PRESIDENT HAS SEEN
4-7-00

Copied
Jennings
Podesta

Drug pricing probed

Inquiry finds overpayments could cost $1 billion a year

By Julie Appleby
USA TODAY

A1

The Justice Department and state attorneys general are investigating drug industry pricing practices that could cost taxpayers more than $1 billion a year, USA TODAY has learned.

The investigation "has revealed a pattern of misrepresentation by some drug manufacturers" resulting in Medicare and Medicaid "substantially" overpaying for certain drugs, a letter from the New York Attorney General's office says. The letter was sent in February to about 40 state Medicaid pharmacy directors.

▶ Medicare reimburses $47 for a drug that costs a doctor $10

At issue is a practice that allows doctors, clinics and other medical providers to bill federal and state health programs for more than they actually pay for some drugs — and pocket the difference.

Currently, for example, doctors can charge federal Medicare programs $17 for a dose for leucovorin, a cancer treatment that costs them $2.75. Another cancer drug, doxorubicin, costs doctors about $10, but they can charge $47.

Drug companies, investigators allege, set wholesale prices high because they know providers will in fact buy the drugs cheaper but still bill for the higher amount. This attracts providers to their products.

In an effort to alter that practice, the Justice Department is hoping to set up a new pricing system for some drugs. It has asked First Databank of San Bruno, Calif., a private firm that provides drug price information to the states, to change the way it reports prices for about 50 drugs.

Instead of relying upon manufacturers to set the wholesale prices, First Databank will list prices that state Medicaid fraud investigators have determined are closer to what medical providers actually pay. As a result, reimbursements would be more realistic, investigators believe.

First Databank confirmed that it will switch to prices provided by investigators.

The move, one of the first times states have acted in concert on drug costs, is certain to rattle the drug industry and medical providers.

"You will in all likelihood receive initial complaints or objections about lowered Medicaid payments," warns the New York Attorney General's Office letter.

Doctors say the additional reimbursements are needed to offset the miserly payments made by the Medicaid and Medicare programs in other areas.

But proponents say the move could save state Medicaid programs tens of millions of dollars a year. It will not, however, affect Medicare because Medicare does not use First Databank figures.

The drugs in question are not the type patients walk into a pharmacy to get. Instead, they are powerful products generally given by injection or intravenously.

The Department of Health & Human Services' Office of the Inspector General has issued several reports about the "spread" between wholesale prices of some drugs and actual drug charges, saying Medicare and Medicaid are overbilled about $1 billion annually.

In 1997 more than a dozen drug companies were subpoenaed as part of the investigation.

With Drug Benefit, Costs of Medicare To Rise 7% to 13%

By LAURIE MCGINLEY
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON – Adding a prescription-drug benefit would increase Medicare's costs by 7% to 13% a year over the next decade, according to a new report.

The study, by the National Academy of Social Insurance, comes as several members of Congress are pressing Medicare drug-benefit proposals. President Clinton also is promoting the idea, but hasn't developed a formal proposal yet. The academy's cost estimates are in line with previous calculations, but carry extra weight because the nonpartisan group isn't involved in the political fray. Medicare spending is expected to total about $212 billion this year.

The academy, a Washington nonprofit research group, analyzed five benefit plans varied by the amount of deductible expenses and patient co-payments. At the low end of the cost range are those that would pay for drugs only up to a set dollar amount, $2,000, each year. At the upper end are packages that would pay all drug costs above $1,000 to $3,000.

For example, in the first year of Medicare's providing such drug benefits, the academy estimates that costs would range from about $17 billion for the least expensive option to about $24 billion for the high-end benefit plan.

The academy doesn't take positions on policy questions. But Robert Reischauer, a Brookings Institution senior fellow and chairman of the academy committee that is scrutinizing Medicare-restructuring issues, said he believes it is "inevitable" that Medicare eventually will offer drug coverage.

He noted that while two-thirds of senior citizens have some drug coverage—through Medicare-supplemental and employer-sponsored policies, Medicare HMOs or Medicaid—the benefits often are inadequate and, in some cases, shrinking.

At the same time, he acknowledged the political difficulties involved in fashioning a Medicare-drug benefit, and suggested it is unlikely to be enacted anytime soon.

A chief problem is the drug industry's opposition to including pharmaceuticals in the traditional program. From the industry's point of view, Dr. Reischauer said, such opposition was understandable; while a drug benefit probably would bolster drug usage by the elderly, the gain for the industry likely would be more than offset by government-imposed discounts.

The report also noted that of beneficiaries in the standard program, about 10%, or 4.5 million elderly, have out-of-pocket drug expenses of between $1,000 and $2,000 a year. Four percent, or 1.3 million seniors, have pharmaceuticals expenses of more than $2,000.

THE WALL STREET JOURNAL
WEDNESDAY, APRIL 14, 1999

WORLD WATCH

COMPILED BY PAUL J. DEVENEY

EUROPE

Prodi Signals Desire for Truce With U.S. on Trade

Italy's Romano Prodi, the man who will very likely lead the European Union into the next century, says he's determined to end the kind of trade disputes that have soured relations between two of the world's biggest trading partners, the 15-nation EU and the U.S. The comments—made a day before the former Italian prime minister's first scheduled meeting with EU heads of government since being nominated to head the European Commission—are timely because they come amid a recent escalation in trade tensions between the two sides. While Mr. Prodi didn't specifically mention a long-playing banana dispute or propose any big changes in policy for the EU's executive body, he did indicate an inclination to pursue multilateral policies beneficial to European producers.

That's a development worth watching considering that those who have been especially critical of the EU's banana regime, a trade policy primarily geared to helping the economies of former European colonies in the Caribbean, have described it as an inefficient tool that benefits middlemen at the expense of both European consumers and producers.

German Bank Targets Projects in Italy

In a further sign of how the big European economies are cooperating at all levels, **Deutsche Bank**, Germany's biggest financial institution, and Italy's **Banco di Napoli** struck an alliance that could help build roads and bridges and generally upgrade the infrastructure in southern Italy. The banks aren't saying just what they have in mind for Italy's poorest region, but they say they will focus at first on medium-size projects, those ranging between 80 million euros and 250 million euros ($86.5 million to $270.3 million). Deutsche Bank is already present in Italy's banking system with a 4.5% stake in **Banca Commerciale Italiana**, while Banco di Napoli is one of Italy's largest commercial banks, with branches mainly in the south.

EU Opens Case Against Car Maker

The European Commission opened legal proceedings against **Daimler-Chrysler**, following more than two years of looking into the matter. The giant auto maker is accused of breaking EU antitrust rules by preventing its exclusive dealer networks in Germany, Belgium, the Netherlands and Spain from selling Mercedes passenger cars to nonresidents of those countries. It is also accused of fixing the price of its cars for sale to fleets, such as taxi companies. DaimlerChrysler's alleged infringements took place between 1985 and 1996, well before the takeover of Chrysler by Daimler-Benz.

U.K.'s Tesco to Create 20,000 Jobs

Britain's Tesco, that nation's largest supermarket chain, plans to create 10,000 jobs at home in the coming year and an equal number at its grocery stores and hypermarkets overseas. The group made the announcement as it disclosed that its profit climbed an impressive 8% to £881 million ($1.42 billion) for the year ended Feb. 27 on a 6.3% jump in sales. The strong earnings report sent the company's shares soaring in London, even though Tesco and its three big U.K. rivals—**Sainsbury**, **Asda** and **Safeway PLC**—face a tough year ahead as they come under closer scrutiny by British regulators. The government is continuing to investigate whether Britain's Big Four have been acting as a cartel in the £60 billion a year food industry.

