect Medicare reimbursements will give DOD and VA incentives to shift health care costs for these people (and conceivably many others) from their discretionary budgets to Medicare (without reducing their discretionary budgets). Therefore, CBO says that in order for Medicare subvention to be budget neutral, we have to be able to show that this would not occur. To do that, we must have the ability to estimate accurately how much DOD and VA are currently spending on dual eligibles. (DOD and VA do not keep track of individual expenditures now.) This data is a big part of what OMB staff have been working with DOD and VA to develop.

- Adverse Selection. Second, CBO argues that the availability of Medicare reimbursements will create incentives for relatively healthy Medicare beneficiaries to switch from fee-for-service Medicare to DOD or VA systems that may be more expensive. Assuming that the DOD or VA system were reimbursed on a capitated basis for Medicare beneficiaries (this is what the Dole DOD subvention bill does and what DOD wants), CBO assumes that a fair number of healthy beneficiaries would be "recruited" by DOD and VA to

come to their systems. Whereas Medicare might have been spending very little on these healthy beneficiaries on a fee-for-service basis, if Medicare were reimbursing DOD or VA on a capitated basis, we could be spending several thousand dollars a year on each of them. (This is similar to the analysis CBO used in scoring big costs to Medicare MSAs in the vetoed reconciliation bill.)

A possible solution that the agencies are exploring is to design the demonstration so that Medicare would reimburse VA and DOD at a payment rate that is below the payment rate Medicare currently pays other risk contractors (95% of the fee-for-service rate in the area). Setting the reimbursement rates in this way may help to offset the adverse selection that would otherwise occur.

- Increased Utilization. In addition to a capitated model, VA also wants to test Medicare reimbursement on a fee-for-service basis. CBO may argue that VA would have incentives to increase utilization in a fee-for-service environment, where it will be reimbursed according to how many times it performs each procedure. CBO has also suggested that while HCFA has applied utilization controls to other providers, it may be difficult for HCFA/Medicare to discipline another agency. In addition, benefits offered over and above the Medicare package will change behavior.

Recent CBO Scoring.

- DOD. The "Coalition" group of House members proposed Medicare subvention for DOD only in their balanced budget plan last December. CBO scored this policy as costing $17.5 billion over 1996-2002. More recently, CBO has scored Senator Dole's proposal for a Medicare subvention demonstration, again for DOD only, as costing $1.5 billion over 1997-2002. DOD lobbied CBO heavily after its scoring of the DOD subvention, but our conversations with officials there lead us to believe that they will not change their view that this policy increases costs unless we are able to present them with some new information, such as reliable cost data that would enable them to construct a baseline of current spending on dual eligibles against

which the new policy could be scored.

- VA. We do not believe that CBO has ever formally scored Medicare subvention with respect to VA, but based on CBO's reasoning in scoring the DOD proposal, we expect that CBO will score substantial costs to a VA subvention demonstration.

Implications of CBO Scoring. Neither VA nor DOD can go forward with Medicare subvention demonstrations without a change in law. Unless we are able to design a budget-neutral policy and convince CBO that it works, any legislation authorizing Medicare subvention--even as a demonstration--would have PAYGO effects and would be scored as a cost to Medicare, technically requiring offsetting mandatory savings.

Moreover, HCFA's actuaries determine the solvency dates of the Medicare trust funds, and given their analysis of this policy in the past, we would have to assume that they would view it as accelerating trust fund insolvency. Thus, in the current environment, if we choose to go forward with this policy, and we want to maintain our position on strengthening the solvency of the Medicare trust fund, we would have to come up with either (1) additional Medicare savings, or (2) some other mandatory or discretionary savings that would be transferred to the Medicare trust fund to restore the outlays CBO scores from the Medicare trust fund. The latter options would require other legislative changes to satisfy PAYGO rules. Just last week, in a hearing on DOD health care issues, the DOD representative made a plea for Medicare reimbursements and was challenged by Senator Stevens, who asked how DOD could get money from Medicare "when Medicare is going broke."

Medicare Subvention

THE WHITE HOUSE

Office of the Press Secretary

Internal Transcript June 3, 1996

REMARKS BY THE PRESIDENT
IN VETERANS MEDIA ROUNDTABLE

The Cabinet Room

5:22 P.M. EDT

Q How are you today, sir?

THE PRESIDENT: I'm fine.

Q Mr. President, for over 25 years, we at the National Association of Flight Veterans, we've worked in collaborative relationships with the community to alleviate some of the indignities suffered by the major homeless population of America. There are over 300,000 homeless individuals, and approximately 33 percent of those are veterans. And understanding the fact that your administration has already gone the extra mile on veterans health care, such as your recent signing of an Agent Orange bill, we'd like to know your thoughts and your plans to kind of eradicate this hideous situation.

