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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. note	re: phone number (partial) (1 page)	10/16/1998	P6/b(6)
001b. fax	Bonnie Washington to Jeanne Lambrew and Chris Jennings re: phone number (partial) (1 page)	10/16/1998	P6/b(6)
001c. fax	Bill Vaughan to Jeanne and Chris re: phone number (partial) (1 page)	10/16/1998	P6/b(6)
001d. fax	Priscilla Ross to Chris Jennings re: phone number (partial) (1 page)	10/16/1998	P6/b(6)
001e. fax	re: phone number (1 page)	10/16/1998	P6/b(6)
001f. fax	Jane Horvath to Chris and Jeanne re: phone number (partial) (1 page)	10/16/1998	P6/b(6)
002a. note	re: phone number (1 page)	n.d.	P6/b(6)
002b. fax	re: phone number (1 page)	n.d.	P6/b(6)
003. list	re: contact information (partial) (3 pages)	n.d.	P6/b(6)
~~004. email~~	~~Christopher Jennings to Caroline re: home health care fix (2 pages)~~	~~10/16/1998~~	~~P5~~ Ors 4/6/15

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Devorah Adler
OA/Box Number: 20463

FOLDER TITLE:

Home Health [Folder 1]

2012-0463-S
rc772

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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WEEKEND NUMBERS -- SENATE FINANCE COMMITTEE

1. D [illegible]
   h [redacted] P6/(b)(6) [001a]
   w-224-
   beeper [redacted] P6/(b)(6)

2. Katie Horton
   h [redacted] P6/(b)(6)
   w-224-7762

   weekend fax for both-228-3906

FAX TRANSMISSION

☒ 512 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-6101
FAX: (202) 225-5759

☐ 34 MECHANIC STREET
WORCESTER, MA 01608
(508) 831-7356
FAX: (508) 754-0982

☐ 1 PARK STREET
ATTLEBORO, MA 02703
(508) 431-8025
FAX: (508) 431-8017

☐ 218 SOUTH MAIN STREET, ROOM 204
FALL RIVER, MA 02721
(508) 677-0140
FAX: (508) 677-0992

U.S. HOUSE OF REPRESENTATIVES

James P. McGovern

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WWW.HOUSE.GOV/MCGOVERN/
THIRD DISTRICT- MASSACHUSETTS

To:	Date: 10/16
Fax #: 456 5557	Pages: 1 , including this cover sheet.
From: Karl B. Moeller	RE: UPDATES.

COMMENTS: REGARDING CONF. CALL EARLIER
CONTACT FAX FOR HOME HEALTH UPDATES OVER THE WEEKEND - 225-5759

PHONE MSG'S: 2268184

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. fax	Bonnie Washington to Jeanne Lambrew and Chris Jennings re: phone number (partial) (1 page)	10/16/1998	P6/b(6)

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To: Jeanne Lambrew +
Chris Jennings

From: Bonnie Washington

My info for the weekend:

Home Phone: [redacted] P6/(b)(6) [0016]

Pager : [redacted]

work (202) 690-5960

fax (202) 690-8168

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001c. fax	Bill Vaughan to Jeanne and Chris re: phone number (partial) (1 page)	10/16/1998	P6/b(6)

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Devorah Adler
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To: Jeanne/Chris

From: Bill Vaughan

Work 202-225-4318

Home [redacted] P6/(b)(6) [001c]

Fax 202-226-4969

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001d. fax	Priscilla Ross to Chris Jennings re: phone number (partial) (1 page)	10/16/1998	P6/b(6)

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Devorah Adler
OA/Box Number: 20463

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TO: Chris Jennings

FROM: Priscilla Ross
Office of Rep. Ben Cardin

DATE: 10/16/98

RE: Contact #s

225
4016

Here's where we can be reached this weekend:

Rep. Cardin at home:
Rep. Cardin's fax:
Priscilla Ross at home:

[redacted] P6/(b)(6)

[001d]

Thanks!