Diageo Plans to Sell Spanish Brewer

The decision by British drinks group **Diageo** to sell Cruzcampo, Spain's largest brewer, is expected to catch the attention of an array of financial institutions and multinationals, including Spain's big **Banco Bilbao Vizcaya**. But analysts say the group is unlikely to recover the £533 million it paid for the 89% stake in the company, which makes more than half a dozen different beers. Regardless, there are those who feel that in Spain's fragmented market, Cruzcampo would be best off linking with a larger European player such as Dutch brewer **Heineken** or Denmark's **Carlsberg**. Heineken owns SA Aguila, Spain's third-largest brewer, while Carlsberg already holds about 10% of Cruzcampo.

BRIEFLY:

■ Just a day after confirming it was in bid talks, Britain's **Laporte** said those discussions are off, but analysts reckon more offers for the specialty chemicals group may be only weeks away. Laporte's suitor was widely tipped as Swiss specialty chemicals company **Clariant**, which is known to be keen on expanding its fine chemicals business.

■ The threat to thousands of jobs at Britain's **RJB Mining** was lifted after the United Kingdom's largest coal producer signed a second contract with **National Power** valued at £800 million.

■ Irish paper and packaging giant **Jefferson Smurfit Group** saw its earnings jump 14% last year to 217 million euros, at the high end of analysts' expectations.

■ British telecommunications giant **Cable & Wireless** plans to invest $670 million in the U.S. to develop a high-capacity Internet network.

ASIA/PACIFIC

Taiwan's Acer Sees Its Shares Soar

What a difference a few months made for **Acer**, Taiwan's bellwether technology company. At the start of the year, things were looking so gloomy that the group scrapped an overseas stock sale amid worries about earnings, fallout from Asia's financial crisis and the outlook for the global computer and semiconductor industries. Now Acer's stock is soaring, and some company-watchers are even predicting that earnings this year might surpass the record 5.5 billion New Taiwan dollars (US$166.2 million) the company posted back in 1995. Behind the change of heart by foreign investors is a bit of a turnaround at Acer's semiconductor unit, which reported earnings of NTS2 million for March, its first monthly profit in more than two years.

IMF Is Critical of Indonesia's Progress

The International Monetary Fund didn't mince words yesterday, issuing an overwhelmingly grim assessment of Indonesia's economy. In particular it expressed disappointment with Jakarta's sluggish progress in restructuring its state-controlled companies and was critical of the government's taking so long to put them on the auction block. But the IMF didn't limit its criticisms to the Southeast Asian nation; it fired a few salvos at other multilateral lenders, declaring that the slow rate of loan disbursements to Indonesia raises "serious issues of burden-sharing."

Azerbaijan Project Takes a New Twist

In a move that could very well boost the oil industry's support for a key pipeline project, Turkey agreed in principle to guarantee the cost of building an oil-export pipeline from Azerbaijan to Turkey's Mediterranean coast. Diplomats say the Turks are ready to go so far as to guarantee that costs won't rise above $3 billion, well under some estimates exceeding $4 billion. But there's catch; in return, Ankara wants the Turkish state pipeline company to build the 1,038-mile line. The U.S. favors this route—between Baku, Azerbaijan, and Ceyhan, Turkey—because it skirts the territory of its rivals in the region.

BRIEFLY:

■ The China Daily said Beijing plans to lay off seven million workers in state factories as China moves ahead with reforming the debt-ridden sector.

■ Hong Kong's **SmarTone Telecommunications Holdings** and **Yahoo!** unveiled a broad agreement under which the U.S. Internet company will provide content for SmarTone's new Internet access service.

THE AMERICAS

Canada's Westlinks to Bid for Stakes

Canada's **Westlinks Resources** said its board authorized it to make a series of simultaneous offers for stakes in 40 Canadian oil and gas companies, including 32 companies listed in Toronto. But Westlinks said it isn't seeking control of any of the target companies. The most notable offers are for 27.46% of **Anderson Exploration**, 13.79% of **Crestar Energy**, 22.59% of **Poco Petroleums**, 6.71% of **Rigel Energy** and 5.66% of **Numac Energy**. The group said all of the takeover offers will be made through share exchanges and said it's seeking to buy the securities for investment purposes only and won't seek board representation.

Brazil Data on Track With IMF Goal

Brazil's primary budget surplus for the first two months of this year totaled 5.109 billion reals ($3.02 billion), or 3.65% of the nation's economic output. The figure is an important one because under an agreement reached with the International Monetary Fund, the primary budget surplus was set as the main performance criterion for the economy. And with the most recent figures, Brazil is only 895 million reals from the goal established for the first quarter of the year as part of the deal with the IMF for $41.5 billion in aid.

BRIEFLY:

■ Argentine conglomerate **Sociedad Comercial del Plata** failed to meet payment on maturing debt of $25 million. The group, which has interests in energy and controls a large theme park near Buenos Aires, said it defaulted on the debt because of difficulties in accessing capital markets to cover its financing needs.

Health-care bill mired in dispute over who would be covered

Deadline closes in as negotiators seek compromise

By William M. Welch
USA TODAY

WASHINGTON — Negotiations aimed at producing a compromise bill to protect the rights of patients in managed health-care plans are foundering over the most fundamental question of all: Who'll be protected?

A bill passed by the House of Representatives last year would extend far-reaching protections to anyone with private health insurance, more than 161 million Americans. The Senate's more limited version would draw distinctions between types of health policies and reserve most federal protections for 56 million Americans.

In most cases, the Senate's version would exempt health maintenance organizations from many of its patient protections. Denial of care to patients in HMOs provided the original impetus for legislation.

Bridging the enormous gulf over scope of coverage is one of the tasks facing a House-Senate conference committee, if its members are to produce a law this year.

The negotiating panel has announced agreement over the past month on a range of smaller issues, such as requiring plans to pay for emergency room treatment and guaranteeing access to pediatric care.

Yet even in those relatively non-controversial areas, lawmakers have failed to decide how many Americans would be provided the protections.

"Scope has emerged as the big issue," says Robert Laszewski, a health policy expert and consultant to the health insurance industry, using the term that has come to describe the issue of who is covered. "We're not sure we're going to get by it."

Sen. Don Nickles, R-Okla., the assistant majority leader and chairman of the conference, acknowledges that time is running out in the effort to resolve differences between the Senate and House bills.

By Chris Klepons, Fox News Sunday, via AP

Nickles: 'Most people could easily say the odds are against us. I wouldn't argue with that. But I happen to think it's possible.'

"Most people could easily say the odds are against us. I wouldn't argue with that," Nickles says. "But I happen to think it's possible."

Nickles set a March 31 deadline for the conference committee to reach agreement. The real deadline, he says, is Congress' Easter recess in late April. After that, the 2000 election season will make political compromise unlikely.

Efforts to come up with a patients' rights bill that President Clinton would sign this year also face other big issues:

- Whether to permit patients to sue health plans, which now enjoy federal protections against judgments in most cases.
- Whether to give doctors the final word in deciding what treatment is provided by health plans.
- Whether to include tax breaks to encourage more access to private health insurance and encourage people to save for their health expenses.

Each of those issues has loomed as a potential stumbling block in the long debate in Congress over a patients' rights bill. While none has been resolved yet, those divisions have taken a back seat to the more fundamental issue of who is covered.

