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

02-Oct-1995 11:03am

TO: Molly Brostrom

FROM: Seth E. Masket
Presidential Correspondence

SUBJECT: Medicare/Medicaid

[Molly: I needed to redo our Medicare form letter to include text about Medicaid, as well. Instead of reworking the old letter, I tried adapting the language from that message you and I worked on a few weeks ago to that senior rally in L.A. I think it makes a good letter. Please let me know what you think. -Seth]

Dear _______:

Thank you for getting in touch with me regarding Medicare and Medicaid. I appreciate knowing your perspective.

These programs have helped to preserve the health of millions of Americans since their creation thirty years ago. Right now, we are in the midst of a significant debate in Washington over the long-term prospects of Medicare and Medicaid. Unfortunately, some members of Congress have proposed cuts to Medicare and Medicaid that are simply unacceptable; cuts that would hurt beneficiaries, their families, and their health care providers in order to help finance a tax cut for the wealthy.

While we must balance the budget and strengthen the Medicare Trust Fund to ensure a strong future for our citizens, we can do so without gutting essential programs and hurting the people they serve. Our nation has always recognized our obligation to care for older Americans and others in need, an obligation that my Administration has pledged to honor.

Even as we work to promote fiscal responsibility, I will continue to fight to ensure that our nation does not turn its back on the health and well-being of our citizens, both young and old. I appreciate your interest in these important issues and welcome your involvement.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

September 18, 1995

Greetings to everyone gathered in Los Angeles to commemorate the thirtieth anniversary of Medicare and the sixtieth anniversary of Social Security.

While this special occasion offers a welcome opportunity to look back with pride on the success of these and other efforts that are vital to the lives of older Americans, we must also look ahead to consider the future of these initiatives. Right now, we are in the midst of a significant debate in Washington over the long-term prospects of the Medicare and Medicaid programs. Unfortunately, as you all know, some members of Congress have proposed cuts to Medicare and Medicaid that are simply unacceptable; cuts that would hurt beneficiaries, their families, and their health care providers in order to help finance a tax cut for the wealthy.

While we must balance the budget and strengthen the Medicare Trust Fund to ensure a strong future for our citizens, we can do so without gutting essential programs and hurting the people they serve. Our nation has always recognized our obligation to care for older Americans and others in need, an obligation that my Administration has pledged to honor.

Even as we work to promote fiscal responsibility, I will continue to fight to ensure that our nation does not turn its back on the health and well-being of our citizens, both young and old. I welcome your continuing involvement, and I extend my best wishes to all of you for a successful rally.

Bill Clinton

PRESIDENT WILLIAM JEFFERSON CLINTON
FIRST LADY HILLARY RODHAM CLINTON
SATURDAY RADIO ADDRESS
JULY 29, 1995

THE PRESIDENT:

Good morning. I'm with my wife Hillary, and we are joined by families from across the country--grandparents, parents, and children. We are here to talk with you about the respect and dignity we owe to older Americans, and the security we owe their families.

This week we are celebrating the 30th anniversary of the passage of Medicare. Guaranteed health care for older and disabled Americans is now so much a part of our lives that it is easy to forget how growing old once meant growing poor in this country. But in 1965, over a third of older Americans were poor, and half were uninsured.

I remember because my mother was a nurse. Older people without insurance would come to our house with a bushel of peaches to pay for her services. These were Americans who had worked their whole lives and lost their health, picking peaches just to pay for health care.

Vice President Gore's father, Senator Al Gore Senior, said in 1965, this was "a disgrace in a country such as ours." Senator Gore helped to create Medicare to put an end to that disgrace. Since then, Medicare has lifted millions out of poverty, and provided insurance for almost every older American.

THE FIRST LADY:

We need to remember that Medicare is not just important for older men and women. It is a compact across generations. Medicare means that we don't have to choose between doing right by our parents and giving our children the opportunities they deserve. A friend of ours told me a story about how, before Medicare, her mother would take a part of her paycheck each week and put it in an envelope to pay for an aging parent's health care bills. That meant the family had less money for putting food on the table or sending their children to college, or saving for their own retirement. That's the way it was for families before Medicare. Parents ought to be able to save up for their kids' college and protect their parents' health. Medicare means they can.

It certainly has been there for our family. This past fall, the doctors said my mother would need an operation. For all of our worries then, the one thing we didn't have to worry about was a mountain of health care bills. Medicare was there, and she came through fine.

That story is the story of millions of Americans. Of people like Arthur Flemming and Genevieve Johnson, who are here with us. Mr. Flemming helped start Medicare 30 years ago, and Mrs. Johnson was among the first people to benefit from it. Today both are in their nineties and receive Medicare. Both have worked tirelessly to make sure Medicare will be there for their grandchildren too.

THE PRESIDENT:

To preserve Medicare for all our grandchildren, we have to strengthen the Medicare Trust Fund, which holds the money we all pay in to cover hospital, nursing home and home health bills. I have been working to reform Medicare since I took office. Real reform is about making a situation better, not worse. Real reform means fixing the Trust Fund, without putting beneficiaries in a fix.

I also believe we have to balance the budget. But I believe we can do that and strengthen the Trust Fund without rolling back thirty years of progress against poverty and fear.

That's what my balanced budget will do. It will eliminate the deficit, secure the Medicare Trust Fund, and still protect older Americans from one penny in new Medicare costs. I think times are tough enough without forcing families to pay more to keep the health care they have right now.

The Congressional majority sees it differently. They are now willing to join me in shoring up the Trust Fund. But then they go too far. Because they insist on such a huge tax cut, they'd also make older couples pay $5,600 more out of their pockets. For people who don't have that kind of money, the message will be simple: Fend for yourselves.

Many people just won't be able to do it. As I said before, we often take for granted the security that comes from Medicare. According to a new study by the Department of Health and Human Services, the Congressional majority would push 500,000 older Americans into poverty by increasing the cost of health care. And the cuts would force their families to make choices between generations, that no family should have to make.

None of the cuts driving families into poverty would go into the Trust Fund. They would simply pay for a large tax-cut for people who don't need it. That is unnecessary, and it is wrong.

Medicare is too important to *all* families to become a piggybank for tax cuts for only a few. It is especially important today, because so many families are now working harder and earning the same or less than they did 10 years ago. For all American families, Medicare must remain a source of certainty and security. For our parents--but also for our children--I pledge to do my part to keep Medicare strong.

Thanks for listening.

JUN 26 199[illegible]

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: Molly

Draft response for POTUS
and forward to CHR by:

Draft response for CHR by:

Please reply directly to the writer
(copy to CHR) by:

Please advise by:

Let's discuss:

For your information:

Reply using form code:

File:

Send copy to (original to CHR):

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend:

Remarks:

FYI

ROUTING SLIP

DATE: 6/23/95

FROM: Billy Webster
Director of Scheduling and Advance

SUBJECT: 30th Anniversary of Medicare Event

Don Baer	✓	Abner J. Mikva	
Erskine Bowles		Laura Tyson	
Rebecca Cameron		Leon Panetta	
Peg Cusack		John Podesta	
Rahm Emanuel		Jack Quinn	
Mark Gearan	✓	Carol Rasco	✓
Jack Gibbons		Lee Satterfield	
Pat Griffin		Patti Solis	
Marcia Hale		Doug Sosnik	
Alexis Herman	✓	G. Stephanopoulos	
Nancy Hernreich		Ann Stock	
Kitty Higgins	✓	Stephanie Streett	
Harold Ickes		Kim Tilley	
Anthony Lake		Jodie Torkelson	
Bruce Lindsey		Melanne Verveer	
Mike McCurry	✓	Anne Walley	
Anne McGuire	✓	Maggie Williams	
Mack McLarty			

date near June 30th
June Rasco

FILE: ✓ PENDING

FYI ✓ ADVICE ______ ACTION ______

REGRET POTUS, suggest a surrogate is needed: ________

COMMENTS: per BW 6/23 See where we are in the budget process wh event policy?