BOB WEYGAND
SECOND DISTRICT, RHODE ISLAND

COMMITTEE ON THE BUDGET

COMMITTEE ON BANKING
AND FINANCIAL SERVICES

SUBCOMMITTEES:
HOUSING AND COMMUNITY OPPORTUNITY
CAPITAL MARKETS, SECURITIES, AND
GOVERNMENT-SPONSORED ENTERPRISES

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE:
507 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TELEPHONE: (202) 225-2735

DISTRICT OFFICE:
THE SUMMIT WEST
300 CENTERVILLE ROAD, SUITE 205
WARWICK, RI 02886
TELEPHONE: (401) 732-9400
TOLL FREE: (800) 488-1884

October 16, 1998

Mr. Christopher Jennings
Deputy Assistant to the President for Domestic Policy
Old Executive Office Building
Washington, DC 20500

Dear Mr. Jennings:

It was a pleasure speaking with you and the other participants during this afternoon's conference call. After working all year on this issue, I appreciate being able to join you.

Per the request at the end of the conversation, I would request that my Legislative Assistant, Christopher Labonte, receive communications on my behalf. This weekend, Mr. Labonte can be reached at 226-8604 and will be checking his messages throughout the weekend. In addition, once statutory language has been received by your office, I would appreciate you faxing a copy and any further developments on this issue to Mr. Labonte's attention at 225-5976.

Thank you in advance for your assistance with this matter.

Sincerely,

Bob Weygand

Bob Weygand
Member of Congress

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Devorah Adler
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SENT BY:Xerox Telecopier 7021 ;10-16-98 ; 5:30PM ; → 94565557;# 1

DATE: 10/16/98

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ROOM 405H, HUMPHREY BUILDING
200 INDEPENDENCE AVE, SW
WASHINGTON, D.C. 20201

PHONE: (202)690-7450 FAX: (202)690-8425

FROM:

[X] JANE HORVATH
[ ] ANN BOWKER
[ ] HOLLY BODE
[ ] SHARON CLARKIN
[ ] GREGORY JONES
[ ] ANDREA LEVARIO
[ ] ROGER MCCLUNG
[ ] TANISHA PARKER
[ ] MARC SMOLONSKY
[ ] CARL TAYLOR
[ ] STEPHANIE WILSON
[ ]

TO: Chris J / Jeanne Lambrew

OFFICE:

ROOM:

PHONE:

FAX:

my numbers

h) [redacted] P6/(b)(6) [001-f]

home fax) [redacted] P6/(b)(6)

beeper) [redacted] P6/(b)(6)

(INCLUDING COVER): 1

REMARKS:

Office of Legislation

HCFA
MEDICARE · MEDICAID
Health Care Financing Administration

Number of Pages: 1+Cover

Date: 10/16/98

To: Jean

From: Bonnie Washington
HCFA/OL

Fax: 456-5557

Fax: 690-8168

Phone:

Phone:

REMARKS:

HEALTH CARE FINANCING ADMINISTRATION
200 Independence Ave., SW
Room 341-H, Humphrey Building
Washington, DC 20201

Jeanne
456-5557

SEC. 5 OFFSETS.

(a) CHANGE IN NUMBER OF INDIVIDUALS ELIGIBLE TO ENROLL UNDER MEDICARE MSA.—Section 1851(b)(4)(A)(ii) of the Social Security Act (42 U.S.C. 1395w–21(b)(4)(A)(ii)) is amended by striking "390,000" and inserting "100,000 (for any date before January 1, 2004) or 500,000 (for any date thereafter)". $600m

(b) THREE-YEAR EXTENSION OF MEDICARE MSA TERMINATION DATE.—Section 1851(b)(4)(A)(i) of the Social Security Act (42 U.S.C. 1395w–21(b)(4)(A)(i)) is amended by striking "2003" and inserting "2006".

~~Bill~~ Bob Winters
Estate tax
option
legislative
225 0928 ~~ph~~ fax
225 8798 fax

Joanne
mtg or
abortion

TITLE VI—MEDICARE-RELATED PROVISIONS

Subtitle A—Home Health

SEC. 6101. INCREASE IN PER BENEFICIARY LIMITS AND PER VISIT PAYMENT LIMITS FOR PAYMENT FOR HOME HEALTH SERVICES.