Conflicting pressures buffet the negotiators. Health plans and the insurance industry, which contribute heavily to congressional campaigns, want to limit new federal protections for patients. Doctors and trial lawyers, who also are big donors, want new laws that would reduce the power of health insurers.

Nickles and Senate Republicans, with the backing of the insurance industry, have insisted on limiting the number of Americans covered by the bill and have shown no willingness to back down.

They contend that new federal protections should apply only to the 56 million Americans whose private health insurance is obtained through jobs where employers hire health plans to administer benefits, but the employers assume the risk of coverage. Large companies operating in more than one state typically offer that "self-insured" coverage, and those plans are now exempt from state regulation by a 1974 federal law.

Senate Republicans contend that the more than 100 million other Americans with employer-provided health insurance can be protected by state regulations, and they cast the issue as one of states' rights.

"Most people are covered by their states," says Sen. Judd Gregg, R-N.H.

Not so, the other side says.

Rep. Charles Norwood, R-Ga., the leading Republican advocate of broad patient protections, says many states, including his own, have passed strong laws, but courts have held that the 1974 law preempts state regulation of nearly all employer-provided plans. "In countless cases, these (state) protections have been blocked," Norwood says.

He suggested last week that as a compromise, the conference panel agree to cover just the smaller group but add another provision stating clearly that state rules, not the 1974 federal law, cover all other Americans with employer-provided coverage.

Nickles and Gregg have not accepted that suggestion. Norwood doesn't even have a seat at the conference on his own bill; House Speaker Dennis Hastert excluded him and instead appointed Republicans who voted against Norwood's measure.

Norwood's offer was not so much an attempt to compromise as a tactic to spotlight and undermine the Senate GOP's position that only some Americans should be covered.

"I think it's awkward to say we're going to provide protection for some groups and not for others," says Sen. Edward Kennedy, D-Mass., who finds himself in an odd alliance with a select group of House Republicans.

One of them is Rep. Tom Davis, R-Va., who heads the National Republican Congressional Committee and is in charge of re-electing a House GOP majority. He dismisses the Senate's bill as "basically nothing."

Davis knows that Democrats, who generally have pressed for strong patient protections, believe the cause is popular with voters and plan to use the issue as a weapon against congressional Republicans this fall.

"It will be an issue in every race, in every campaign," says Stuart Rothenberg, publisher of *The Rothenberg Political Report*, a newsletter that monitors House and Senate races.

Glen Bolger, a pollster for Republican congressional candidates, says the Senate's more limited position could hurt congressional Republicans this fall.

"I just don't understand what the Senate is thinking," Bolger says. "The politics of it are you've got to make sure everybody is covered."

Still, Nickles' argument speaks to strong GOP constituencies. It defends states' rights as well the interests of the health insurance industry.

Laszewski, the health consultant, says the two sides could reach a compromise if they really wanted to.

As in other areas, he says, Congress could establish a minimum set of federal regulations and allow states to exceed them with stronger provisions if they desire.

"These guys don't want a bill before the elections. There isn't any doubt in my mind," Laszewski says. "The Democrats really feel like they need to preserve this issue for themselves. The Republicans ... believe they can go back to their districts and say this is more big federal government."

USA TODAY, MONDAY, MARCH 27, 2000

Republican leaders propose a 'gas-tax holiday'

Lott says temporary cut wouldn't harm highway trust fund.

Reuters

WASHINGTON — The Senate might vote in the next couple of weeks on a plan to temporarily repeal the 18.4-cent-a-gallon federal gasoline tax if gas prices go above $2 a gallon, Senate Majority Leader Trent Lott said Sunday.

"We need to find some short-term help, and I think the gas-tax holiday, without it affecting the highway trust fund, would be a good idea," the Mississippi Republican said on NBC's *Meet the Press*. "We will have a vote on this issue ... unless something dramatic happens."

At a meeting today in Vienna, OPEC oil ministers are expected to increase oil production in the range of 1.5 million barrels a day, or about half the amount the U.S. Energy Department estimates is needed to bring sky-high oil prices back to their historical levels.

Retail prices for unleaded gasoline in the USA have risen for 10 consecutive weeks and now average $1.53 a gallon, an increase of 52 cents from a year ago, when OPEC cut production.

The plan offered by Senate Republicans would temporarily repeal 4.3 cents of the federal gasoline tax from April 15 to Dec. 31. The entire 18.4-cent-a-gallon federal gasoline tax would be suspended only if the national average price of unleaded gasoline hit $2 a gallon, Lott said.

House Speaker Dennis Hastert, an Illinois Republican, said he expected the House to follow the Senate's lead on the gasoline-tax legislation.

"I think we will support it," Hastert told *Fox News Sunday*. "But the problem is, that doesn't solve the problem. That's just a little tick in what the cost of gas is."

Both Hastert and Lott blamed the Clinton administration for a growing dependence on imported oil.

"We have failed policies," Hastert said. "I think that's what's driving the cost of gas."

The federal gasoline tax pumps about $25 billion annually into the highway trust fund, which is used for a variety of road-construction and mass-transit projects.

"The proposal we're looking at holds highway trust funds harmless," Lott said. Any cut in the federal gasoline tax would be paid for out of the budget surplus, which is projected at $23 billion for the current fiscal year, he said.

The Clinton administration has a number of options to help consumers if OPEC does not raise oil production enough, Energy Secretary Bill Richardson has said. That includes releasing oil from the Strategic Petroleum Reserve, the nation's emergency stockpile, he said.

Microsoft proposal likely will fall short

By Paul Davidson
USA TODAY

Microsoft has made a wide-ranging offer that key officials say could lead to the settlement of the landmark antitrust case against the software giant.

People familiar with the matter, however, say that the proposed agreement falls short of government demands, is fuzzy on pivotal points and is opposed by several states pressing for the company to break up. Microsoft has balked at spelling out restrictions more clearly, making some skeptical that an agreement can be reached. Still, the offer attempts to address most of prosecutors' concerns and marks a key first step, officials say.

The offer could result this week in the first face-to-face meeting between the two sides since settlement talks began four months ago.

Microsoft apparently was pressed into making the concessions by a ruling expected Tuesday that it broke antitrust laws. That decision might help plaintiffs in the numerous class-action lawsuits it faces.

Judge Thomas Penfield Jackson is expected to rule Tuesday, though his decision likely would be vacated as part of any settlement. In findings last year, Jackson said the software titan stifled competition and harmed consumers. In the roughly 9-page proposal, sent to government lawyers Thursday night, Microsoft says it would:

▶ Give personal computer makers some ability to remove its Internet browser from its Windows operating system, which runs 90% of personal computers. It's unclear, however, how far the company is willing to go. Jackson found that Microsoft wed the two products to crush a rival browser.

▶ Provide makers Windows' source code, or technical blueprint, so that they can bundle in non-Microsoft products.

▶ Give makers more freedom to design the first screen consumers see when they turn on their personal computers. Unclear: whether they would have to share the screen with Microsoft and could freely promote rival products.

▶ Charge all makers the same price for Windows, except for volume-based discounts. Officials say the giant uses discounts to reward makers that feature its software.

▶ More fully disclose the technical inner workings of Windows so software developers can make their products work well with the system. Unclear is whether Microsoft would update developers with revisions and whether it still wants to give better access to favored developers.

A settlement is far from imminent. Some officials worry Microsoft will try to insert loopholes in a settlement pact. Others fear any contract would be tough to enforce.