SCHEDULING REQUEST Date: 6/21/95

95 JUN22 A8:48

____ACCEPT ____REGRET ____PENDING

TO: Billy Webster
Director of Scheduling and Advance

FROM: Carol H. Rasco
Assistant to the President for Domestic Policy
Alexis Herman
Assistant to the President for Public Liaison
Kitty Higgins
Secretary to the Cabinet

REQUEST: An event with the President to commemorate the 30th Anniversary of Medicare.

PURPOSE: Given the importance of Medicare in the current budget debate, this event will allow the President to demonstrate his commitment to the program and to highlight Medicare as a program that has worked successfully for the elderly for thirty years. It is expected that this event will be part of a broader budget strategy.

BACKGROUND: Medicare was signed by President Johnson on July 30, 1965 at the Truman Library in Independence, Missouri. At this point, the Health Care Financing Administration is planning its official commemoration of the program in July, 1996 -- 30 years after the first person received benefits from the program. Development of the event will obviously be in collaboration with HHS and in coordination with Congressional plans for the anniversary.

DATE AND TIME: Close to July 30 (July 30 is Sunday)

DURATION: One hour

LOCATION: TBD

PARTICIPANTS: TBD

OUTLINE OF EVENTS: TBD

REMARKS REQUIRED:	Yes
MEDIA COVERAGE:	Open press
VICE PRESIDENT'S ATTENDANCE:	TBD
RECOMMENDED BY:	Carol Rasco, Alexis Herman, Kitty Higgins
ORIGIN OF THIS REQUEST:	White House Staff generated
CONTACT:	Jeremy Ben-Ami x65584 Molly Brostrom x65561

July 14, 1995
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dpc special report

Medicare's 30th Anniversary

❑ A Democratic Vision
❑ An American Success

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dpc
Democratic Policy Committee
United States Senate
Washington, D.C. 20510-7050

Thomas A. Daschle, Chairman
Harry Reid, Co-Chairman

Medicare's 30th Anniversary

❑ A Democratic Vision
❑ An American Success

On July 30, 1965, President Lyndon B. Johnson traveled to Independence, Missouri, and, in the presence of former President Harry Truman, signed Medicare into law. That simple ceremony marked the end of a long struggle for Democrats trying to enact the measure, and the beginning of a new era of health and economic security for America's seniors.

President Franklin D. Roosevelt envisioned an America with financial security for Americans who retire after years of hard work and a health care safety net for all Americans. He was able to achieve part of that dream, when he signed Social Security into law in 1935. But the struggle for health care protections would last for decades. The historical record is clear: If it had been up to the Republican Party, Medicare never would have been enacted.

President Harry Truman offered several proposals to Congress. President John F. Kennedy made health care for seniors an issue in his 1960 campaign and saw his plan defeated in the Congress. Only after Democrats called the 1964 election a "mandate" for Medicare, and Democrats triumphed at the polls, did the Democratic vision of Medicare become a reality. Even then, the majority of Congressional Republicans voted against it.

Today, Medicare provides health care security for more than 36 million Americans. It is the only way most seniors could ever acquire adequate health care in today's health care market. Medicare helps seniors both obtain the health care they need *and* remain financially secure and independent.

Medicare is an efficient program. Administrative costs are only two percent of its budget—a fraction of the administrative costs of private health care plans. It is a responsible program: Beneficiaries contribute to the medical expenses through premiums, co-payments, and deductibles.

Public support for Medicare is extremely high. Eighty-nine percent of Americans support Medicare, and that support is strong among all age groups.[1] Medicare can be improved; but it must be protected. It should not be assaulted under the guise of deficit reduction or to provide tax breaks for the wealthy—as Republicans now propose.

Thirty years ago, Medicare was part of the Democratic vision for a better America. Today, it still is. This report chronicles the struggle to enact Medicare, and shows how, three decades later, Medicare truly is an American success story.

A Democratic Vision from the Start

In his message to Congress on January 17, 1935, urging passage of Social Security, President Franklin Roosevelt explained that the goal of the program was to provide for:

> *"the security of the men, women, and children of the Nation against certain hazards and vicissitudes of life."*

An important part of that security, President Roosevelt explained, was health care. Social Security would become law and provide what President Roosevelt called "some measure of protection...against poverty-ridden old age."[2]

But a national health care plan in any form was repeatedly met with intense, well-financed opposition.

In Congress, Democratic Senators Robert Wagner (NY) and James Murray (MT) and Representative John Dingell (MI) introduced several national health care proposals. No action was taken on any of them.

With the administration of President Harry Truman, the idea of national health care gained strength and momentum. Shortly after taking office, President Truman proposed a comprehensive, prepaid medical insurance plan for persons of all ages. In his Special Message to Congress Recommending a Comprehensive Health Program (November 19, 1945), Truman declared:

> *"Millions of our citizens do not now have a full measure of opportunity to achieve and enjoy good health. Millions do not now have protection or security against the economic effects of sickness. The time has arrived for action to help them attain that opportunity and that protection."*

Congressional Republicans opposed this effort by raising the specter of government controlled medicine—in a word, socialism.

Senator Robert Taft (OH), the leading Republican spokesperson in Congress at the time, called it:

> *"the most socialistic measure that this Congress has ever had before it."* [3]

Republican Representative Charles A. Plumley (VT) charged:

> *"Behind this alleged humanitarian program is to be found the basis and genesis for a planned and socialized America....It is a proposal to establish a form of socialism, a socialistic government as unadulterated as if it came from the sanctified pen of Karl Marx himself."* [4]

Hearings were held, but no further action was taken.[5]

President Truman's Second Effort

Two years later, President Truman was back with another proposal for national health insurance. In his "Special Message to the Congress on Health and Disability" (May 19, 1947), he declared:

> *"A great and free Nation should bring good health care within the reach of all its people....Healthy citizens constitute our greatest national resource."*

"With Republicans in control of both chambers of Congress in 1947-48," as *CQ Almanac* later noted, "there was no chance for enactment."[6] Again, hearings were held, but no further action was taken.[7]

President Truman Persisted

In a Special Message to the Congress on the Nation's Health Needs (April 22, 1949), President Truman, for the third time, called for national health insurance:

> *"The best hospitals, the finest research laboratories, and the most skillful physicians are of no value to those who cannot obtain their services."*

Republican opposition again appeared in full force. This time, Senate Republican Leader Senator Robert Taft (OH) exclaimed:

> *"This is not insurance. It is a plan for government administration of all medical services....Regardless of form, first a socialization of medicine, and second, a transfer of all control over health activities from the States and local government to a Washington Bureau."* [8]

Again, no action was taken.[9]

Democrats Focus on Seniors

In the face of staunch and well-financed Republican opposition to providing health care security for all Americans, Democrats decided to focus their efforts on America's elderly.[10]

According to the Truman Health Commission, the elderly were poorer and less insured than the general population. For one thing, health insurance firms would not insure such high-risk groups without exorbitantly high premium payments.[11] With their low income levels, America's aged often could not afford health insurance. As proponents of Medicare pointed out, "the cost of medical care is beyond the reach of many older citizens."[12] Sometimes the elderly found themselves uninsurable regardless of cost—largely because of their age or medical condition.

Congressional efforts. In 1957, Democratic Representative Amie Forand (RI) proposed a Social Security approach to health care for the elderly, the first "Medicare"-type proposal. Several versions of this proposal were offered in Congress, but all of them met similar fates—committee hearings were held, but no action taken.