THE PRESIDENT: Well, first of all, I think the number of homeless people in this country is a disgrace, and I think the fact that so many of them are veterans is doubly painful to me personally.

Let me just sort of start with what we've tried to do. First, through the Department of Housing and Urban Development, since I've been President we've doubled the homeless -- the budget for dealing with homelessness. And I asked Secretary Cisneros to try to figure out how we can go beyond temporary shelters for people into changing their lives -- putting people into situations where they could not only have a roof over their head tonight and tomorrow night, but actually get in a situation where they wouldn't be homeless anymore. And the evidence is that we're beginning to have some impact on that now.

We're having a huge fight to maintain our budget now in the Congress, but I think that I can say after three and a half years that we know something about how to help people, even people who have had some significant disturbances in their own lives to move

The clear and unmistakable error when VA decisions -- that makes a decision on questions that are relating -- (inaudible.) With such an area outstanding in the VA regional office or the Board of Veterans Appeals Decisions, the veterans by reason of an unjustifiable decision is being deprived of the benefit to which he or she is absolutely entitled. If the VA opposed H.R. 1483, which was supported by veterans groups and passed in the House with strong support -- and that would include the Board of Veterans Appeal Decisions such as those which give veterans the right to appeal on the basis of clear and unmistakable error .

Veterans already have the right to request correction. The Board of Veterans Appeal Decisions are exempt from that. Most of them are summarily dismissed with a letter.

And we consider it purely a matter of justice for veterans -- (inaudible) -- immunizing board for its wrongheaded actions. Will your administration continue to oppose this legislation when it comes to the Senate; and, if so, can you give us the reasons why?

THE PRESIDENT: Well, the way it's been explained to me by our people is that the board has the authority now -- they do dismiss some, but it's my understanding they can also grant some, it has the authority to grant petitions for review.

And I think that for them it's just a question of wondering about both the capacity and the cost of this. I don't think they have any idea what the consequences of this will be. That's been basically what I understand. If you have -- anything you want me to read about, any more research or anything you want me to know about, that your position, I'll be glad to do it. I literally knew nothing about this issue until I started getting ready for this interview, and I can't tell you, on the basis of what my staff has told me, that we should change our position. But I can tell you if you have any other information you think I should know about, I'll be glad to take another look at it and try to give it an honest shot --and also try to assess what the cost would be of doing it.

Q Since this is an election year we wanted to come up with a platform for both parties, and we call it Reaffirmation of America's Contract with Military Veterans and Retirees. It simply says that a strong national defense is necessary, a volunteer force is most important part of that. If we don't have that, we don't have a national defense. If you don't keep your promises to the veterans of the services of World War II and especially the veterans -- the 20, 30, 35-year veterans, then we're not going to be able, eventually, to recruit a volunteer force. And I hear that more and more as I go out there, and it's especially true of the Medicare --

And John's covered the veterans part of it, but there's another part here, as you know, which is a military veterans system. And while you've made a lot of progress on the VA side here, the demonstration project looks like it's going to work out -- Jesse Brown is doing a whole lot better job with his side of

it than defense, and Health and Human Services, they just haven't gotten together and there's a lot of problems there. But we're nowhere with this, with the demonstration project for the older veteran of 20 or 30 years. And the Defense Department can't reach an agreement with HCFA and vice versa.

And, of course, as you know, Senator Dole has introduced a bill for a demonstration project. Senator Gramm has introduced one. He was just making a talk in Texas the other day about it. And they're moving out to try to do this, because it is a very hot issue among some 600,000 military retirees. A case in point: I had 37.5 years service, Korean War, World War II, and so forth, but five years ago when I reached age 65, I was thrown out of the military health system and had to go to Medicare. Well, it's fine except that we've been, for all these years, we've been accustomed to the military system and we're the only federal employee to have been thrown out of the system and has to fend for ourselves.

So Medicare -- thank God we got Medicare, but we know that it would be so much more efficient if we continue to go to the military system and then got some reimbursement --

THE PRESIDENT: Medicare money.

Q It would be cheaper for the whole country. We just simply haven't been able to get it off the ground. We call it the most important part of our reaffirmation of this contract. I think that whoever picks this up, their campaign is really going to have something going for him. And, of course, I've written letters on this to Leon, there -- at Fort Ord. I don't trust the postal service -- (laughter). I want to make sure you get it, Leon. And you wrote a nice letter back last week and told me you were looking at all these things. But I just think it's something that's outstanding.