THE WHITE HOUSE

Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release March 13, 2000

REMARKS BY THE PRESIDENT TO THE CLEVELAND COMMUNITY ON PRESCRIPTION DRUG BENEFIT

City Public Library
Cleveland, Ohio

2:55 P.M. EST

THE PRESIDENT: Thank you very much. Thank you. First, I think Wanda did a pretty good job, don't you? Let's give her another hand. (Applause.) I am delighted to be here in Cleveland. I want to thank all the people who are up her with me -- Alice Katchianes, thank you for being here. And, Mr. Venable, thank you for your welcome. If I could sing like that I'd be in a different line of work. (Laughter.) I thought that was great.

I want to thank Congressman Sherrod Brown and Congressman Dennis Kucinich; Congresswoman Stephanie Tubbs Jones; my great friend, Lou Stokes; all the other officials who are here today. State Representative Jack Ford; County Commissioner Jimmy Dimora; State Senate candidate Donna MacNamee, a woman I met at the dedication of the FDR Memorial, at President Roosevelt's wheelchair. I'm glad to see her here.

I want to say a special word of appreciation to Congressman Dick Gephardt for his leadership and his passionate commitment to this and so many other good causes. Without him and these other members of our caucus, we wouldn't have a prayer of passing this proposal today. And I thank him.

And I want to say, obviously, how pleased I am to be here with Donna Shalala, who is, as Dick Gephardt suggested, not only the longest serving, but by a good long stretch, the ablest and best Secretary of Health and Human Services this country has ever, ever had. (Applause.) And I love to see her mother, and I'm glad she made room for me at tax time. (Laughter.) I told her, I said, you know, when I get out of this job, I hope I need the services of a tax lawyer. (Laughter.) Right now, it's all pretty straightforward. But that was, without a doubt, the shortest speech I ever heard a lawyer give, what she said to me. (Laughter.) You probably doubled your business just by being here today.

I do love coming to Cleveland, and you heard Donna say that we have a lot of people in this administration from Cleveland, including my Deputy Chief of Staff, Steve Ricchetti, who is here today. But Clevelanders, they may go anywhere, but they never get it, Cleveland, out of their soul.

If you go into Steve's office, there is a great photograph from the opening day of baseball at Jacobs Field in 1994. Now, I remember that because I threw out the first pitch. But Steve's got the picture on the wall because when I threw the pitch, everyone was absolutely stunned that it didn't hit the dirt -- (laughter) -- and Sandy Alomar caught it. So he really got -- I'm incidental to the picture. He's got Sandy Alomar catching a ball which he was convinced would go into the dirt. I thought I did pretty well for a guy who played in the band, myself. (Laughter.)

Let me say, this is a great time for this city and a great time for our nation. As I said in the State of the Union address, I hope this time will be used by our people to take on the big challenges facing America. One of those big challenges is what to do about the aging of America, which is a high-class problem. That is, we're living longer, we're living better -- and the older I get, the more I see that as an opportunity, not a problem. But it does impose certain challenges on us.

There is also a challenge to modernize our health care systems and to do other things to increase the health care of the American people. And that's what we're here to talk about today.

But because this is my only formal opportunity to be before -- thanks to you -- before the press and, therefore, the American people, I would like to just refer to another issue that relates to the health and safety of the American people, just briefly.

I have been fortunate enough to have the support of the members of Congress on this stage in our efforts to drive the crime rate down, to make our streets safer in Cleveland, and every other major city in America is a safer place than it was seven years ago. We have a 25-year low in crime, a 33-year low in the gun death rate. And I am grateful for the support I have received to put more police on the street, to have more summer school and after-school programs for young people, and to do more to keep guns out of the hands of criminals -- banning the cop-killer bullets, the assault weapons ban, the Brady Bill -- which has kept half a million felons, fugitives and stalkers from getting handguns.

Now, all of you know we had some tragic deaths last week. We had that six-year-old girl killed in Michigan by a six -year-old boy, who was a schoolmate of hers. We had terrible shootings in Memphis. And just in the last year we had the horrible incident at Columbine High School, almost a year ago; and in the year before that, lots and lots of school shootings.

Now, after Columbine, I suggested that what we ought to do is to, number one, make sure there were child safety locks on these guns; number two -- which would have made a big difference in the case of children getting the guns. Number two, make sure we ban the importation of large ammunition clips which make a mockery of the assault weapons ban because they can't be made or sold here in America, but they can be imported. Number three, close the loophole in the background check law, the Brady law, which says people can buy

handguns at gun shows or urban flea markets and not have to do a background check. It's a serious problem. And fourth, I think when adults intentionally or recklessly let little kids get a hold of guns, they should have some sort of responsibility for that.

And so I asked the Congress to do that. Eight months ago, Vice President Gore broke a tie in the Senate and passed a pretty strong bill, and then a bill passed in the House that was weaker. And I asked them to get together and pass a final bill. And they never even met until last week when we got them together, after this last round of horrible shootings.

And I ask all Americans to join me, because I think these things are reasonable. This won't affect anybody's right to hunt or sport-shoot or anything, but it will save kids' lives.

The response we got from the National Rifle Association was to run a bunch of television ads attacking me. And yesterday morning I went on television again to talk about these measures. I'm not trying to pick a fight with anybody; I'm trying to fight for the lives of our kids. But I want you to see what we're up against whenever we try to change here.

The head of the NRA said yesterday -- I want to quote -he said that my support of these measures was all political, and he said this: "I have come to believe that Clinton needs a certain level of violence in this country. He's willing to accept a certain level of killing to further his political agenda -- and his Vice President, too."

Well, he could say that on television, I guess. I'd like to see him look into the eyes of little Kayla Rolland's mother and say that. Or the parents at Columbine, or Springfield, Oregon, or Jonesboro, Arkansas. Or the families of those people who were shot in Memphis.

I say that, again, to emphasize change is hard, but sooner or later, if you know you've got a problem, you either deal with it or you live with the consequences. And the older you get, the more you understand that.

We do not have -- I'm grateful that our country is a safer place than it was seven years ago. I don't think it's safe enough. I don't think you think it's safe enough. I don't think you think it's safe enough for seniors; I don't think you think it's safe enough for little kids. And if we can do more things to keep guns away from criminals and children, that don't have anything to do with the legitimate right of people to go hunting or engage in sports shooting, we ought to do it. And we ought not to engage in this kind of political smear tactics. (Applause.)

Now, I feel the same way about this issue. And I want to try to explain to you what is going on now with this issue, because most people in America -- you heard Dick Gephardt talk about it -- most people in America think, well, why are we even arguing about this? Well, all health care issues are fraught with debate today. I know you're having a big debate here about hospital closures in Cleveland, and I don't know enough about the facts to get involved with it, but I'll tell you this. One of the problems we have is, there's too much uncompensated care in America.

And we're trying to -- we're trying hard, the people you see on this stage, we're trying hard to make sure every child that's eligible is enrolled in the Children Health Insurance Program that was created in 1997. We want Congress to let their parents be insured under the same program. We want people over 55 but under 65 who aren't old enough for Medicare, but have lost their insurance on the job, to be able to buy into Medicare, and we want to give them a little tax credit to do it. If we do things like this, then, whatever happens, in Cleveland or anyplace else, will have to be determined based on the merits of the case, but at least the people who need health care will be able to know that the people who give it to them -- whether it's hospitals or doctors or nurses or whoever -- will be able to get reimbursed for it. And that's a very important thing. I hope you'll support us in that.