In 1960, the "medicare" concept gained an important supporter. Democratic Senator John F. Kennedy (MA) sponsored a version of the Forand bill, pointing out:

> *"Unfortunately, voluntary health insurance has not and cannot do the job....The very competition between insurance companies tends to either exclude older people or limit their protection. If benefits are restricted, the very purpose of the insurance is defeated."* [13]

Senator Kennedy then quoted a letter from a constituent that read:

> *"It is impossible for a wage earner to put away enough in a lifetime to pay for six months in a hospital."* [14]

Later that year, JFK became the Democratic presidential nominee and announced that enactment of "medicare" legislation was one of his chief legislative goals for the August session.[15]

The Eisenhower Administration, which considered such national health care programs as "socialistic," opposed the Democratic proposal.[16]

Congressional Republicans also assailed the plan.[17] It was wrong, Senator Barry Goldwater (AZ) explained, because:

> *"social welfarism, in its most advance form, has always been an inseparable part of totalitarian systems, ancient and modern, Fascist and Communist, openly brutalitarian or heavily disguised as benevolent despotisms."* [18]

As a result of this Republican opposition, on August 23, 1960, the Senate defeated Kennedy's first attempt to provide health insurance for the Nation's elderly. Ninety-seven percent of Republican Senators voted no.

President Kennedy's Priorities

Presidential candidate John F. Kennedy made health insurance for the elderly a campaign issue in the 1960 presidential election. As president, he was determined to see Medicare enacted.

In a Special Message to the Congress on Health and Hospital Care on February 9, 1961, President Kennedy proposed a health care program for the aged to be financed by an increase in the Social Security tax. President Kennedy declared:

> *"Twenty-six years ago this Nation adopted the principle that every member of the labor force and his family should be insured against the haunting fear of loss of income caused by*

retirement, death, or unemployment....But there remains a significant gap that denies to all but those with the highest incomes a full measure of security—the high cost of ill health in old age."

A few days later, President Kennedy's Medicare plan was introduced in both Houses of the Congress. The *Hospital Insurance Benefits Act of 1961* (King-Anderson bill), was introduced in the Senate by Democratic Senator Clinton Anderson (NM) and in the House by Democratic Representative Cecil King (CA).[19]

Hearings were held, but there was no further action.

President Kennedy Persists

In the second year of his Administration, President Kennedy renewed his push for Medicare. The Kennedy administration promised a "great fight across this land" to secure the enactment of Medicare.[20]

On May 20, 1962, at a Sunday afternoon rally in Madison Square Garden in New York City sponsored by the National Council of Senior Citizens, President Kennedy launched a new campaign for what became his "Medicare" health care program. The speech was carried via closed circuit television to similar rallies in 32 major cities at which cabinet members and other public officials spoke to mass gatherings in support of the needed health benefits.[21]

Republicans again raised the specter of socialized medicine. Republican Senator Carl Curtis (NE) exclaimed:

> *"The enactment of the Kennedy proposal means government medicine."* [22]

This time Medicare came to a vote in the Senate when Democratic Senator Clinton Anderson tried to add it to a Social Security measure. In a dramatic, down-to-the-wire roll call vote on July 17, 1962, however, the measure lost by two votes. Once again, Republicans were united in their opposition—86 percent of Republican Senators voted against it.

JFK's Third Effort

With the opening of the 88th Congress, President Kennedy, for the third time, requested passage of Medicare in his "Special Message on Aiding our Senior Citizens" (February 21, 1963). Democratic Representative King and Senator Anderson again introduced the Medicare bill.[23]

Again, Republicans quickly rose to denounce it.[24]

In the 88th Congress, there were hearings but no further action.[25]

President Johnson Takes Up the Cause

After President Kennedy's assassination, President Johnson took over JFK's efforts on behalf of Medicare. When second session of the 88th Congress opened, President Johnson urged enactment of a "medicare bill."[26]

During the Senate debate on a bill to increase Social Security benefits in July of 1964, (**H.R. 11865**), Senator Albert Gore, Sr. (TN) offered a medicare bill as an amendment.

Senator Gore proclaimed:

> *"We are dealing with the most pressing, unmet problem of our society.... What happens when a serious illness strikes? Current income which is needed for groceries and rent must go for medical care. Savings must be depleted. The home may have to be sold. Then, hat-in-hand, this formerly self-sufficient, self-reliant, respected member of the community must go to the welfare people and beg for a handout. This is a disgrace in a country such as ours."* [27]

Opponents of Medicare were as determined to defeat the needed health care measure as President Johnson and Congressional Democrats were to enact it.

Congressional Republicans seemed to come up with every possible excuse to oppose and vote against health care for America's elderly.

They called it socialism.

- Republican Senator Gordon Allott (CO) called it a "foot in the door" for socialized medicine.[28]

They said it would destroy the best health care system in the world.

- *Republican Senator James Pearson (KS):* "American medicine has achieved an unprecedented level of development through its own efforts....It would appear foolish to endanger this high level of initiative and performance by imposing the heavy blanket of government supervision. A Federal health program, financed under Social Security, would represent such a danger."[29]

They said it would not work.

- *Republican Senator Carl Curtis:* "This amendment would be a great disappointment to older people."[30]

- *Republican Senator James B. Pearson:* "[I]t would achieve little for those who need it, while subjecting the very fabric of American life to the strain of severe and unnecessary sacrifices."[31]

They said it was too bureaucratic.

- *Republican Senator Roman Hruska charged:* "With Federal funds come Federal control. In the area of medical care, Federal interference presents frightening prospects."[32]

They said it would wreck the Social Security System.

- *Republican Senator Jack Miller (IA):* "I believe that most people do not wish to have the social security program threatened by any unsound financial tinkering such as this amendment represents."[33]

- *Republican presidential nominee, Senator Barry Goldwater (AR) characterized* Medicare as the "most significant step" in making Social Security a relief and charity organization.[34]

This time, the Senate approved the Medicare amendment by a vote of 60-28 on September 3, 1964. Again, a majority of Republican Senators acted against Medicare. Eighty-five percent voted to kill it. The measure did not survive the joint House-Senate conference on **H.R. 11865**, the *Social Security bill.*[35]

The National Referendum

In an important, dramatic move, the sponsor of the 1964 Medicare amendment,[36] Democratic Senator Albert Gore (TN) called for the 1964 election to be a "mandate" on Medicare. Senator Gore proclaimed:

> *"This means that the President will go to the people and ask for a mandate on this issue."* [37]

President Johnson took up the challenge. Throughout the 1964 political campaign, he promised, if elected, to seek the passage of Medicare."[38] During a press conference, President Johnson explained:

> *"I think Senator Gore very properly presented the situation when he said that it is now a matter that the people of this country can pass judgment on. I hope that we can get a mandate in November."* [39]

The news media also began to consider the 1964 election a "mandate on Medicare."

> *New Republic:* "The current Medicare strategy is based on a major Johnson mandate on election day."[40]
>
> *Business Week:* "Tuesday's election will be a key to whether the [Medicare] issue will be resolved quickly in Congress next year....Medicare proponents say a Johnson landslide, bringing 20 additional Democrats into the House, would insure passage of the legislation."[41]

In the 1964 election, Democrats picked up 37 seats in the House along with two in the Senate. As a result:

- ❑ in the House of Representatives, Democrats outnumbered Republicans 295-140; and,

- ❑ in the Senate, Democrats outnumbered Republicans 68-32.

The Democratic Victory

The "sweeping Democratic victories," according to *CQ Almanac*, "made passage [of Medicare] almost a foregone conclusion."[42]

President Johnson went before Congress to proclaim:

> *"the specter of catastrophic hospital bills can [now] be lifted from the lives of our older citizens."* [43]

The first bill introduced in each House of the 89th Congress was the King-Anderson bill to establish "Medicare" as a permanent part of the social security program.[44]

In introducing the measure, Democratic Rep. Cecil King (CA) said:

> *"The results of the November election should leave no doubt in anyone's mind over how the American voters feel about these measures.... We can no longer permit hospital costs—or the fear of hospital costs—to deprive our elderly citizens of the security and peace of mind that should be their due after a lifetime of work.*
>
> *"We will be able to take great pride in having had a hand in bringing financial security and peace of mind to millions of older Americans."* [45]

Democratic Senator Anderson explained:

> *"I feel certain that historians will mark this year as the turning point in our long struggle to solve the major part of what has become one of the most urgent issues of public policy—the problem of financing the costs of hospital care for the aged, costs which now represent the major remaining cause of personal financial disaster among our aged citizens.*
>
> *"Every month that we delay in providing the needed protection means that more and more elderly persons will be forced to look to public welfare programs for help in getting he health care they need."*[46]

Despite the Democratic victories and Democratic determination, Congressional Republicans were not ready to give up their fight against health care for America's elderly.