THE PRESIDENT: We do need to get that --

Q We need to do that. It's just ridiculous. And it will be cost-effective. You know, they say, well, you can't transfer money from the Medicare trust fund to DOD. Well, these are bean counters all screwed around with this thing, and it just would make sense to have a military hospital be an HMO for these people --and the veterans hospital be an HMO.

THE PRESIDENT: We give -- every time we make any Medicare payment it goes from somebody to somebody else.

Q And it's going to be cheaper and --

THE PRESIDENT: I don't see -- I personally don't see it as a big problem. If you're medicare eligible and you want to opt to have your care through the medical -- the military network that you've had all along, and the reimbursement rate is comparable, I don't see what the big issue is. I've had a big -- we've had big

arguments with HHS about this, and they're getting -- all their Medicare trustees are giving them all kinds of grief. I think it's, frankly, a load of hooey.

Q They're being forced -- Fitzimmons closes momentarily. They're being forced out. Then they're going to Medicare. They say, well, this will increase our budget. But it won't increase their budget because we earned Medicare through -- I thought I'd earned military after 37 and a half years service. I found out I was lied to about that. Now I pay for it again, or my share, at least, for Medicare. Then I find out I can't choose my provider. This is really wrong. I can't explain it to old soldier.

THE PRESIDENT: And it's interesting because if you're on Medicare -- the really interesting thing is, it's the only provider you can't choose.

Q The only one you can't choose.

THE PRESIDENT: The thing about Medicare, for example, as opposed to a lot of private health insurance plans is that more and more employees cannot choose their health care provider. But in Medicare you can. You can choose every one but the one you want. And I just -- I thought it was a -- when we started this a couple years and I asked them to look into it, I thought it was a pure cost deal. I thought they were going to say that -- so I said, okay, so make the veterans network be competitive in cost. Once you are, I just don't -- I don't see what the trust fund issue is. It's just --

Q You had it in your plan. I mean, it was in your plan.

THE PRESIDENT: It was in our health care plan and I feel very strongly about it. I guess what you're telling me is, if I want to keep on being for it I better get something done on it in a hurry. (Laughter.) I hear you. I got it.

Q We think that -- and you also have Health and Human Services working for you. So we'd like to see the Defense Department and them together and do as well as -- (inaudible). They've gotten together and they're going have -- it looks like a demonstration problem. We're still fooling around trying to get a hall pass, all because the budget people can't get together about how to transfer funds.

Q He's telling the exact -- (inaudible).

THE PRESIDENT: But it's HHS's problem, isn't it?

Q That's right.

Q The DOD offer is to do it for 94 cents on the dollar, six cents cheaper than HCFA would reimburse --

Q And they say, well, we can't do it right now because we might break the Medicare trust fund. It's going to save money. And if they fall out of -- (inaudible) -- with all these hospitals, they have to go to Medicare. So they ought to be on it. They say, we haven't budgeted for it. Well, they have budgeted for it, -- (inaudible). And they're going -- as you said, if they go to any plan downtown he sends the thing in. Why not let them go to another -- and a lot of places the VA would like to have them, you know.

I was just out in Arizona and they would like very much to have retired military come there -- if they can get the money for it -- and take care of them, instead of traveling 200 or 300 miles, especially with the new system that Kaiser's put in. It's great. I think it's really the right move.

Q I'm going out to Fort Ord.

Q Are you really?

Q We've still got a PX the commissary out there.

Q Mr. President, Bill Smith, with the Veterans of Foreign Wars. I think we're, as an organization, greatly encouraged by the efforts toward eligibility reform and some of the things that have been discussed. And some of the questions that I was going to ask have already been answered.

Let me go back to the one on Vietnam. The VFW has been in the forefront of these issues for some time and we're encouraged by the efforts that have been made by the joint task force full accounting and the Vietnamese to date. Now they're at this new level that we're at here, what do you see as the next step; or where do we go from here with an ambassador being assigned, and how do we observe or keep this as a national priority?

THE PRESIDENT: Well, I think -- first of all, I hope that the Congress will give Congressman Peterson -- I hope the Senate will give him a hearing quickly. And I hope that the subject of the hearing, since his qualifications and character couldn't be in doubt, I hope the subject of the hearing will be how -- the very question you just asked me.

And I think -- it seems to me that if that is the whole premise of his appointment, in part, is keeping this a national priority for us, and that's why he was appointed, that's why the Congress is going along with it, that's why the Senate's willing to confirm. That will be a big help. Then I think it's very important that the VA continue to work with the veterans groups in leading missions to Vietnam to continue to oversee this and be involved in it. I think Hershel's been there, I think four times, isn't that right?

And I think that the more Vietnam veterans we send over there,