And then we come to the issue at hand. Now, what's this about, this prescription -- you all know what it's about. If we were starting -- suppose I came here today as President and I were in my first year as President and I proposed Medicare, just like President Johnson did in 1965, in the first full year after he was elected -- and I told you in 1965 what he said, it would be fine. But in 2000, if I said, okay, I'm going to set up this health care program for senior citizens, and you can see a doctor and we'll pay for your hospital care, but even though we could save billions of dollars a year keeping people out of hospitals and out of emergency rooms by covering the medicine, we're not going to cover medicine.

If we were starting today, given all the advances in prescription drugs in the last 35 years, you would think I was nuts, wouldn't you? The only reason that prescription drugs aren't covered by Medicare is that it was started 35 years ago, when medicine was in a totally different place. That's the first thing.

The second thing I want to say is that it has really cost us a lot not to cover these seniors. And you see American seniors, for example, who live in New York or Vermont, going to take a bus trip to Canada because they can buy drugs made in America for 30 percent less -- because very often the seniors, the people that are least able to pay for these drugs, are paying the highest prices for them.

Now, that's why our budget has this plan. And I want to tell you exactly what we propose, and what we're all up here on this stage supporting today. We want to provide with Medicare a prescription drug benefit that is optional, that is voluntary, that is accessible for all -- anybody who wants to buy into it can -- a plan that is based on price competition, not price controls -- that is, we don't want to control the price, but we want to use the fact that if we're buying a lot of medicine, seniors ought to be able to get it as cheap as anybody else. (Applause.) And we also want it to be part of an overall plan to continue to modernize Medicare and make it more competitive.

Because, I can tell you, I'm the oldest of the baby boomers, and people in my generation, we're plagued by the notion that our retirement could cause such a burden on our children, it would undermine their ability to raise our grandchildren. We don't want that.

Now, medically speaking, this is not just the right thing to do, it is the smart thing to do. As I said, we already pay for doctor and hospital benefits. But an awful lot of seniors go without

prescription drugs -- and preventive screenings, I might add -- that ought to be a part of their health care. We've worked hard to put preventive screenings back into Medicare, for breast cancer, for osteoporosis, for prostate cancer. These are very, very important. But not having any prescription drug coverage is like paying a mechanic $4,000 to fix your engine because you wouldn't spend $25 to change the oil and get the filter replaced.

In recent months I have been really encouraged because a number of Republicans have expressed an interest in joining us to do this. And we can't pass it unless some of them join us, because we don't have enough votes on our own. But so far, the proposals they're making, I think, are not adequate, and I'll explain why.

There are two different proposals basically coming out of the Republicans. Some of them propose giving a block grant to the states to help only the poorest seniors, those below the poverty line. That would leave the middle-income seniors, including those that are lower-middle-income, just above the poverty line, to fend for themselves. And here in Ohio, 53 percent of all the seniors are middle-income seniors. None of them would be covered by this plan.

In 1965, when Medicare was created, some in Congress used these very same arguments. They said, we should only pay for hospital and medical care for the poorest seniors. They were wrong then, and they're wrong now. More than half the seniors today without any prescription drugs at all are middle-class seniors. I want to say that again. More than half the seniors without any prescription drug at all are middle-class seniors. On average, middle-class seniors without coverage buy 20 percent less drugs than those who have coverage, not because they're healthier, but because they can't afford it.

And even though they buy 20 percent less medication -- listen to this -- because they have no insurance, their out-of-pocket burden is 75 percent higher. Without insurance, 75 percent higher.

So I say, let's do this right. This is voluntary; we're not making anybody do it. But we ought to offer it to everybody who needs it. It doesn't take much, if you're a 75-year-old widow to be above the so-called federal poverty line. You can have a tiny little pension tacked on your Social Security and you can be there. But if you've got -- as you've just heard -- $2,300 worth of drug bills a year -- and a lot of people have much higher -- it's a terrible problem.

Now, some other members of Congress are proposing a tax deduction to help subsidize the cost of private Medigap insurance. If any of you own Medigap, you know what's the matter with that proposal. This proposal would benefit the wealthiest seniors without providing any help to the low- and middle-income seniors. And the Medigap marketplace is already flawed. Today -- listen to this -- in Washington, the General Accounting Office is releasing a report that shows that Medigap drug coverage starts out expensive and then goes through the roof as seniors get older. On average, it costs about $164 a month for a 65-year-old to buy a Medigap plan with drug coverage, and premiums rise sharply from there.

For example, in Ohio, an 80-year-old person would pay 50 percent more than a 65-year-old person for the same coverage under Medigap. This is not a good deal, folks. We don't want

to put more money into this program. It is not a good deal. Even those who offer Medigap plans say the approach wouldn't work, because it would force Medigap insurers to charge excessively high premiums for the drugs or to refuse to participate at all.

Now, there's another problem that we have in the Congress, which is that the congressional majority just last week voted on budget resolutions that together allocate nearly half a trillion dollars to tax cuts. And if we cut taxes that much, we won't be able to afford this. And we may not be able to save Social Security and Medicare and pay down the debt, and have money left over to invest in the education of our children.

I'm for a tax cut, but we've got to be able to afford it. And we, first of all, have got to keep this economy going. We need to pay down the debt. We can get out of debt for the first time since 1835, within a little more than 10 years, if we just keep on this road. A lot of you never thought you'd ever see that.

We can lengthen Social Security out beyond the life of the baby boom generation. We can put 25 years on the Medicare program, which is longer than it's had in blows and blows, a long time. And we can add this prescription drug coverage. But we can't do it if the tax cut's too big, and we shouldn't do it in the wrong way and say you can only get it if you're really poor, or you can only get it if you buy into Medigap.

Now, let me tell you why this is such a big deal. The average 65-year-old in America today has a life expectancy of 82 to 83 years. The average 65-year-old woman has a life expectancy higher than that. The fastest-growing group of American seniors are those over 85. So to knowingly lock ourselves into a program that would get 50 percent more expensive as you got older and older, and needed more and more medicine and had less and less money does not make much sense.

We have given them a good program. It is the right thing to do. And so I would like to ask all of you to help all of these members of Congress on the stage, and to tell the people in Washington, look, this is not a partisan issue. You know, a lot of people say, we don't want to do this; this is an election year. Look, they can name this prescription drug program after Herbert Hoover, Calvin Coolidge and Warren Harding. It's fine with me. I don't -- put some Republican's name on it. I don't care. Just do it, because it's the right thing to do for the seniors of this country. (Applause.)

So I would just implore you, help us pass this. Write to your United States senators. Tell them it's not a partisan issue. Tell them what life is like. Tell them it's not right for seniors in Ohio to pay 30 to 50 percent more for medicine than seniors in Canada pay for the same medicine that's made in America in the first place. Tell them it's not right for you to need something you can't have, so you get sick, but then when you show up at the emergency room, it gets paid for.

We can afford this. Everybody in America has worked hard for it. We've got this budget in good shape. We can make a commitment to our future. If you think is necessary now, imagine what it's going to be like when the number of seniors doubles in 30 years.

That's the last point I want to leave you with. Look how many seniors there are in Cleveland today. In 30 years, the number of people over 65 will double, and Donna Shalala and I hope to be among them. (Laughter.) And you think about it. And then the average age in America will be well over 80.

Now, if we have to take care of all these people by waiting until they get sick and they go to the hospital, instead of worried about hospitals closing, 30 years from now you'll worry about the city going bankrupt because everybody will be in the hospital. We've got to be healthier, we've got to keep people healthy. We need to keep them playing tennis, like Lawyer Shalala there; but we also need to be able to give people medication to keep them out of the hospital, and to manage people in a way that will maximize their health. This will be a huge issue.