Once again, they came up with every possible excuse to vote against the needed measure and to try to defeat it.

Once again, they said it was socialism.

- ❑ *Republican Representative James Utt (CA):* "I do not happen to be one of those who is dazzled by the great majority President Johnson obtained last November....Let me tell you here and now it is socialized medicine."[47]

- ❑ *Republican Representative Delbert Latta (OH):* "Believing as I do that Medicare is the first step towards socialized medicine in America, I intend to vote 'no' on final passage."[48]

Once again, they said it was too bureaucratic.

- ❑ *Republican House Leader and future President Gerald Ford (MI):* "[W]e are going to find our aged bewildered by a multi-headed bureaucratic maze of confusion over what program covers what and who is on first base."[49]

Once again, they said it would destroy the best health care system in the world.

- *Republican Representative Utt:* "Let us not go on the assumption here that we are not destroying the quality and the quantity of medicine and that we are not socializing medicine, because that is exactly what we are doing."[50]

And they said it was a threat to Social Security.

- *Republican Representative Bob Dole (KS):* "[T]he real opposition to the bill stems from the fact hospitalization benefits are to be financed by a compulsory payroll tax....[A]dequate medical protection should be made available to the aged but it should be voluntary and should reflect the ability to pay...This one provision poses an enormous threat to the cash benefit programs under the social security programs."[51]

In a last-ditch attempt to defeat Medicare, Republicans came up with an "alternative" plan—a voluntary system in which the elderly would pay their own premiums. The majority of Congressional Republicans supported this plan—but Democrats prevailed and brought Medicare to a vote.

Representative Dole and a majority of Congressional Republicans again voted against Medicare.

Congress finally passed (Senate, 70-24; House, 307-116) the Medicare bill which President Johnson promptly signed into law on July 30, 1965. President Johnson traveled to Independence, Missouri, to sign Medicare into law, so that former President Harry Truman could participate in this ceremony, and to underscore Democrats' long-standing commitment to our Nation's seniors.

Chronology of Passage of Medicare, 1965

1/4 ------- President Johnson's State of the Union Address listed health care for the elderly as a high priority.

1/4 ------- Representative King and Senator Anderson introduced identical Medicare bills in each House of Congress.

1/7 ------- President Johnson's message on "Advancing the Nation's Health" assigned top priority to the President's recommendations for a health insurance program for the elderly.

4/8 ------- House approved Medicare.

7/9 ------- Senate approved Medicare.

7/14 ------- Conference on Medicare began.

7/21 ------- Conference committee reached agreement upon a compromise.

7/27 ------- House ratified the conference agreement.

7/28 ------- Senate ratified the conference agreement.

7/30 ------- President Johnson signed the bill in Independence, making it Public Law 89-97.

Medicare—An American Success

"From the beginning," reports the Urban Institute, "[Medicare has] proved remarkably successful" as it has contributed to the well-being of America's oldest and most disabled citizens.

Medicare has achieved its goal of providing increased access to health care among the Nation's elderly.

- ❑ By 1970, nearly all the Nation's elderly were enrolled in the Medicare program.
- ❑ Today, more than 36 million Americans are protected by Medicare.

Medicare has improved the quality of life among the America's elderly.

- ❑ Medicare has dropped the poverty rate among America's elderly by 13.4 percent.[52]

Medicare is an efficient health program.

- ❑ Medicare's administrative costs average two percent of program outlays, compared with 25 percent in small group market plans and 5.5 in large group plans.[53]

Medicare benefits all Americans regardless of income status.

- ❑ Eighty-three percent of Medicare outlays go to beneficiaries with incomes of $25,000 or less.[54]
- ❑ Only three percent goes to elderly individuals or couples with incomes in excess of $50,000.[55]

Medicare is a popular health care program.

- Eighty-nine percent of Americans want Medicare to continue.[56]

- Ninety-two percent of Americans say Medicare is the only way many older Americans can possibly obtain adequate health care.[57]

- A Kaiser-Commonwealth Fund 1993 health insurance survey found that 52 percent of Medicare beneficiaries are very satisfied with their Medicare insurance compared to 44 percent of families covered by employer-provided private coverage, and 30 percent of those whose purchase private health insurance individually.[58]

- Seventy-five percent of Americans oppose cutting Medicare in order to balance the budget.[59]

- When asked what should be the most important goal for the budget, the number one answer was "protecting Medicare and Social Security."[60]

Medicare has become so successful that Senator Dole, who voted against enactment of Medicare, now praises it:

> *"Much of our significant gains and life expectancy, improvement in the quality of life, and decreases in infant mortality can be directly attributed to the passage of the Social Security Amendments of 1965. The Medicare and Medicaid programs have played a central role in improving both access to and quality of health care services for the country's elderly, poor, and disabled. Equally significant, it may be argued that Medicare and Medicaid have provided a foundation for the phenomenal growth and the dissemination of new medical technologies that now contribute to the well-being of all the people of all nations."*[61]

But today, Medicare is once again under Republican attack. House Majority Leader Richard Armey says he "deeply resents the fact that when I am 65, I must enroll in Medicare." He calls it part of government that "teaches dependence," and says it is a program I would have no part of in a free world."[62]

Once again, Republicans are proposing voluntary systems, such as medical savings accounts, or plans which would require seniors to shop for their own coverage or pay much higher premiums.[63] Republicans would use the savings to pay for tax breaks for the wealthy.

These proposals always have been and still are unacceptable to Democrats. Senate Democratic Leader Tom Daschle has declared:

> *"In three decades, Medicare has come to symbolize this Nation's commitment to the health and financial security of our elderly citizens and their families. It is the fulfillment of the dreams as well as the efforts of Presidents Truman, Kennedy and Johnson and hundreds of Congressional Democrats. On this, the 30th anniversary of Medicare, it is important to recall the long and difficult struggle to enact this much-needed program and applaud its success and recommit ourselves to keeping the program strong and viable."* [64]

End Notes

[1] AARP poll, July 11, 1995.

[2] Statement upon signing the *Social Security Act* into law on August 14, 1945.

[3] *Congress and the Nation, 1945-1964*, "A Review of Government and politics in the Postwar Years," 1965, p. 1152. The American Medical Association's (AMA's) efforts to defeat national health insurance also must be recognized. The AMA compared Truman's health care proposal to the "totalitarianism of [Nazi] Germany." "Fishbein Assails New Health Plan," *New York Times*, November 27, 1945. For AMA's official position, see "AMA Vote Assails Health Insurance," *New York Times*, December 5, 1945, and "Dentists Oppose U.S. Health Plan," *New York Times*, December 7, 1945.

[4] "The Proposal for a Federal Compulsory Insurance System, of Citizens Medical Care," *Congressional Digest*, August-September, 1946.

[5] *Congress and the Nation, 1945-1964*, p. 1152.

[6] *1965 CQ Almanac*, p. 244.

[7] *Congress and the Nation, 1945-1964*, p. 1152.

