Hemrw—
Pres. Drug)

May 9, 2000

EVENT TO UNVEIL MEDICARE AND PRESCRIPTION DRUG REFORM LEGISLATION

DATE:	May 10, 2000
LOCATION:	Rose Garden
BRIEFING TIME:	10:00am – 10:10am
MEET & GREET TIME:	10:10am – 10:20am
EVENT TIME:	10:25am – 11:25am
FROM:	Bruce Reed, Charles Brain, Mary Beth Cahill, Chris Jennings

I. PURPOSE

To unveil the details of the Democratic Caucus Medicare prescription drug benefit plans and highlight a new report that underscores the importance of a Medicare prescription drug benefit for older women.

II. BACKGROUND

Senator Tom Daschle will introduce his Democratic prescription drug legislation today. He currently has 33 cosponsors. The House Democrats have not yet drafted a bill, but will announce shared elements between any bill they introduce and Senator Daschle's bill. These shared elements, and Senator Daschle's bill, are consistent with your Medicare reform initiative and the principles you have advocated for the development of a voluntary prescription drug benefit. Today, you will praise the Democratic leaders and the members of their caucuses for their detailed Medicare prescription drug benefit plans and point out that a strong unified Democratic position can help lay the foundation for eventual bipartisan consensus. You will also highlight a new report today, released by the Older Women's League, that underscores the importance of a Medicare prescription drug benefit for older women.

UNIFIED DEMOCRATIC SUPPORT FOR A NEW, VOLUNTARY PRESCRIPTION DRUG BENEFIT OPTION. Senator Daschle and Rep. Gephardt, together with numerous Democratic Members of the House and Senate, will announce the details of their plan to provide for a voluntary Medicare prescription drug benefit. The plan, which will be effective on January 1, 2002, is:

- **A New Prescription Drug Benefit Option For All Beneficiaries.** The plan ensures that all beneficiaries can access prescription drug coverage, whether they are in traditional Medicare, managed care, or a retiree health plan. Employers will receive financial incentives to provide retiree coverage and maintain existing coverage.

- **Designed To Give Beneficiaries Meaningful Protection.** The new benefit will cover up to half of a beneficiary's drug costs up to $5,000 and provide protection against catastrophic drug costs. In addition, the plan will create financial incentives to ensure that beneficiaries in rural and hard to serve areas can access prescription medications.

- **Affordable To All Beneficiaries And The Program.** Under the plan, Medicare will contribute at least 50 percent of the cost of the prescription drug premium to make it affordable for all beneficiaries. The plan will also include special protections for low-income beneficiaries: those with incomes below 135 percent of the poverty level will receive full coverage of cost sharing and premiums, and those with incomes between 135 and 150 percent of poverty will receive premium assistance on a sliding scale.

- **Administered Using Private Sector Entities And Competitive Purchasing Techniques.** Drugs will be purchased at privately negotiated rates, giving beneficiaries the bargaining power they lack today. As a result, beneficiaries will not only receive prescription drug coverage for the first time, they will receive better prices for their drugs. In addition, private sector entities will negotiate prices with drug manufacturers and administer the benefit, a mechanism used by most private insurers.

NEW STATISTICS UNDERSCORE THE IMPORTANCE OF A MEDICARE PRESCRIPTION DRUG BENEFIT FOR OLDER WOMEN. Today, you will highlight a new report being released by the Older Women's League entitled "Prescription for Change", which underscores the importance of a Medicare prescription drug benefit for women. Key findings from the report include:

- **On Average, Women Spend More Out-Of-Pocket For Prescription Drugs Than Men.** Women on Medicare spend 13 percent more out-of-pocket than men for prescription drugs, but have incomes that average 40 percent lower.

- **More than one in three women on Medicare lack prescription drug coverage.** Compared to men, women are more likely to have supplemental prescription drug coverage through Medicaid and less likely to have employer-sponsored coverage.

- **Middle-class women bear the heaviest burden.** Those with the highest out-of-pocket drug expenses are those with incomes between 135 and 200 percent of poverty. Fully half of women on Medicare without <u>any</u> drug coverage have incomes above 150 percent of poverty.