So I implore you, this country -- this is the first time we've been in shape to do this in 35 years. We can do this now. And we can do it now and take care of the future. We can help the seniors of today and take a great burden off of tomorrow. But we need your help to do it.

Again, I implore you, talk to your members of Congress, talk to your senators. Tell them it's not a partisan issue, it's an American issue, it's a human issue and it's a smart thing to do.

Thank you and God bless you. (Applause.)

END

3:17 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary
(Cleveland, Ohio)

For Immediate Release March 13, 2000

REMARKS BY THE PRESIDENT TO THE CLEVELAND COMMUNITY ON PRESCRIPTION DRUG BENEFIT

City Public Library
Cleveland, Ohio

2:55 P.M. EST

THE PRESIDENT: Thank you very much. Thank you. First, I think Wanda did a pretty good job, don't you? Let's give her another hand. (Applause.) I am delighted to be here in Cleveland. I want to thank all the people who are up her with me -- Alice Katchianes, thank you for being here. And, Mr. Venable, thank you for your welcome. If I could sing like that I'd be in a different line of work. (Laughter.) I thought that was great.

I want to thank Congressman Sherrod Brown and Congressman Dennis Kucinich; Congresswoman Stephanie Tubbs Jones; my great friend, Lou Stokes; all the other officials who are here today. State Representative Jack Ford; County Commissioner Jimmy Dimora; State Senate candidate Donna MacNamee, a woman I met at the dedication of the FDR Memorial, at President Roosevelt's wheelchair. I'm glad to see her here.

I want to say a special word of appreciation to Congressman Dick Gephardt for his leadership and his passionate commitment to this and so many other good causes. Without him and these other members of our caucus, we wouldn't have a prayer of passing this proposal today. And I thank him.

And I want to say, obviously, how pleased I am to be here with Donna Shalala, who is, as Dick Gephardt suggested, not only the longest serving, but by a good long stretch, the ablest and best Secretary of Health and Human Services this country has ever, ever had. (Applause.) And I love to see her mother, and I'm glad she made room for me at tax time. (Laughter.) I told her, I said, you know, when I get out of this job, I hope I need the services of a tax lawyer. (Laughter.) Right now, it's all pretty straightforward. But that was, without a doubt, the shortest speech I ever heard a lawyer give, what she said to me. (Laughter.) You probably doubled your business just by being here today.

I do love coming to Cleveland, and you heard Donna say that we have a lot of people in this administration from Cleveland, including my Deputy Chief of Staff, Steve Ricchetti, who is here today. But Clevelanders, they may go anywhere, but they never get it, Cleveland, out of their soul.

If you go into Steve's office, there is a great photograph from the opening day of baseball at Jacobs Field in 1994. Now, I remember that because I threw out the first pitch. But Steve's got the picture on the wall because when I threw the pitch, everyone was absolutely stunned that it didn't hit the dirt -- (laughter) -- and Sandy Alomar caught it. So he really got -- I'm incidental to the picture. He's got Sandy Alomar catching a ball which he was convinced would go into the dirt. I thought I did pretty well for a guy who played in the band, myself. (Laughter.)

Let me say, this is a great time for this city and a great time for our nation. As I said in the State of the Union address, I hope this time will be used by our people to take on the big challenges facing America. One of those big challenges is what to do about the aging of America, which is a high-class problem. That is, we're living longer, we're living better -- and the older I get, the more I see that as an opportunity, not a problem. But it does impose certain challenges on us.

There is also a challenge to modernize our health care systems and to do other things to increase the health care of the American people. And that's what we're here to talk about today.

But because this is my only formal opportunity to be before -- thanks to you -- before the press and, therefore, the American people, I would like to just refer to another issue that relates to the health and safety of the American people, just briefly.

I have been fortunate enough to have the support of the members of Congress on this stage in our efforts to drive the crime rate down, to make our streets safer in Cleveland, and every other major city in America is a safer place than it was seven years ago. We have a 25-year low in crime, a 33-year low in the gun death rate. And I am grateful for the support I have received to put more police on the street, to have more summer school and after-school programs for young people, and to do more to keep guns out of the hands of criminals -- banning the cop-killer bullets, the assault weapons ban, the Brady Bill -- which has kept half a million felons, fugitives and stalkers from getting handguns.

Now, all of you know we had some tragic deaths last week. We had that six-year-old girl killed in Michigan by a six -year-old boy, who was a schoolmate of hers. We had terrible shootings in Memphis. And just in the last year we had the horrible incident at Columbine High School, almost a year ago; and in the year before that, lots and lots of school shootings.

Now, after Columbine, I suggested that what we ought to do is to, number one, make sure there were child safety locks on these guns; number two -- which would have made a big difference in the case of children getting the guns. Number two, make sure we ban the importation of large ammunition clips which make a mockery of the assault weapons ban because they can't be made or sold here in America, but they can be imported. Number three, close the loophole in the background check law, the Brady law, which says people can buy

handguns at gun shows or urban flea markets and not have to do a background check. It's a serious problem. And fourth, I think when adults intentionally or recklessly let little kids get a hold of guns, they should have some sort of responsibility for that.

And so I asked the Congress to do that. Eight months ago, Vice President Gore broke a tie in the Senate and passed a pretty strong bill, and then a bill passed in the House that was weaker. And I asked them to get together and pass a final bill. And they never even met until last week when we got them together, after this last round of horrible shootings.

And I ask all Americans to join me, because I think these things are reasonable. This won't affect anybody's right to hunt or sport-shoot or anything, but it will save kids' lives.

The response we got from the National Rifle Association was to run a bunch of television ads attacking me. And yesterday morning I went on television again to talk about these measures. I'm not trying to pick a fight with anybody; I'm trying to fight for the lives of our kids. But I want you to see what we're up against whenever we try to change here.

The head of the NRA said yesterday -- I want to quote -he said that my support of these measures was all political, and he said this: "I have come to believe that Clinton needs a certain level of violence in this country. He's willing to accept a certain level of killing to further his political agenda -- and his Vice President, too."

Well, he could say that on television, I guess. I'd like to see him look into the eyes of little Kayla Rolland's mother and say that. Or the parents at Columbine, or Springfield, Oregon, or Jonesboro, Arkansas. Or the families of those people who were shot in Memphis.

I say that, again, to emphasize change is hard, but sooner or later, if you know you've got a problem, you either deal with it or you live with the consequences. And the older you get, the more you understand that.

We do not have -- I'm grateful that our country is a safer place than it was seven years ago. I don't think it's safe enough. I don't think you think it's safe enough. I don't think you think it's safe enough for seniors; I don't think you think it's safe enough for little kids. And if we can do more things to keep guns away from criminals and children, that don't have anything to do with the legitimate right of people to go hunting or engage in sports shooting, we ought to do it. And we ought not to engage in this kind of political smear tactics. (Applause.)

Now, I feel the same way about this issue. And I want to try to explain to you what is going on now with this issue, because most people in America -- you heard Dick Gephardt talk about it -- most people in America think, well, why are we even arguing about this? Well, all health care issues are fraught with debate today. I know you're having a big debate here about hospital closures in Cleveland, and I don't know enough about the facts to get involved with it, but I'll tell you this. One of the problems we have is, there's too much uncompensated care in America.