[8] "Medical Insurance for the U.S., Voluntary or Compulsory?" *Congressional Digest*, March 1949. Again, the AMA's role in the defeat should not be underestimated. In unprecedented lobbying efforts, the AMA spent $1,522,683 in 1949 and $1,326,078 in 1950 for lobbying purposes—the two highest lobby spending reports ever filed by any organization until that time. It sent each member of Congress a pamphlet, "A Simplified Blueprint of the Campaign Against Compulsory Health Insurance," and a booklet, *25 Questions You want Answered on Compulsory Health Insurance Versus Health the American Way*. State organizations worked to get important national and local organizations to come out against the measure, and each of 10,234 opposing endorsements was to be sent to the appropriate Member of Congress and the President. *1965 CQ Almanac*, pp. 246-247: *1949 Congressional Almanac*, p. 294.

[9] *Congress and the Nation, 1945-1964*, p. 1152.

[10] Theodore Marmor, *The Politics of Medicare*, London, Routledge and Kegan, p.19.

[11] *Congress and the Nation, 1945-1964*, "A Review of Government and Politics in the Postwar Years," 1965, p. 1152.

[12] Michael Alderman, "Why We Need Medicare," *New Republic*, October 26, 1964, pp. 17-20. Dr. Aldelman was an MD who broke ranks with the AMA's opposition to Medicare to point out that the elderly were not able to afford the medical treatment they needed.

[13] *Congressional Record*, January 26, 1960, 1241-2.

[14] *Congressional Record*, January 26, 1960, 1241-2.

[15] *1965 CQ Almanac*, p. 243.

[16] *Congress and the Nation, 1945-1964*, p. 1154.

[17] *1962 CQ Almanac*, pp. 192-930; *1965 CQ Almanac*, pp. 236-237: *Congress and the Nation, 1965-68*, p. 754.

[18] *Congressional Record*, August 25, 1960.

[19] *Congressional Digest*, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74. The AMA, Chamber of Commerce, and health insurance associations promptly opposed this new health care measure. They testified to the committees holding the hearings and lobbied individual offices, warning of dire consequences if Medicare became a reality. Dr. Edward R. Annis of the AMA warned that Kennedy's proposal "would have disastrous effects on the quality of medical care our patients would receive." "The Controversy Over the Administration's New Medicare Plan for the Aged," *Congressional Digest*, January, 1962.

[20] *Congress and the Nation, 1945-1964*, "A Review of Government and Politics in the Postwar Years," 1965, p. 1154.

[21] To counter President Kennedy's efforts, the AMA purchased time on national television to rebut his remarks. AMA President Dr. Leonard Arson said the Kennedy bill would deprive older people of a private system of medical care. AMA advertisements ran in 29 leading newspapers and on 40 FM radio stations across the country. And the AMA flooded the country with posters with the headline: "Socialized Medicine and You," and the warning: "your freedom is at stake." "Health-Plan Battle: The AMA or JFK," *Newsweek*, May 8, 1962.

[22] Address before National Retail Merchants Association, April 5, 1962, excerpted in *Congressional Digest* "The Question of Expanding Social Security to Provide More Medical Care for the Aged," August-September 1963.

[23] *Congressional Digest*, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74.

[24] See, for example, Rep. Frank Row, Address to American Academy of General Practice, Chicago, April 1, 1963, excerpted in *Congressional Digest*, "The Question of Expanding Social Security to Provide More Medical Care for the Aged," August-September 1963.

[25] *Congressional Digest*, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74.

[26] *Congressional Digest*, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74.

[27] *Congressional Record*, August 31, 1964.

[28] *1962 CQ Almanac*, p. 196.

[29] *Congressional Record*, August 31, 1964.

[30] *Congressional Record*, September 1, 1964.

[31] Senate Speech, August 31, 1964 in, "The Medicare Controversy," *Congressional Digest*, March 1965.

[32] *Congressional Record*, September 2, 1964.

[33] Senate Speech, September 2, 1964 in, "The Medicare Controversy," *Congressional Digest*, March 1965.

[34] "President's Plan for Care of Aged Voted by the Senate," *New York Times*, September 3, 1964.

[35] Congressional Digest, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74.

[36] Milton Viorst, "How Medicare Was Lost This Year," *New Republic*, October 17, 1964, pp. 6-7.

[37] "Aid to Appalachia, Medicare Die in Adjournment Push," *Washington Post*, October 3, 1964.

[38] "Medicare Set For Next Round," *Business Week*, October 31, 1964, p. 32.

[39] News Conference, October 3, 1964.

[40] "How Medicare was Lost this Year," *New Republic*, October 17, 1964, pp. 6-7.

[41] "Medicare Set for the Next Round," *Business Week*, October 31, 1964, p. 32.

[42] *1965 CQ Almanac*, p. 247.

[43] 1965 State of the Union Address.

[44] *Congressional Digest*, "The 'Medicare' Controversy in the Current Congress, Pro & Con," March 1965, p. 74.

[45] *Congressional Record*, January 4, 1965.

[46] *Congressional Record*, January 6, 1965.

[47] *Congressional Record*, April 8, 1965, pp. 7389-90.

[48] *Congressional Record*, April 8, 1965, p. 7420.

[49] *Congressional Record*, April 8, 1965, p. 7434.

[50] *Congressional Record*, April 8, 1965, pp. 7389-90.

[51] *Congressional Record*, April 3, 1965, p. 7375.

[52] Based on Census Bureau's "Valuation of Non-Cash Benefits," 1993.

[53] Bruce Vladeck, Administrator, Health Care Financing Administration (HCFA), May 15, 1995: Karen Davis, President of Commonwealth Fund, "Medicare Solvency and Financial Security for Beneficiaries," testimony before U.S. Senate Budget Committee, May 3, 1995.

[54] Karen Davis, President of Commonwealth Fund, "Medicare Solvency and Financial Security for Beneficiaries," testimony before U.S. Senate Budget Committee, May 3, 1995: HCFA, "Medicare Fact Sheet," January, 1995.

[55] Karen Davis, President of Commonwealth Fund, "Medicare Solvency and Financial Security for Beneficiaries," testimony before U.S. Senate Budget Committee, May 3, 1995.

[56] DYG, Inc. poll for AARP, July 11, 1995.

[57] DYG, Inc. poll for AARP, July 11, 1995.

[58] Karen Davis, President of Commonwealth Fund, "Medicare Solvency and Financial Security for Beneficiaries," testimony before U.S. Senate Budget Committee, May 3, 1995.

[59] ICR Survey Research Group, for AARP, May 5-14, 1995.

[60] Gallup/*USA Today* Poll, June 5-6, 1995.

[61] *Congressional Record*, July 30, 1985, p. S10367.

[62] "GOP Leader Lashes Out at Medicare," *Chicago Tribune*, July 11, 995.

[63] "Private Solutions Eyed for Medicare," *Washington Times*, July 8, 1995.

[64] Remarks recognizing the forthcoming 30th Anniversary of Medicare, July 12, 1995.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1995

RADIO ADDRESS BY THE PRESIDENT
AND THE FIRST LADY
TO THE NATION

The Oval Office

10:06 A.M. EDT

THE PRESIDENT: Good morning. This morning I'm speaking to you from the Oval Office with the First Lady. And we're joined by families from all across our country -- grandparents, parents and children, including Hillary's mother and my step-father. We want to talk with you this morning about the respect and dignity we owe to older Americans, and the security we owe to their families.

This weekend we're celebrating the 30th anniversary of the passage of Medicare. Guaranteed health care for older and disabled Americans is now so much a part of our lives that it's easy to forget how growing old once meant growing poor in our country. In 1965, over one-third of older Americans were poor, and half of them were uninsured.

I remember because my mother was a nurse anesthetist, and older people without insurance would sometimes come to our house, offering to mow our lawn or bringing a bushel of peaches to pay for her services. These Americans had worked hard their whole lives, but didn't have any health insurance and they were in danger of losing their health.

Vice President Gore's father, Senator Al Gore, Sr., was in the Senate back in 1965, when he said that this was a disgrace in a country such as ours. Senator Gore helped to create Medicare to put an end to that disgrace. And since then, Medicare has lifted millions of seniors out of poverty and provided insurance for almost every older American.

