

MEMORANDUM

TO: Hillary Rodham Clinton
FR: Chris Jennings
RE: Background and Talking Points on the President's Children's Health Care Proposals
cc: Melanne, Pauline

February 5, 1997

First, a sincere thank you for your assistance yesterday. I think all of us around here believe that the President gave one of his best ever speeches.

Following up on our conversation yesterday, I am attaching a two-page description of the President's Children's Health Initiative. Also attached to this document is a set of draft talking points that you could use if you dropped in on the meeting we are planning to hold with the children's advocacy/provider groups tomorrow morning. These talking points summarize the President's children's health proposals; they also directly address the issue that many of these groups dislike most about the President's budget proposal -- the Medicaid per capita cap. (It is not imperative that you address the per capita cap issue, but we want you to be prepared and I think that the absence of your acknowledging it would be noticeable).

We are envisioning this meeting to be a frank and constructive discussion with our traditional base group supporters. Although we will be unable to change their minds about the Medicaid per capita cap, we may be able to get them to better understand our position. Most importantly, we hope to use this meeting to underscore the importance of working together to assure a successful take-off of the President's health coverage expansion investments. We need to, in particular, drive in the following points about the President's children health initiative:

- (1) It is a thoughtful policy aimed at providing coverage to the many different categories of children who are uninsured today;
- (2) It represents a substantial investment (our total health coverage expansion investment is \$17 billion over 5 years); and
- (3) It can be modified and enhanced, but only if we present a unified, positive force for change; some in the Congress (who do not want health care coverage investments) will only be too glad to play us off one another and use the money the President is now dedicating for health coverage for some lower priority.

Please don't hesitate to call with any questions about the meeting. We are not advising the groups that you may drop by -- though it would be a welcome and helpful surprise.

Talking Points for Children's Health Coverage Meeting

Medicaid/Per Capita Cap Concerns

- I am well aware that you oppose savings from the Medicaid program. Medicaid's growth has declined substantially. But I can assure you that the President's budget reflects this.
- In fact, the total Medicaid savings in the President's budget is a very modest \$9 billion over 5 years. Remember that the program is projected to spend over \$600 billion in Federal expenditures over that period.
- I want to be clear: The President, nor anyone in this Administration, views the Medicaid program as a piggy-bank for good or bad investments. That is why our per capita cap will be set at a growth rate that allows for very reasonable growth in the program.
- In fact, if growth rates stay where they are today, the per capita cap will never be breached. And even if costs grow in the out-years, the per capita cap will probably not achieve any savings until 2000 or beyond.
- None of us can kid ourselves into believing that the Medicaid program will not receive major scrutiny in the years to come as the entitlement reform debate heats up. A fiscally responsible constraint, which limits Medicaid spending and preserves the entitlement, may well be the best way to secure the long-term interests of the Medicaid entitlement program.
- I would like you to seriously consider these issues. However, whether we end up agreeing or not, I would like to focus on something I hope we can all agree on -- the need for more affordable, health coverage for the 10 million children who have none.

Children's Health Initiative

- The President's budget proves that it is possible to responsibly balance the budget while still prioritizing investments we all care about -- including expanding coverage for the uninsured.
- His budget includes \$17 billion in spending on targeted programs that will cover millions of those 10 million children who lack insurance today.
- Categorizing and targeting uninsured children is not easy. The majority of these children can be found within three groups, each of which require separate initiatives. Specifically, the President's Children's Health Initiative proposes partnerships with you, states, communities and the private sector to target:
 - (1) Children at risk because their parents change jobs;
 - (2) Children whose parents earn too much for Medicaid but too little for private coverage; and
 - (3) Children eligible but not enrolled in Medicaid.
- First, we make sure that children who have private insurance keep it, even when their parents change jobs. As the President said in his State of the Union speech, almost 50 percent (45%) of the children who lose their insurance do so because their parents lose or change jobs.

Our Workers Between Jobs program helps make affordable the coverage that we made portable through last year's health insurance reform bill.

- Second, we empower States to help cover those children whose parents earn too much to be covered by Medicaid and too little to afford private coverage.

We will develop a grant program to work with States to effectively target their unique gaps in coverage for working families' children.

- And, finally, we will make absolutely certain that Medicaid's guarantee of coverage for children is fulfilled. We will continue to phase in children's coverage so all poor children have access to Medicaid. But, we can no longer tolerate accepting that 3 million children are eligible but not receiving ANY Medicaid coverage.

We will remove the barriers that cause children to move in and out of Medicaid by allowing States to guarantee coverage for a full year.

And, we will work with States, you and the private sector community to help educate and enroll those children whose families do not know or understand Medicaid. I think there is much to do in this area and I hope we can work together on having much greater success in reaching out to eligible children.

- There is little question that our health policies will further evolve in the Congress. While we believe we are proposing sound policy, we are not locked in on any particular approach. We look forward to working with you and both Parties to meet this challenge.
- The greatest potential impediment for children's coverage now is to allow the opponents of coverage investments sit back and let us divide and conquer one another. We can be our own worst enemy when we fight amongst ourselves.
- Let's work together on the policy and how best to improve it. But let's keep the momentum moving forward.
- Let's resolve that all children's advocates, including the White House, strongly support any initiative with substantial investments that can gain bipartisan support and that would make meaningful reductions in the number of uninsured children. This is our window of opportunity; let's take advantage of it.