And we're trying to -- we're trying hard, the people you see on this stage, we're trying hard to make sure every child that's eligible is enrolled in the Children Health Insurance Program that was created in 1997. We want Congress to let their parents be insured under the same program. We want people over 55 but under 65 who aren't old enough for Medicare, but have lost their insurance on the job, to be able to buy into Medicare, and we want to give them a little tax credit to do it. If we do things like this, then, whatever happens, in Cleveland or anyplace else, will have to be determined based on the merits of the case, but at least the people who need health care will be able to know that the people who give it to them -- whether it's hospitals or doctors or nurses or whoever -- will be able to get reimbursed for it. And that's a very important thing. I hope you'll support us in that.

And then we come to the issue at hand. Now, what's this about, this prescription -- you all know what it's about. If we were starting -- suppose I came here today as President and I were in my first year as President and I proposed Medicare, just like President Johnson did in 1965, in the first full year after he was elected -- and I told you in 1965 what he said, it would be fine. But in 2000, if I said, okay, I'm going to set up this health care program for senior citizens, and you can see a doctor and we'll pay for your hospital care, but even though we could save billions of dollars a year keeping people out of hospitals and out of emergency rooms by covering the medicine, we're not going to cover medicine.

If we were starting today, given all the advances in prescription drugs in the last 35 years, you would think I was nuts, wouldn't you? The only reason that prescription drugs aren't covered by Medicare is that it was started 35 years ago, when medicine was in a totally different place. That's the first thing.

The second thing I want to say is that it has really cost us a lot not to cover these seniors. And you see American seniors, for example, who live in New York or Vermont, going to take a bus trip to Canada because they can buy drugs made in America for 30 percent less -- because very often the seniors, the people that are least able to pay for these drugs, are paying the highest prices for them.

Now, that's why our budget has this plan. And I want to tell you exactly what we propose, and what we're all up here on this stage supporting today. We want to provide with Medicare a prescription drug benefit that is optional, that is voluntary, that is accessible for all -- anybody who wants to buy into it can -- a plan that is based on price competition, not price controls -- that is, we don't want to control the price, but we want to use the fact that if we're buying a lot of medicine, seniors ought to be able to get it as cheap as anybody else. (Applause.) And we also want it to be part of an overall plan to continue to modernize Medicare and make it more competitive.

Because, I can tell you, I'm the oldest of the baby boomers, and people in my generation, we're plagued by the notion that our retirement could cause such a burden on our children, it would undermine their ability to raise our grandchildren. We don't want that.

Now, medically speaking, this is not just the right thing to do, it is the smart thing to do. As I said, we already pay for doctor and hospital benefits. But an awful lot of seniors go without

prescription drugs -- and preventive screenings, I might add -- that ought to be a part of their health care. We've worked hard to put preventive screenings back into Medicare, for breast cancer, for osteoporosis, for prostate cancer. These are very, very important. But not having any prescription drug coverage is like paying a mechanic $4,000 to fix your engine because you wouldn't spend $25 to change the oil and get the filter replaced.

In recent months I have been really encouraged because a number of Republicans have expressed an interest in joining us to do this. And we can't pass it unless some of them join us, because we don't have enough votes on our own. But so far, the proposals they're making, I think, are not adequate, and I'll explain why.

There are two different proposals basically coming out of the Republicans. Some of them propose giving a block grant to the states to help only the poorest seniors, those below the poverty line. That would leave the middle-income seniors, including those that are lower-middle-income, just above the poverty line, to fend for themselves. And here in Ohio, 53 percent of all the seniors are middle-income seniors. None of them would be covered by this plan.

In 1965, when Medicare was created, some in Congress used these very same arguments. They said, we should only pay for hospital and medical care for the poorest seniors. They were wrong then, and they're wrong now. More than half the seniors today without any prescription drugs at all are middle-class seniors. I want to say that again. More than half the seniors without any prescription drug at all are middle-class seniors. On average, middle-class seniors without coverage buy 20 percent less drugs than those who have coverage, not because they're healthier, but because they can't afford it.

And even though they buy 20 percent less medication -- listen to this -- because they have no insurance, their out-of-pocket burden is 75 percent higher. Without insurance, 75 percent higher.

So I say, let's do this right. This is voluntary; we're not making anybody do it. But we ought to offer it to everybody who needs it. It doesn't take much, if you're a 75-year-old widow to be above the so-called federal poverty line. You can have a tiny little pension tacked on your Social Security and you can be there. But if you've got -- as you've just heard -- $2,300 worth of drug bills a year -- and a lot of people have much higher -- it's a terrible problem.

Now, some other members of Congress are proposing a tax deduction to help subsidize the cost of private Medigap insurance. If any of you own Medigap, you know what's the matter with that proposal. This proposal would benefit the wealthiest seniors without providing any help to the low- and middle-income seniors. And the Medigap marketplace is already flawed. Today -- listen to this -- in Washington, the General Accounting Office is releasing a report that shows that Medigap drug coverage starts out expensive and then goes through the roof as seniors get older. On average, it costs about $164 a month for a 65-year-old to buy a Medigap plan with drug coverage, and premiums rise sharply from there.

For example, in Ohio, an 80-year-old person would pay 50 percent more than a 65-year-old person for the same coverage under Medigap. This is not a good deal, folks. We don't want

to put more money into this program. It is not a good deal. Even those who offer Medigap plans say the approach wouldn't work, because it would force Medigap insurers to charge excessively high premiums for the drugs or to refuse to participate at all.

Now, there's another problem that we have in the Congress, which is that the congressional majority just last week voted on budget resolutions that together allocate nearly half a trillion dollars to tax cuts. And if we cut taxes that much, we won't be able to afford this. And we may not be able to save Social Security and Medicare and pay down the debt, and have money left over to invest in the education of our children.

I'm for a tax cut, but we've got to be able to afford it. And we, first of all, have got to keep this economy going. We need to pay down the debt. We can get out of debt for the first time since 1835, within a little more than 10 years, if we just keep on this road. A lot of you never thought you'd ever see that.

We can lengthen Social Security out beyond the life of the baby boom generation. We can put 25 years on the Medicare program, which is longer than it's had in blows and blows, a long time. And we can add this prescription drug coverage. But we can't do it if the tax cut's too big, and we shouldn't do it in the wrong way and say you can only get it if you're really poor, or you can only get it if you buy into Medigap.

Now, let me tell you why this is such a big deal. The average 65-year-old in America today has a life expectancy of 82 to 83 years. The average 65-year-old woman has a life expectancy higher than that. The fastest-growing group of American seniors are those over 85. So to knowingly lock ourselves into a program that would get 50 percent more expensive as you got older and older, and needed more and more medicine and had less and less money does not make much sense.

We have given them a good program. It is the right thing to do. And so I would like to ask all of you to help all of these members of Congress on the stage, and to tell the people in Washington, look, this is not a partisan issue. You know, a lot of people say, we don't want to do this; this is an election year. Look, they can name this prescription drug program after Herbert Hoover, Calvin Coolidge and Warren Harding. It's fine with me. I don't -- put some Republican's name on it. I don't care. Just do it, because it's the right thing to do for the seniors of this country. (Applause.)

So I would just implore you, help us pass this. Write to your United States senators. Tell them it's not a partisan issue. Tell them what life is like. Tell them it's not right for seniors in Ohio to pay 30 to 50 percent more for medicine than seniors in Canada pay for the same medicine that's made in America in the first place. Tell them it's not right for you to need something you can't have, so you get sick, but then when you show up at the emergency room, it gets paid for.

We can afford this. Everybody in America has worked hard for it. We've got this budget in good shape. We can make a commitment to our future. If you think is necessary now, imagine what it's going to be like when the number of seniors doubles in 30 years.