III. PARTICIPANTS

Briefing Participants:
Secretary Donna Shalala
Bruce Reed
Charles Brain
Gene Sperling
Joel Johnson
Loretta Ucelli
Mary Beth Cahill
Chris Jennings
Lowell Weiss

Meet and Greet Participants:
Members of Congress TBD
Betty Dizik, Senior, Taramac, FL

Program Participants:
YOU
Senator Thomas Daschle
Representative Richard Gephardt
Betty Dizik, Senior

Betty Dizik is a 73-year-old widow with four children and four grandchildren. She is on Medicare and purchases supplemental health insurance, which does not include prescription drug coverage. Betty spends approximately $450-500 every month to purchase the medications she needs to control her heart condition and diabetes, which is a large portion of her annual income of approximately $23,000. In order to afford these medications she has been forced to continue working full time for Meals on Wheels, and even takes extra seasonal jobs to make ends meet. Betty goes without her medications if she is unable to afford them at the time and often becomes ill as a result. She budgets very carefully when shopping for groceries, is unable to purchase new clothes, and is unable to travel to visit her children and grandchildren.

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will greet Members of Congress and Betty Dizik in the Oval Office.
- **YOU** will be announced into the Rose Garden, accompanied by Senator Thomas Daschle, Representative Richard Gephardt, and Betty Dizik.
- **YOU** will make remarks and introduce Betty Dizik.
- Betty Dizik, senior, will make remarks and introduce Senator Thomas Daschle.

- Senator Thomas Daschle will make remarks and introduce Representative Richard Gephardt.
- Representative Richard Gephardt will make remarks.
- **YOU** will make concluding remarks, work a ropeline, and depart.

VI. REMARKS

To be provided by speechwriting.

THE WHITE HOUSE

WASHINGTON

April 25, 2000

STATEMENT ON MEDICARE AND PRESCRIPTION DRUGS

DATE:	April 26, 2000
LOCATION:	Roosevelt Room
BRIEFING TIME:	9:05am – 9:25am
MEET & GREET TIME:	9:25am – 9:30am
EVENT TIME:	9:30am – 9:50am
FROM:	Charles Brain
	Bruce Reed
	Mary Beth Cahill
	Chris Jennings

I. PURPOSE

To issue a statement with Senate Democratic Leader Tom Daschle (D-SD), House Democratic Leader Richard Gephardt (D-MO), and Ron Pollack, Executive Director of Families USA, releasing a new study entitled "Still Rising: Drug Price Increases for Seniors 1999-2000," and to call on Congress to enact a real prescription drug benefit.

II. BACKGROUND

You, together with Senator Tom Daschle and House Democratic Leader Dick Gephardt, will join Families USA in releasing a new report on prescription drugs. The report shows that, on average, the price for the 50 drugs most commonly used by seniors increased at nearly twice the rate of inflation during 1999. This finding, combined with the recent HHS report showing that the price differential for older and disabled Americans with and without coverage has nearly doubled, underscores the need for a voluntary Medicare prescription drug benefit. While praising the House Republican leadership for publicly recognizing the need for an affordable, optional prescription drug benefit available to all Medicare beneficiaries, you will state that the policy advocated by the House Republicans does not achieve their stated goals and challenge the Republicans to move swiftly to amend their proposal to assure that all Medicare beneficiaries have access to such a benefit. Congressman Gephardt will also highlight the prescription drug events he has participated in during the Congressional recess. Although this will not be mentioned, it is important to note that the Senate Democrats plan to introduce a prescription drug bill within the coming weeks.

New Analysis Indicates that Prescription Drug Prices Will Continue to Rise. Key findings of the Families USA report include:

- **In 1999, the prices of the 50 prescription drugs most commonly used by seniors increased at almost double the rate of inflation, continuing a trend over the past six years.** On average, the prices of these drugs reportedly increased by 3.9 percent from January 1999 to January 2000 (versus 2.2 percent for general inflation). In addition, the report finds that the price of the 50 prescription drugs most commonly used by older Americans increased by 30.5 percent since 1994 – twice the rate of inflation. More than half of the most commonly used drugs that were on the market for the entire six year period had price increases that were double the rate of inflation.

- **Seniors with common chronic illnesses are often forced to spend over 10 percent of their income on prescription drugs.** The new Families USA study demonstrates that a widow with diabetes, hypertension, and high cholesterol, living on an annual income of $12,525 (150 percent of the poverty level) will spend 18.3 percent of her annual income on prescription medications. The same woman with an annual income of $16,700 (200 percent of the poverty level) will spend 13.7 percent of her income on these medications.