MRS. CLINTON: We need to remember that Medicare is not just important for older men and women, it is a compact across generations. Medicare means that we don't have to choose between doing right by our parents and giving our children the opportunities they deserve.

A friend of ours told me story about how, before Medicare, her mother would take a part of her paycheck each week and put it in an envelope to pay for an aging parent's health care bills. That meant the family had less money for putting food on the table, or sending their children to college, or saving for their own retirement. That's the way it was for families before Medicare, and the way it could be again for all families, especially those of us with both responsibilities for parents and children.

Parents ought to be able to save for their children's college and protect their parents' health. And Medicare means they can. It certainly has been there for our family and for the Vice President's.

You may know that the President and I have both lost parents in the last two and a half years. We've sat in those

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hospital waiting rooms. We've been in those intensive care units. And we've also experienced in the past week with the Vice President the joy of having his mother come out of the hospital. For all our worries, the one thing we didn't have to worry about was a mountain of health care bills. Medicare was there.

That is the story for millions of Americans -- people like Arthur Fleming and Genevieve Johnson, who are here with us. Mr. Fleming helped start Medicare 30 years ago. And Mrs. Johnson was among the first people to benefit from it. Today, both are in their 90s and receive Medicare, and both have worked tirelessly to make sure Medicare will be there for their grandchildren, too. And I think it's because they know what life is like for most older Americans. The median income for women over 65 in our country is $8,500 a year.

THE PRESIDENT: To preserve Medicare for all of our grandchildren we do have to strengthen the Medicare trust fund, which holds the money we all pay in to cover hospital, nursing homes, and home health bills. I've been working to reform Medicare since I took office, and, frankly, the trust fund is in better shape than it was when I did take office. But real reform is about making the situation better, not worse. Real reform means fixing the trust fund without putting beneficiaries in a fix.

I also believe we have to balance the budget, but I know we can do that and strengthen the trust fund without rolling back 30 years of progress against poverty and fear for older Americans. That's what my balanced budget will do. It will eliminate the deficit, secure the Medicare trust fund, and still protect older Americans from one penny in new Medicare costs. Times are tough enough without forcing families to pay more to keep the health care they have right now.

The congressional majority sees it differently. They are now willing to join me in shoring up the trust fund, but they want to do it in a way I don't agree with, that goes way too far, because they insist on such a huge tax cut that also makes older couples pay $5,600 more out of their pockets over the next few years. For people that don't have that kind of money, the message will be simple: Fend for yourselves. Many people just won't be able to do it.

As I said before, we often take for granted the security that comes from Medicare. But according to a new study by the Department of Health and Human Services, the congressional majority would push 500,000 -- a half a million -- older Americans into poverty by increasing the cost of health care. And these cuts would force their families to make choices between generations that no family should have to make.

We do need to protect Medicare from going bankrupt, but we don't have to bankrupt older Americans to do it. None of the cuts driving families into poverty would go into the trust fund. They would simply pay for a huge tax cut for people who don't really need it. That's unnecessary, and it's wrong. Medicare is too important to all families to become a piggy-bank for tax cuts for just a few. It's especially important today because so many families are working harder and earning the same or less than they did 10 years ago.

For all Americans, Medicare must remain a source of certainty and security. For our parents, but also for our children. I pledge to do my part to keep Medicare strong.

Thanks for listening.

END 10:11 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release July 29, 1995

REMARKS BY THE PRESIDENT AND THE FIRST LADY IN QUESTION AND ANSWER SESSION AFTER RADIO ADDRESS

The Oval Office

10:12 A.M. EDT

THE PRESIDENT: Yes, Sarah.

Q What's your strategy? What's going to be the Democrats' strategy? We can't live in this present condition, like this. We can't -- where people are dying every day because they don't have any health care. And what's going to be the strategy of the Democrats to overcome this?

THE PRESIDENT: Well, first of all, we're going to try to win as many of the fights as we can as they come up. You know, yesterday we won a really important victory in the House of Representatives where, really, the first time since the new majority took over, over 50 Republicans bolted and voted to protect the environment, a very important issue in states like Florida and other states around the country.

The House had a bill before it that would literally strip the federal government of its power to protect the environment. So that -- and 50 Republicans joined with almost all the Democrats and said, no, we're not going to do that.

So I think that we've got a chance now, a real chance to build a sensible, common sense, common ground majority. And that's what we're going to try to do. I don't know that these Medicare cuts can pass the Congress. And I'm certainly going to do what I can to defeat them. That's our first strategy.

The second thing, to follow up on what you said, is that we believe that if we're going to slow the rate of growth in Medicare spending dramatically, without imposing great new costs on seniors and making the system work, we ought to take a little of that money we're going to save and put it into preventive care, to try to help people take care of their parents or their grandparents outside of institutions, outside of nursing home care. I think it would save money over the long run. It wouldn't cost a lot of money to start, and we'd sure find out over the next two or three years.

And in my budget, we do -- we take some of that money to put into home health care. We've put some of that money into respite care for people with Alzheimer's. We do some other things with it, and we'll be able to monitor over the next two or three years whether it saves money, or not. I think it will, and it doesn't have anything to do with stabilizing the trust fund. So that's our strategy.

And I'm encouraged by yesterday's vote on the environment that there may be some Republicans willing to brave the pressure, the enormous pressure they've been under to toe the line, to do what's right for America. So I'm encouraged.

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Q Mr. President, I'd like to bring you briefly a message from the people of the state of Florida, a state that has more seniors proportionately than any other state in the union. Sir, our people are terrified. They're frightened, they're confused. I will tell you right now that, if what they've proposed to do they will do with Medicare and Medicaid, there are going to be people in the state of Florida who just cannot hack it.

The message that they have asked me to deliver to you is, please don't give up this fight. Please keep on doing what you're doing.

And there's one thing personally as Chairman of the Department of Elder Affairs and elected official in the state of Florida that's troubling the dickens out of me. The younger element that I find working amongst my constituents, the younger element keeps yelling, we want a change. And when I ask, what change do you want, tell me what you're referring to, I don't get an answer. They haven't got the faintest idea. But there's a buzz word now: we want a change. I would love to have you address that, Mr. President. I think that's very, very important for the young people of my state. And thank you for allowing me to make my statement.

THE PRESIDENT: Thank you. Well, you tell -- first of all, tell them I won't give up the fight. We've just begun the fight. But I think, to be fair, the young people of our country are worried about their own future. And it's an amazing time in our country. We've got -- just since I've been President, we've brought the deficit down, we've got 7 million new jobs, we've got a record high stock market, we've got a record number of new businesses. But a lot of people, including a lot of young people, are working harder for less. They feel more and more powerless. And so a lot of them think, well, maybe the answer is to turn against everything we've done in the past; turn against programs like Medicare; turn against the elderly; walk away from everything that's been done.

And the problem with that is, all they will do is make themselves and their parents and their own future worse. We have to properly analyze what's the matter and we have to get the kind of change we want. We do need to raise incomes as well as create jobs, just like we need to stabilize the Medicare trust fund. People are living longer and longer, so there are more people drawing Medicare. And the older you are, on balance, the more you use the health care system. So the cost per person goes up as people get over 80, let's say. But the answer is to fix it in a way that won't break it and that won't bankrupt the seniors of this country.

And I think it's -- you know, I'm glad you mentioned Medicaid. A lot of people think Medicaid is exclusively a program for young, poor people on welfare. And two-thirds of Medicaid money goes to the elderly and disabled. That's what funds the parents of middle-class America who have to go into nursing homes, for example. And if you look at the nature of the Medicaid cuts, we're going to see a lot of middle-class Americans who will no longer be able to afford to send their kids to college because they'll be paying for their parents in nursing homes if they can afford to do that.