That's the last point I want to leave you with. Look how many seniors there are in Cleveland today. In 30 years, the number of people over 65 will double, and Donna Shalala and I hope to be among them. (Laughter.) And you think about it. And then the average age in America will be well over 80.

Now, if we have to take care of all these people by waiting until they get sick and they go to the hospital, instead of worried about hospitals closing, 30 years from now you'll worry about the city going bankrupt because everybody will be in the hospital. We've got to be healthier, we've got to keep people healthy. We need to keep them playing tennis, like Lawyer Shalala there; but we also need to be able to give people medication to keep them out of the hospital, and to manage people in a way that will maximize their health. This will be a huge issue.

So I implore you, this country -- this is the first time we've been in shape to do this in 35 years. We can do this now. And we can do it now and take care of the future. We can help the seniors of today and take a great burden off of tomorrow. But we need your help to do it.

Again, I implore you, talk to your members of Congress, talk to your senators. Tell them it's not a partisan issue, it's an American issue, it's a human issue and it's a smart thing to do.

Thank you and God bless you. (Applause.)

END

3:17 P.M. EST

Revised Revised Final 03/30/00 11:35am
Heather Hurlburt

PRESIDENT WILLIAM J. CLINTON

REMARKS AT SELF HELP AUSTIN STREET

SENIOR CENTER

QUEENS, NEW YORK

March 30, 2000

Acknowledgements: Thank you, Linda Nadel – and I want to recognize Linda's mom Ruth Friedman, who I understand is a real leader in the community. Congressman Anthony Weiner; Richard Aronson, CEO of Self-Help Community Services. And thank you to Rabbi Gerald Skolnick of the Forest Hills Jewish Center, which hosts the Self-Help Austin Street Senior Center in this building.

It is really an honor to be here today with so many Americans who have served our country in so many ways. Some of you survived the horrors of the Holocaust and came here to build prosperity in a new homeland.

And many of you, well into retirement, continue to serve your neighbors and your community – by providing the volunteer power that runs this center, from the check-in desk to the lecture series to the computer center I just visited.

Your energy and experience are a precious national resource. And they are part of the answer to one of the most important challenges we face in this new century: how to ensure, as Americans live longer lives, that we also live better, more fulfilling lives. And, something that I as a baby boomer worry about all the time, how do we make sure that we don't build our comfortable retirement on the backs of our own children and grandchildren?

Social Security and Medicare are the foundations of our nation's commitment to our seniors as well as millions of Americans with disabilities. And fiscal responsibility – the same kind of sensible, disciplined spending we expect from our own families – is the foundation of my Administration's commitment to saving and strengthening Social Security and Medicare.

Seven years ago when I came to Washington, we were burdened with a $290-billion deficit, and our national debt had quadrupled in 12 years.

To put our fiscal house in order, Vice President Gore and I passed strong deficit reduction packages and made tough choices – while we continued to invest in other important priorities, especially education, the key to success in the 21st-century.

The results speak for themselves: the first back-to-back budget surpluses in 42 years; the longest economic expansion in our nation's history; nearly 21 million new jobs; the lowest unemployment in three decades and falling crime. And our success in reducing the debt is saving American families, on average, $2,000 per year on a home mortgage, and $200 on a loan for school or for a car.

Remember, seven years ago, Medicare was expected to run out of money in 1999. But our strong economy, and our reforms and anti-fraud measures, have put both Medicare and Social Security and on the path to a sound future. Today the Social Security and Medicare Trustees issued their annual reports on the financial health of these two vital programs. The Social Security Trustees announced that economy has added **XX** years to the expected life of that fund, extending its solvency to 20**XX**. The Medicare Trustees told us that Medicare is in its best shape in a quarter-century – better-managed, more efficient, and solvent until 20**XX**.

These are much more than accounting figures – they are evidence of what our commitment to fiscal discipline means for families in Queens and all across America.

Think about it. A decade ago, Medicare premiums were increasing at double-digit rates every year. Today, better management and a strong economy have allowed us to slow the rate of increase dramatically, producing a savings of more than $200 a year for a couple over 65.

We are also enabling seniors who are willing and able to work to do so without losing their Social Security benefits. Last year, I asked Congress to work with me to allow America's seniors to work without being penalized.

Both Houses have now passed legislation to eliminate the Social Security earnings test for seniors, and I look forward to signing it.

While the Trustees' reports show that Social Security and Medicare are secure today, we must stay focused on the challenges they face in the future. In 30 years, the number of Americans on Medicare – and the number over 65 -- will double. I hope to be one of them.

This is a high-class problem for America. We want to keep our seniors learning computers and sharing their skills and experience with a younger generation, the way you do here.

We want seniors to have access to state-of-the-art medical care. And we want Americans to live out their lives in comfort and dignity, without fear of being a burden to their families, or losing everything they have.

Think about one of the families here with us today, Wichna Szmulewicz [WITCH-na SCHMOO-la-vitch] and her husband Szymon [SHEE-mohn]. They're Holocaust survivors. Szymon has Parkinson's disease, and Wichna takes care of him. Their prescription drug costs take up almost twenty percent of their annual income. That's not right. Wichna doesn't want a handout. She doesn't want to be a burden to her two grown children. But she does need help.

Let's do our part to help them, and so many others like them, by strengthening Medicare and Social Security. We should not consume our surplus with big, risky tax schemes; instead, let's use the surplus to strengthen Social Security and take it out beyond the life of the baby boom generation; let's use it to strengthen and modernize Medicare; and let's invest in priorities like education, targeted tax relief, and paying off the national debt.

I have asked the Congress to use every single dollar of our Social Security surplus to pay down the debt, and to use the interest savings from that debt reduction to extend the life of Social Security to at least 20**XX**.

That is a critical first step toward a bipartisan solution to Social Security's longer-term needs.

We also have a major opportunity to pass important legislation to strengthen and modernize Medicare. If President Johnson were starting Medicare today, he would certainly include the most cost-effective medicine there is -- prescription drugs and preventive screenings that help keep people from ever getting sick or having to go to the hospital in the first place. When Medicare was enacted, we didn't have CAT scans or MRIs; we didn't have drugs to lower cholesterol or fight osteoporosis.

Now, not having prescription drug coverage is like paying a mechanic $4,000 to fix your engine because you wouldn't spend $25 to change the oil and get the filter replaced.

My plan will add a voluntary prescription drug benefit; make preventive screenings more affordable; make Medicare more efficient and competitive; and extend its life until at least 20**XX**. If Congress will work with me, I believe we can make this happen this year. And we ought to.

Because nothing is a better measure of who we are as a nation than how we treat the older Americans who defended our country, built our institutions, guarded our prosperity, and taught our young people.

In 1966, just months after Medicare was signed into law, President Johnson visited a New York hospital to talk about his goals for our nation's health. He said, "I want our period to be remembered as the time when we. . . built better bodies and took care of our sick; when we loved health and education and food so much that we wanted everybody to have a little of it."

Today, we have the strongest economy in our lifetime. We have the most prosperity at home and peace abroad that most of us can remember. If we can't be responsible and disciplined now, if we can't invest in priorities like health and education, build schools, train teachers and hold them accountable, when are we ever going to do it? If we don't build on our progress to make Social Security and Medicare strong and secure, when are we ever going to do it? My generation has a tremendous responsibility to those who came before us, and those who come after us. And this year, I'm going to do all that I can to see that we meet that responsibility.

Thank you very much.