Challenging the Republican Leadership to Modify Their Policy to Match Their Stated Goals. The policy advocated by the House Republicans does not achieve their stated goals. Their current approach is underfunded, unlikely to be available to all beneficiaries, and would inevitably be unaffordable to millions of seniors and people with disabilities, even if it is available in some places. You will challenge the Republicans to move swiftly to amend their proposal to assure that all Medicare beneficiaries have access to an affordable prescription drug benefit option. The House Republican proposal:

- **Reneges on funding commitments for a meaningful prescription drug benefit.** Earlier this year, the Republicans indicated they would commit $40 billion for a prescription drug benefit, but just recently, they proposed a budget resolution that dedicated as little as $20 billion to improve the Medicare program to include a prescription drug benefit. Moreover, the lack of their willingness to release 10-year numbers on their new prescription drug proposal raises serious concerns that their tax policy consumes virtually all revenue necessary to adequately fund a drug benefit into the future.

- **Does not assure availability of prescription drug coverage.** Because the Republican plan relies on private insurers to offer a drug-only benefit voluntarily, this policy cannot be guaranteed to be available to all seniors in need of a drug benefit. In testimony before the Congress, the insurance industry itself has expressed skepticism about the effectiveness of the Republican approach.

- **Not affordable for most seniors, even if it is available.** Furthermore, because it provides direct premium assistance only to beneficiaries with annual incomes of under $12,600, the Republican benefit will almost certainly fail to be an affordable option even if it's available. If enacted, the Republican proposal would mark the first time in the program's history that Medicare would not provide universal premium assistance for benefits, and it would undermine the social insurance concept of the program.

III. PARTICIPANTS

Briefing Participants:
Joel Johnson
Charles Brain
Joe Lockhart
Loretta Ucelli
Mary Beth Cahill
Chris Jennings
Paul Glastris

Meet and Greet Participants:
Secretary Donna Shalala
Senator Thomas Daschle
Representative Richard Gephardt
Ron Pollack, Executive Director, Families USA
Amanda McCloskey, Families USA

Statement Participants:
YOU
Secretary Donna Shalala
Senator Thomas Daschle
Representative Richard Gephardt
Ron Pollack, Executive Director, Families USA

IV. PRESS PLAN

Pool Press.

V. SEQUENCE OF EVENTS

- **YOU** will be announced into the Roosevelt Room, accompanied by Senator Thomas Daschle, Representative Richard Gephardt, and Ron Pollack.
- **YOU** will make remarks and introduce Representative Richard Gephardt.
- Representative Richard Gephardt will make remarks and introduce Senator Thomas Daschle.
- Senator Daschle will make brief remarks.
- **YOU** will depart.

VI. REMARKS

To be provided by speechwriting.

REPUBLICANS' PRESCRIPTION DRUG PROPOSAL: DESIGNED FOR THOSE WHO SELL DRUGS, NOT THOSE WHO NEED THEM
April 12, 2000

The House Republican Leadership recently released a broad outline of a proposal on prescription drugs for Medicare beneficiaries. It appears that the Republicans' proposal was developed more for those who sell drugs than those who need them. It provides no details of the premium for the policy, what the basic benefit would cover, or how much it would cost the Medicare program. The details that are in the Republican leadership's outline, which is consistent with proposals supported by the pharmaceutical industry, raise serious concerns, including (1) covering prescription drugs through drug-only private insurance plans rather than Medicare, even though insurers have raised doubts about their willingness to offer such policies; (2) limiting premium assistance for its basic benefit to beneficiaries with income up to 150 percent of poverty ($12,600 for a single and $17,000 for couples), leaving out millions of uninsured and underinsured seniors; and (3) encouraging private plans to participate by having the government bear most of the risk of covering sick beneficiaries.

RENEGES ON FUNDING COMMITMENT FOR MEANINGFUL PRESCRIPTION DRUG BENEFIT

- **The Republicans' budget chairmen have acknowledged that their budget resolution uses only half -- $20 billion – of its Medicare reserve for prescription drugs.** This is insufficient to finance a meaningful, affordable, accessible drug benefit for all beneficiaries. The Republicans have also refused to spell out their 10-year funding commitment for prescription drugs, raising the prospect that it is significantly underfunded, primarily due to their tax cut whose costs will explode after 2005.