So, the answer -- I think you ought to tell these young people, we are in a period of change. And we have to change our government policies to be prepared for the 21st century. But the answer is to enable everybody to make the most of their own lives, not to pit one generation against another, or one group of Americans against another. That is a dead loser for this country. That is a really foolish thing to do. It helps a lot of politicians win elections when they can pit people against one another, but it doesn't help the country much. And we have never progressed doing it. You look back in the whole history of America -- we have taken one step forward by pitting one group of Americans against another one, and we never will.

Q I'd like to give you a personal experience. First of all, I want to tell Sarah McClendon that I watched her birthday party on TV and it is the best fun that I have had in years. (Laughter.) I loved it. I loved it. And you looked gorgeous that evening.

Anyway, I want to tell you, I think it's important to let you all know of a personal experience and how frightened an older person can be when you think that you cannot cover your medical expenses. And that's an experience that I had some years ago. I'm 82 now, but I guess I was about 72 or 73 when I had a serious stomach problem. And I had serious surgery. My stomach had to be completely rebuilt. I will not give you the gory details. But it was an emergency. I had to be operated on.

And when I came to in about two days, I realized that I was in a private room. And I was frantic. I couldn't wait until my daughter came to visit me, and I said to her, get me out of this private room. Medicare will only pay for a semi-private room. Where am I going to get the money to pay for a private room? So she consulted the doctor, and the doctor said, no, with my condition I had to have a private room; that they would verify to Medicare that I had to have a private room.

I was in the hospital for 10 days. When I came home, I could not move. I could not walk. I could not even open a closet door. Fortunately, I had a daughter who was able to come up from Washington and stay at least for the weekend to get me settled with whatever I needed and so forth and so on. Then when she went back to Washington after three days, my daughter who lives close to me, who lives in Newton, was able to take over. They alternated.

But if I didn't have two daughters to take care of me, what would I have done? I could not afford -- especially now that they're suggesting that we will have 20 percent co-payments -- the average older person cannot afford this kind of expense. Twenty percent co-payments would have meant for somebody to come into my house as a home health aid, I would have had to find money somewhere to pay for that person, the 20 percent co-payment.

But if I had could not do it, then I would have to rely on my children to do it. And that's what the younger generation have to understand. What your parents and grandparents cannot pay, you will have to pay. And that's a very important issue. And I have my granddaughter Susan her with me to verify the fact of how nervous I was those days about -- remember Susan? I'm very calm now. (Laughter.)

THE PRESIDENT: You're doing great.

Q But Susan can tell you, I had the whole family in an uproar, saying how am I going to pay for this?

THE PRESIDENT: But, you know, your story illustrates a point that the Mayor just made. I mean, first of all, for about 10 years now, the elderly in our country have had a lower poverty rate than very young people. And that's a wonderful thing. And two things did it -- the cost of living on Social Security and Medicare. That's what did it.

Now, if we put another half a million older Americans in poverty with this program, is that going to lift any little children out of poverty? No. Is that going to help that young worker? No. All you're going to do is take more money out of the incomes of middle-class, working people who are working harder for less.

So the answer is to raise their incomes and increase their security. The answer is not to make this swap. And who would get the benefit of this, of this tax cut? I want to emphasize again, this money is not necessary to fix the Medicare trust fund. They don't have to make this much savings.

And an enormous amount of this huge tax cut is going to people who don't even need it and many of them, frankly, don't want it. Many of them do not want it. I've had a lot of upper-income people tell me that they do not want -- they want to balance the budget, take care of Medicare, invest in education, get this country going. So I -- this is a battle we have to win.

Yes ma'am. Go ahead.

Q I tried to bring it to you today. It's here, but I didn't do it. When you -- the other day, you had a letter. You sent me a letter. I don't know who else, but you sent me a letter. The letter is in that -- is here today.

I was very much upset because I felt that you were going to do something for us. Now, if you remember, about two months ago, you sent me -- I can't remember things too well -- but you sent me this letter. It's about this long. And I wanted to bring it the other night, but it was long. I was going to bring it tonight. Somebody else has it. But I want to know how on earth are people going to live if somebody doesn't, just as you said it the other day, if somebody don't listen to you or listen to somebody else. Because I'm -- how old? How old am I?

Q 96.

Q I'm 96. I know what to do, but I can't get it out. I'm not kidding. If you get to be this old, I thought, at first, I was kind of touched in the head.

THE PRESIDENT: You're doing well.

Q No, I wanted to do it. I want to do it. And, as I say, my age -- this young man here has done everything for me, and I have been places when I knew I wasn't going to wake up. And when I'd wake up, you know, I'd say, praise the Lord. I don't know whether I was going to stay all night or what not. But what I'm saying is, people don't seem to think that old people need because -- of course, younger people, too, but there's so many old people where nobody cares, nobody does anything about it. Nobody cares and they'll give you this and give you that, and that's all.

I got the letter the other night, and you said you were going to do what you're doing today. As I say, I can't remember things. But in that box, in that -- I guess I'll get it back, but when I get it back I'm going to send it right back to you. (Laughter.) Because giving it back is what you want and what I want --

THE PRESIDENT: Bless you.

Q And I know you want it because you wouldn't have done it. You wouldn't have done this today. You didn't have to sit here.

THE PRESIDENT: Thank you.

Go ahead.

Q It seems to me that, seriously, just listening -- the fact that the attack on Medicare and Medicaid is the most serious

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attack on the people of this country that I've witnessed in 60 years. As you pointed out, if this attack should succeed, hundreds of thousands of older people, disabled people would be added to the list of people who are below the poverty line. Hundreds of thousands of people would replace hope with despair. And it would seem to me that we need to keep in mind the fact that this does affect hundreds of thousands -- millions of people. And this attack, it seems to me, must be fought by the people of this country. And I'm sure they will. (Applause.)

MRS. CLINTON: One of the concerns we have -- and I think one of the reasons the President wanted to do this, to go back to Sarah's question, is there's a lot of misinformation out there. And I think that's what some of the young people are responding to. And we're now seeing ads being run that are trying to scare people and trying to say that if we don't do what the majority in Congress wants to do, then there won't be any Medicare. A lot of real scare tactics. And I think we have to get the information out to people.

For example, there's a difference, as you know, between Part A and Part B of Medicare. And what the President has proposed in his budget will improve the trust fund. But the beneficiary cuts and the additional costs that the majority in Congress want older people to have to pay out of their own pockets have nothing to do with the trust fund.

THE PRESIDENT: -- nothing to do with the trust fund.

MRS. CLINTON: See, this is one of those shell games. Remember when you'd walk down the street and you'd see how fast people could do all that, and I never could figure it out -- well, it's going on again. But it's going on in a much more serious way, trying to really keep the balls moving so fast that they think that they'll fool people. And not just fool older people, but fool the children and grandchildren, so that people will think, well, all they're trying to do is to fix the Medicare trust fund, and so if people have to pay more -- not remembering that 75 percent of the people on Medicare make less than $25,000 a year -- so where are they going to get the $2,000, the $5,000 to pay more? And it has nothing to do with the Part B cuts, with the Part A trust fund.

So that's one thing that we have to keep explaining to people. And I think the truth, as is often the case, is one of our most effective arguments.

THE PRESIDENT: A lot of people, like a lot of young people, don't know. They'll see these ads and they think, well, they're trying to fix the trust fund. But I just want to remind -- we need to do a little history here. When, in 1993, when I gave the State of the Union address and became President, I said, look, we've got to fix the trust fund. In 1994, I said, we have to fix the trust fund. When I presented health care reform, I said, we have to fix the trust fund. A lot of these same people, now, who are alarmed about the trust fund said, there's no real problem, there's no health care crisis; what's he talking about?

Then when a report comes out this year and it shows we've actually improved things for the trust fund, but we still have to fix it, they say, oh, we have to fix the trust fund and that's why we need to load all these costs on the seniors. But the costs -- I want to say again what the First Lady said -- the costs being loaded on the individual seniors do not go against the trust fund. They're being used to finance an excessively large tax cut and to balance the budget at the arbitrary date of seven years.