DOES NOT ASSURE AVAILABILITY OF PRESCRIPTION DRUG COVERAGE

- **Private plans not required, and likely will not offer, coverage in all areas.** Relying solely on private insurers rather than providing plan choices through Medicare is likely to be an empty promise. Today, Medigap covers prescription drugs for only about 10 percent of Medicare beneficiaries. Although the proposal aims to encourage more private plans to participate by protecting them against high costs, it would not ensure that even a single private plan will offer coverage in all areas of the country. Moreover, major representatives of the insurance industries have stated that they have no desire to participate in this program. Thus, even those seniors qualifying for means-tested, direct premium assistance are not assured access to a private plan to provide them affordable coverage.

NOT AFFORDABLE FOR MOST SENIORS, EVEN IF IT IS AVAILABLE

- **Premiums much higher than the President's voluntary plan.** Its drug only, private insurance policy design assures that the premium will be significantly higher than the President's plan and will expose seniors and people with disabilities to significant out-of-pocket costs before the benefit begins. Moreover, direct premium assistance is limited to those with incomes below $13,000 to $17,000. This leaves out half of Medicare beneficiaries lacking drug coverage today, including a widow with income of $15,000 and a woman with Alzheimer's disease whose husband has income of $25,000.

NO SPECIFIED BENEFIT

- **Lack of a specific benefit asks the Congress and the public to buy a "pig in a poke".** Republicans would ask that Congress vote for a plan without a design, instead allowing a private plans and independent "entity" to make the critical decision about what type of prescription drug coverage seniors would get. Despite this flexibility, its design almost inevitably would result in plans with a high deductible, high premium, or both which would result in millions of beneficiaries continuing to have high out-of-pocket costs.

REPUBLICAN PRESCRIPTION DRUG PLAN: RHETORIC DOES NOT MATCH REALITY

Rhetoric: *"Expands seniors' right to choose the coverage that best suits their needs through a voluntary and universally-offered benefit."*

Reality: Unless the plan includes a mandate on private insurance to participate, there is no guarantee that prescription drug coverage will be "universally offered." Seniors in rural or high-risk communities may have a hard time finding a prescription drug plan, even if they qualify for the means-tested assistance.

Rhetoric: *"Lowers drug prices and expands access to prescription drugs for all beneficiaries...."*

Reality: This proposal will not lower prices for all beneficiaries since all beneficiaries will notbe able to afford it – assuming that they even have an option at all. The Republicans have means tested their premium assistance to those with income below is $12,600 for a single and $17,000 for couples. Thus, a widow with income of $20,000 will face a premium that could easily more than twice the current Part B premium of $45.50.

Rhetoric: *"The plan provides coverage and security against escalating out-of-pocket drug costs for every Medicare beneficiary by setting a monetary ceiling beyond which Medicare would pay 100% of beneficiaries' costs. By contrast, the President's plan leaves beneficiaries vulnerable to pay full and unlimited drug costs above $2,000."*

Reality: The outline of the Republican plan does not include a specific policy for stop-loss protection. While the President also has not yet specified his stop-loss limit, he has explicitly dedicated $35 billion in surplus to assure that Medicare beneficiaries have meaningful protection against excessive out-of-pocket spending on medications.

Rhetoric: *"Those Medicare beneficiaries who choose this voluntary plan will never have to pay retail prices for their prescription drugs again."*

Reality: Private Medigap insurers today rarely negotiate for discounts, instead paying for half of the retail price for prescription drugs. The only way that the Republicans can assure that beneficiaries will "never" again pay retail prices is to mandate that private insurers negotiate for price discounts, which seems unlikely.

Rhetoric: *"The proposal invests $40 billion of the non-Social Security surplus to strengthen Medicare and offer prescription drug coverage to every beneficiary. The five-year investment sets aside $5.2 billion more than the President's plan."*

Reality: The Republican chairmen of the budget committees stated that only $20 billion of the $40 billion would be dedicated to prescription drugs – much less than what the Republican plan claims. Moreover, the Republican budget does not commit to any funding after 5 years, probably because the surplus will be used for a large and irresponsible tax cut – not a meaningful Medicare prescription drug benefit.