And it is just not fair. I have never seen a time when the seniors of this country were not willing to bear their fair share, were not willing to make their own contributions. You know as well as I do modest changes have been made in Medicare and Social Security over the years. That's not what this is about. This is about just what Mr. Fleming said -- it's about taking the heart out of this program, to drastically change the way the government's priorities are. And it is wrong.

And you and your children and your grandchildren -- in some cases, your great-grandchildren -- you've got to stand up against it.

Q I resent the fact that the media is being told that President Clinton and Al are scaring older people. Older people have a right to be scared. We have a right to be scared about what our future holds for access to good health care.

THE PRESIDENT: I'm not trying to scare anybody. But I am trying to arouse --

Q I'm defending you --

THE PRESIDENT: I am trying to arouse the citizens of this country. I've seen scare tactics. I've had them used against me and what I was trying to do. I saw a couple hundred million dollars worth of scare tactics last year when I was trying to secure your health care future. So I know all about scare tactics. I'm not trying to scare you, but I think it's wrong for people to go around with this little plan to mess with your Medicare and try to keep the details of it secret until the 11th hour, then pop it through and have it all gone. And I think we need to -- this is like a covey of quail. We need to flush it -- (laughter) -- get it out there and see what's going on here.

Go ahead, what were you going to say, ma'am?

Q Yes. As you know -- that are three out of four of the elderly poor are women. And if there is any increase in Medicare payments, this is going to push upwards of 40 percent of older women who are just above the poverty line into poverty.

I was with Mrs. Clinton when she announced her Medicare -- her campaign to get older women mammograms. I fear that that would be lost under any effort to increase the cost of Medicare co-payments and deductibles for older people -- and older women, particularly. I wonder if you could speak to that.

MRS. CLINTON: Well, I'm glad you raised that because we've got the experts back there who run this program, and we know that one of the barriers to older women getting regular mammograms is cost. And if we make the cost of Medicare even more expensive for older people in general, but particularly women, then the preventive health care that they need -- which will save us all money if people take care of themselves and get those tests -- will be lost as well.

And I want to say one other thing because I think this is part of the -- sort of the scare tactics as well that are being use. A lot of people say, well, families should take care of each other, and families should be there for each other, and the government shouldn't do it. The Majority Leader has said he doesn't want any part of Medicare -- it shouldn't be a program in any free country and everybody should take care of themselves. Well, I think everybody in this room certainly, and most people I know around the country do everything they can to help their parents.

Your daughters came to take care of you, and your grateful that they could. And we will continue to do that -- financially, emotionally, in every way we can. But there are two, I think, realities we have to look at. There are a lot of older people who don't have those children and those grandchildren. There are a lot of older people who have outlived their children, who don't live anywhere near their children or their grandchildren, who are in no position to be able to get any help. What are we going to do with them, particularly all these older women who are on their own?

And the second thing is that because a lot of young people are struggling very hard for themselves I have no doubt they would make the sacrifice if they had to, but with the cost of medical care, my goodness, we will drive more young people into poverty if they have to spend all their assets to try to help take care of their parents and their grandparents. That's why what we're talking about here is something that doesn't just affect older Americans. It affects every single American, no matter what our age. And I hope that people will understand that more.

Q Mr. President, as you know, we work very hard in reforming health care with the First Lady -- very helpful. What I think is happening in America today, the confusion is taking place, is the Republicans were on the run when we, the Democrats, were saying that Medicare and Medicaid would remain intact. And they were talking about the seven-year balanced budget. And with the 10-year balanced budget that you proposed correctly, the issue of Medicare -- immediately the following day, they began to use your statement as the reason Medicare is going to be reformed from the issue that you raised.

So we need to tell the media clearly how you intend to take of Medicare and Medicaid and the seniors -- this is why this program is so ideal -- so we understand the difference of what they're proposing versus what we are proposing. That's where the confusion lies.

THE PRESIDENT: That's what the First Lady said. These personal costs that are going to be loaded on the individual seniors under their plan do not make a contribution to stabilizing the trust fund. They are not necessary to stabilize the trust fund, and we don't have to do it.

I know we've got to break up. We'll hear from one more person.

Q One of the things I'm very concerned about is Medicaid, especially from the standpoint of minorities in this country where over 30 percent of them are in poverty. As we move along in this discussion of saying that Medicaid should no longer be an entitlement, we are headed to a catastrophe, especially in view of the fact that public assistance is being cut back at the local level. What is to happen to these low-income people in this country if Medicaid is no longer an entitlement? We'll end up in a situation worse than we were in the '30s. And that's a challenge that the American people need to face up to.

THE PRESIDENT: It's a mistake. Let me just say this. Just look at the -- you know, of course, the main Medicaid benefit to seniors is nursing home care. And most states have more people in nursing homes under Medicaid than Medicare -- way more.

But let's just talk about the next generation. Let's talk about the children. We've all got a big stake in seeing how well they do. If you -- Medicaid is the program that provides health insurance to really poor children. Now, you tell me what's going to happen if you block-grant Medicaid and you don't require the states to come up with their portion, and the next time the state legislature meets in Florida -- let's take Florida, a state I know quite a bit about -- you know, Hillary and I have -- her family live there, two of her brothers. Let's just take Florida. And it's a fast-growing state. And they come in and we have a legislature, and the people say, we don't have enough money for the schools. And

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they're telling the truth because it's fast-growing. And then they say, we've got all these new communities, and we don't have enough money for the water systems we need or the sewer systems we need. And they'll be telling the truth. Or we don't have enough money for the road systems we need. And they'll be telling the truth.

Now, then let's say the seniors have a strong enough lobby to come in and save the money for the nursing homes. What happens? They'll cut off all the aid to the poor children. And then what happens if you take the health care away from the poor children? Then all of us will be paying for them when they're either really sick or they don't develop mentally and physically as they should 5, 10, 15 years down the road.

This is not a good idea. This is a bad idea. Not all change is good. We've got to have the right kind of change. And you're absolutely right. And I hope you will fight for it. And I will fight for it. And we just need to tell the American people about it. We can prevail.

Thank you. You guys have been great. (Applause.)

Q Mr. President, just to give you a chance to respond to, undoubtedly, what the Republican response will be. They say that you have not offered a really detailed proposal of your own, that changes have never taken place --

THE PRESIDENT: Have they? Have they? What I have done -- I have done what's important. I have said, we are not going to accept the beneficiary increases that they are. I have said that we can fix the Medicare trust fund without requiring the kind of cost increases on these folks that they are recommending to pay for their tax cut. That is a huge change.

Secondly, I have said, that we don't have to do as much on the provider side into the health care system as they want to do, because I want to balance the budget in 10 years instead of seven. So, any set of options I adopt, they will have to adopt more severe options, which is why they want to go into the August recess with their plan a secret, and why they allegedly apparently have plans to come back here and drop this thing out right before the fiscal year begins and allow about two days debate on it and then roll it through.

Now, I have proved -- when I had responsibility for the budget, I did that. We made the Medicare trust fund better with no help, I might add, from them. Not a single vote. We made it better. They denied that there was a problem with the trust fund. Then when they won the majority in the Congress, what happened? All of a sudden they discovered this problem in the trust fund and they used it as a pretext to raise costs on Medicare beneficiaries so much so they could pay for the big tax cut they promised and meet the seven-year balanced budget deadline they promised.

If you want to talk about -- am I willing to work with them on Medicare reform to fix the Medicare trust fund? Absolutely, I am. Why did I present a balanced budget alternative? So I could reach out my hand in good faith to work with them. So far that has not been an option. So far they have been proceeding down their own course. All I'm saying is, I am serving notice that I will not support what they are attempting to do to the seniors.

Now, we can fix the Medicare trust fund. It doesn't have anything to do with what we've been talking about here today. (Applause.)

END 10:45 A.M. EDT