Rhetoric: *"Preserves and protects Medicare to keep program solvent for future generations."*

Reality: The Republican outline released today does not include a single specific policy that affects solvency or protects the program. In contrast, the President's plan, according to the Medicare actuary and Congressional Budget Office, not only adds a meaningful prescription drug benefit but slows Medicare growth, dedicates $299 billion of the non-Social Security surplus and extends the life of the Medicare trust fund to at least 2030.

HEALTH CARE UPDATE:
PATIENTS' BILL OF RIGHTS AND MEDICARE PRESCRIPTION DRUGS

Speaker Hastert has indicated to many people that he believes it is imperative that the House pass out a final Patients' Bill of Rights and send it to you for your signature this year. Having said this, he appears to have been able to keep the Republican members appointed to the Conference, who have traditionally strongly opposed a meaningful and enforceable Patients Bill of Rights, well disciplined. In addition, despite the fact that Senator Nickels, the chair of the joint House-Senate Conference on this legislation, had indicated his intention to complete the work of the conference by the end of March, the Conference has yet to broach the subject of scope of coverage (how many people are covered), enforcement, or the many expensive and, in many cases, problematic "access provisions" included in the conference.

Yesterday, John P. and Chris J. met with Congressman Dingell and Senator Kennedy to discuss the disappointingly slow progress of the Conference. While we agreed that not having this bill up for public debate on the House and Senate floor seemed to benefit Senator Nickels and the Republican leadership in the short term, Senator Kennedy and Congressman Dingell seemed to believe that lack of action was more detrimental to the Republicans in the long term. They agreed that it was important for you to help create an environment that pressures the Congress to act. In that vein, we agreed to suggest to you the possibility that you would host a meeting at the White House with key members of the Conference soon after the Congress returns from its Easter recess. In the interim, we may begin to send signals that we are becoming increasingly frustrated with the lack of progress.

On Medicare, the House Republican Leadership unveiled their prescription drug benefit yesterday. While they provided few details and therefore made it impossible to evaluate the benefit, premiums, and cost of the proposal, it is clear that they are choosing a private insurance drug-only approach that is severely flawed. The people that the Republicans are counting on to offer this benefit – the insurers – continue to state privately that they would not participate because of their fear of adverse selection. As a consequence, the Republicans cannot even ensure that there would be a benefit for all beneficiaries. Moreover, even if there is a benefit in some parts of the country, the inefficient and reluctant insurance industry combined with the absence of direct premium assistance for individuals with annual incomes over $12,600 (150 percent of the poverty level) will result in excessively high premiums.

Democrats are united in their opposition to this proposal. Many Republicans are waiting to see what type of scrutiny it receives from the aging and disabled advocates, independent experts, and the Administration. With one notable exception – AARP – this proposal has been significantly criticized by the advocacy community as a phantom benefit that undermines the social insurance nature of the insurance program. It appears clear that the Republican leadership is extremely nervous about not having a prescription drug benefit that they can bring to the public later this fall. Similar to the Patients' Bill of Rights, Speaker Hastert has indicated to some of his Republican colleagues that he is very interested in exploring common ground between the White House and the Republicans on this issue. Even more so than the Patients' Bill of Rights, nothing can conceivably be considered a compromise without significant validation from the White House.

SUGGESTED TALKING POINTS ON PATIENTS' BILL OF RIGHTS

- Mr. Speaker, I know you share my desire to pass a Patients' Bill of Rights this year. We were encouraged earlier in the year when you indicated that most of your members wanted to reach closure on this legislation sooner rather than later. However, I must tell you that the lack of progress in this area is extremely disturbing. The Conference has yet to seriously address the scope of coverage issue, the enforcement issue, and the "access provisions".

- I also need to tell you that in all the reports we have been receiving from the Conference, it is the House Republican appointees more so than the Senate Republicans who are slowing this process down. If the members aren't serious about getting an agreement, we might as well know sooner rather than later and just go our separate ways on this issue. But I would much prefer that you put a full court press on your members to accelerate the process and complete the job. What are your thoughts?

SUGGESTED TALKING POINTS ON MEDICARE

- On prescription drugs, I have certainly noticed your evolution on this issue. I am encouraged that you are moving away from the worst of options – not doing anything – to developing the outlines of a proposal.

- However, I must tell you that the plan you unveiled yesterday falls far short of a meaningful, accessible benefit. Its reliance on the insurance industry does not ensure a benefit to all beneficiaries, and its lack of direct premium assistance to individuals with incomes over $12,600 a year just won't cut it. I just cannot sanction a new Medicare drug benefit that does not explicitly provide premium assistance – like we do for every other benefit in the Medicare program – to, for example, a widow with high drug costs and an annual income of $20,000.

- We can work together – I'm not saying our proposal is the only proposal. But any compromise needs to ensure that all beneficiaries have access to an affordable benefit. We can talk about different benefit designs, but we must have a structurally viable drug benefit. And to the extent your policy does not achieve that end in the context of broader reform, we will do anything we can to highlight its shortcomings. But our desire first and foremost is to reach a bipartisan consensus on this important matter.

April 13, 2000

MEETING WITH SPEAKER DENNIS HASTERT

DATE:	**April 13, 2000**
LOCATION:	**Oval Office**
TIME:	**4:00 pm – 4:30 pm**
FROM:	**Chuck Brain**

I. PURPOSE

To meet with the Speaker of the House of Representatives to discuss matters of mutual concern. We understand that he would like to talk with you about China, prescription drug coverage, Patients' Bill of Rights, and Yucca Mountain.

II. BACKGROUND

China PNTR

As you had hoped, the Speaker announced this week that there will be a vote on China PNTR the week of May 22nd, before the Memorial Day recess. You know that on Wednesday labor supporters were on the Hill in force opposing the vote.

We believe that we will have the 70 Democratic votes that we need to pass this agreement. The Republican Leadership is hoping to secure the support of 150 votes. This would yield a two-vote margin. Both sides must strive to produce more votes. Targets of 75 and 155, respectively, would yield a more comfortable victory margin.

We have virtually concluded negotiations with Rep. Sandy Levin (D-MI). We believe if handled properly, adoption of these proposals could bring 15-20 additional Democratic votes. We began discussions today with Rep. Levin and other interested Democrats to strategize on the best way to roll out the proposal. It was agreed that we would not talk about it before the upcoming two week House recess, because we expect it would get shot down by organized labor groups, who are expected to be out in Members' home districts in force. Rather, we think it makes more sense to talk about it when the Members return to Washington in early May. We have had some discussions with the Republican Leadership on this issue to try to increase their comfort level with the package.

Chairman Archer (R-TX) sent you a letter this week stating that he could not support any add ons to PNTR legislation. The Republican Leadership announced this week that Rep. DeLay (R-TX) would begin Whip efforts to secure passage.

Prescription Drug Coverage

On Medicare, the House Republican Leadership unveiled their prescription drug benefit yesterday. While they provided few details and therefore made it impossible to evaluate the benefit, premiums, and cost of the proposal, it is clear that they are choosing a private insurance drug-only approach that is severely flawed. The people that the Republicans are counting on to offer this benefit – the insurers – continue to state privately that they would not participate because of their fear of adverse selection. As a consequence, the Republicans cannot even ensure that there would be a benefit for all beneficiaries. Moreover, even if there is a benefit in some parts of the country, the inefficient and reluctant insurance industry combined with the absence of direct premium assistance for individuals with annual incomes over $12,600 (150 percent of the poverty level) will result in excessively high premiums.

Democrats are united in their opposition to this proposal. Many Republicans are waiting to see what type of scrutiny it receives from the aging and disabled advocates, independent experts, and the Administration. With one notable exception – AARP – this proposal has been significantly criticized by the advocacy community as a phantom benefit that undermines the social insurance nature of the insurance program. It appears clear that the Republican Leadership is extremely nervous about not having a prescription drug benefit that they can bring to the public later this fall. Similar to the Patients' Bill of Rights, Speaker Hastert has indicated to some of his Republican colleagues that he is very interested in exploring common ground between the White House and the Republicans on this issue. Even more so than the Patients' Bill of Rights, nothing can conceivably be considered a compromise without significant validation from The White House.

Patients' Bill of Rights

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Yesterday, John Podesta and Chris Jennings met with Congressman Dingell (D-MI) and Senator Kennedy (D-MA) to discuss the disappointingly slow progress of the Conference. While we agreed that not having this bill up for public debate on the House and Senate floor seemed to benefit Senator Nickels and the Republican Leadership in the short term, Senator Kennedy and Congressman Dingell seemed to believe that lack of action was more detrimental to the Republicans in the long term. They agreed that it was important for you to help create an environment that pressures the Congress to act. In

that vein, we agreed to suggest to you the possibility that you would host a meeting at The White House with key members of the Conference soon after the Congress returns from its Easter recess. In the interim, we may begin to send signals that we are becoming increasingly frustrated with the lack of progress.

Yucca Mountain

On February 10th, the Senate passed (64-34), S. 1287, the Nuclear Waste Policy Amendments Act. That bill passed the House on March 22 (253-167). For the first time we were able to achieve a veto-sustaining margin in both the House and Senate. We expect to receive the enrolled bill within days; the Republican Congressional Leadership held an enrollment ceremony on Tuesday, April 11th for their bill. They have crafted these little-noticed ceremonies in response to your very successful bill signing ceremonies. It is not clear if the Republicans plan to try to override your veto in either body since they clearly do not have the votes necessary to do so.

This bill does not include the offensive interim storage provisions that were in earlier versions. It also does not change the budgetary treatment of the Nuclear Waste Fund. The Senate dropped language that had been developed with Secretary Richardson which allowed the Department of Energy to "Take Title" to the waste and provide some financial relief to utilities that are paying twice for storage on site and for work at the Yucca Mountain Site. Importantly, the legislation would still hamper the Environmental Protection Agency's role in setting health and safety standards for radiation exposure in groundwater. It would push out promulgation of the regulations until mid 2001. By the time this bill passed the House and the Senate, an interesting dynamic had developed. You still would veto the bill because of the infringement on the EPA's role in doing its job. Many in Congress and in the industry no longer supported the bill because they felt it does not go far enough in addressing the needs of the industry. In fact, Subcommittee Chairman Barton (R-TX), the original sponsor of the bill, voted against it.

Commonwealth Edison, a major utility in Illinois that relies heavily on nuclear power generation, had been a strong supporter of the bill. However, nearer to the vote the utility was not pushing to bring the bill to the House floor because it did not do much in the end and they knew the votes to override your veto were not going to be there.

Additional Issues

You may want to use this time with the Speaker to raise a few other issues of concern including: gun safety, your New Markets Initiative, and the upcoming Digital Divide Tour. Yesterday, Chairman Hyde (R-IL) wrote to you asking for your assistance in bringing House Democrats to agreement with his latest gun safety compromise. Hyde's latest effort pins much of the blame on the impasse on House Democrats, and still fails to close gun show loopholes. In regards to New Markets, the House Banking Committee approved (33-14) legislation yesterday to establish the American Private Investment Companies. This committee action is the first step to providing job-creating investments in underserved communities. You will recall that Speaker Hastert has been supportive of the New Markets plan and joined you on one of the previous New Markets trips. Your plan to close the Digital Divide has been well-received around the country, and you may

want to stress to Speaker Hastert the importance of building bipartisan support for this effort.

III. PARTICIPANTS

Pre-Brief
John Podesta
Sec. Daley
Steve Richetti
Charles Brain
Chris Jennings
Gene Sperling

Meeting
John Podesta
Charles Brain

IV. PRESS PLAN

Closed Press.

V. SEQUENCE OF EVENTS

As usual

VI. REMARKS

None

VII. ATTACHMENTS

Talking Points

Health -
Presch. 2006

Final 03/08/00 7:30pm
Jeff Shesol

PRESIDENT WILLIAM J. CLINTON
DEPARTURE STATEMENT
ON MEDICARE PRESCRIPTION DRUG BENEFIT
THE WHITE HOUSE
March 9, 2000

Senator Daschle, thank you. To the other Senators who join us here today, thank you as well for your hard work on this important issue.

Today, Senate Democrats have come together to agree on principles for a voluntary Medicare prescription drug benefit – something so many seniors need and too few of them have. There have been a lot of proposals on the table, a good number of good ideas. But today, together, we are moving forward on the path to progress. By uniting around these common principles, you're setting standards that any prescription drug plan should meet. That's a significant step. It moves us further toward the day when every older American has the choice of affordable prescription drug coverage.

More than three in five seniors and people with disabilities still lack dependable drug coverage that could lengthen and enrich their lives. Our budget would, at long last, extend them that lifeline. It also creates a reserve fund of $35 billion to build on this new benefit, to protect those who carry the heavy burden of catastrophic drug costs.

Most important, our prescription drug plan embodies the essential principles that Senator Daschle described. I believe that any plan passed by the Congress must be optional, affordable and accessible to all beneficiaries; it must use price competition, not price controls; it must boost seniors' bargaining power to get the best prices possible; and it should be part of an overall plan to strehgthen and modernize Medicare.

We owe it to our people to pass this prescription drug plan. We owe it to our seniors – all of them, not just some of them – to create this new choice and to do it this year. We shouldn't be satisfied with half-measures. Keep in mind that a tax deduction would help only the wealthiest seniors; and a block grant, which some in the majority have proposed, would help only the very poorest. Neither plan would do anything for seniors with modest, middle-class incomes between $15,000 and $50,000. That's nearly half of all seniors; and most of them lack dependable drug coverage as well. It would be wrong, I think, to deny them that choice.

There is no better time to get this done. Our economy is strong; our people are infused with a sense of purpose. Our balanced budget gives us a once-in-a-lifetime opportunity – not only to pay down the debt, but to lengthen the life of Social Security and Medicare, and to modernize Medicare with a long-overdue, voluntary prescription drug benefit. Today, we take a significant step toward that goal; and if we keep working together, I believe we will reach it. Thank you.

TOM DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7020

March 9, 2000

The President
The White House
Washington, DC 20500

Dear Mr. President:

Prescription drug coverage for Medicare beneficiaries is among the most important issues before the Congress, and Senate Democrats are committed to working with you to pass a meaningful, voluntary prescription drug benefit for all seniors this year.

Democrats in the Senate have developed the following set of principles to guide congressional action. Specifically, we believe that an effective Medicare drug benefit should be: voluntary; accessible to all beneficiaries; designed to provide meaningful protection and bargaining power for seniors; affordable to all beneficiaries and the program; administered using private sector entities and competitive purchasing techniques; and consistent with broader Medicare reforms. We have elaborated on these principles in the attached document.

There is no reason older Americans should pay the highest prices at the drug store, and unlike virtually all other insured Americans, not have access to affordable drug coverage. The time for action is now. Senate Democrats are eager to work with you toward passage of a Medicare drug benefit that reflects these principles and provides seniors and other Medicare beneficiaries long-overdue access to affordable prescription drugs.

Sincerely,

Tom Daschle

Tom Daschle
United States Senate

STRENGTHENING MEDICARE:
PRINCIPLES FOR AN EFFECTIVE PRESCRIPTION DRUG BENEFIT

Senate Democrats are committed to passing this year a voluntary prescription drug benefit that is affordable and accessible for all Medicare beneficiaries. We agree on six basic principles to guide congressional action. An effective Medicare benefit should be:

- **Voluntary:** Medicare beneficiaries who now have dependable, affordable prescription drug coverage should have the option of keeping that coverage. Any proposal should provide incentives to preserve the best available private options.

- **Accessible to all beneficiaries:** A hallmark of Medicare is that all beneficiaries, even those in rural or underserved communities, have access to dependable health care. The same should hold true of a prescription drug benefit: all seniors, including those in traditional Medicare, should have access to a reliable, accessible Medicare drug benefit.

- **Designed to provide meaningful protection and bargaining power for seniors:** A Medicare drug benefit should assist seniors with the high cost of prescription drugs and protect them against excessive out-of-pocket costs. It should give beneficiaries the bargaining power in the marketplace they lack today. It also should include a minimum defined benefit that assures access to all medically necessary drugs and uses cutting-edge quality improvement tools.

- **Affordable to all beneficiaries and the program:** Medicare should contribute enough toward the prescription drug premium to make it affordable and attractive for all beneficiaries and to ensure the viability of the benefit. Low-income beneficiaries should receive extra help with prescription drug premiums and cost sharing.

- **Administered using private sector entities and competitive purchasing techniques:** The management of the prescription drug benefit should mirror the practices employed by private insurers in delivering prescription drugs. Discounts should be achieved through competition, not through regulation or price controls. Private organizations should negotiate prices with drug manufacturers and handle the day-to-day administrative responsibilities of the benefit.

- **Consistent with broader Medicare reform:** The addition of a Medicare drug benefit should be consistent with an overall plan to strengthen and modernize Medicare. Medicare will face the same demographic strain as Social Security when the baby boom generation retires. Improving its benefits is only one step in preparing Medicare for this new century's challenges.