(a) INCREASE IN PER BENEFICIARY LIMITS.—Section 1861(v)(1)(L) of the Social Security Act (42 U.S.C. 1395x(v)(1)(L)) is amended—

(1) in the first sentence of clause (v), by inserting "subject to clause (viii)(I)," before "the Secretary";

(2) in clause (vi)(I), by inserting "subject to clauses (viii)(II) and (viii)(III)" after "fiscal year 1994"; and

(3) by adding at the end the following new clause:

"(viii)(I) In the case of a provider with a 12-month cost reporting period ending in fiscal year 1994, if the limit imposed under clause (v) (determined without regard to this subclause) for a cost reporting period beginning during or after fiscal year 1999 is less than the median described in clause (vi)(I) (but determined as if any reference in clause (v) to '98 percent' were a reference to '100 percent'), the limit otherwise imposed under clause

(v) for such provider and period shall be increased by ⅓ of such difference.

"(II) Subject to subclause (IV), for new providers and those providers without a 12-month cost reporting period ending in fiscal year 1994, but for which the first cost reporting period begins before fiscal year 1999, for cost reporting periods beginning during or after fiscal year 1999, the per beneficiary limitation described in clause (vi)(I) shall be equal to the median described in such clause (determined as if any reference in clause (v) to '98 percent' were a reference to '100 percent').

"(III) Subject to subclause (IV), in the case of a new provider for which the first cost reporting period begins during or after fiscal year 1999, the limitation applied under clause (vi)(I) (but only with respect to such provider) shall be equal to 75 percent of the median described in clause (vi)(I).

"(IV) In the case of a new provider or a provider without a 12-month cost reporting period ending in fiscal year 1994, subclause (II) shall apply, instead of subclause (III), to a home health agency which filed an application for home health agency provider status under this title before September 15, 1998, or which was approved as a branch of its parent agency before such date and becomes a subunit of the parent agency or a separate agency on or after such date.

"(V) Each of the amounts specified in subclauses (I) through (III) are such amounts as adjusted under clause (iii) to reflect variations in wages among different areas.".

(b) REVISION OF PER VISIT LIMITS.—Section 1861(v)(1)(L)(i) of such Act (42 U.S.C. 1395x(v)(1)(L)(i)) is amended—

(1) in subclause (III), by striking "or";

(2) in subclause (IV)—

(A) by inserting "and before October 1, 1998," after "October 1, 1997,"; and

(B) by striking the period at the end and inserting ", or"; and

(3) by adding at the end the following new subclause:

"(V) October 1, 1998, 106 percent of such median.".

(c) ONE-YEAR DELAY IN 15 PERCENT REDUCTION IN PAYMENT LIMITS; CHANGE IN TIMING OF IMPLEMENTATION OF PROSPECTIVE PAYMENT SYSTEM.—

(1) PROSPECTIVE PAYMENT SYSTEM.—Section 1895 of such Act (42 U.S.C. 1395fff) is amended—

(A) in subsection (a), by striking "for cost reporting periods beginning on or after October

1, 1999'' and inserting ''for portions of cost reporting periods occurring on or after October 1, 2000''; and

(B) in subsection (b)(3)—

(i) in subparagraph (A)(i), by striking ''fiscal year 2000'' and inserting ''fiscal year 2001'';

(ii) in subparagraph (A)(ii), by striking ''September 30, 1999'' and inserting ''September 30, 2000''; and

(iii) in subparagraph (B)(i), by striking ''fiscal year 2001'' and inserting ''fiscal year 2002''.

(2) CHANGE IN EFFECTIVE DATE.—Section 4603(d) of the Balanced Budget Act of 1997 (42 U.S.C. 1395fff note) is amended by striking ''cost reporting periods beginning on or after October 1, 1999'' and inserting ''portions of cost reporting periods occurring on or after October 1, 2000''.

(3) CONTINGENCY REDUCTION.—Section 4603(e) of the Balanced Budget Act of 1997 (42 U.S.C. 1395fff note) is amended—

(A) by striking ''cost reporting periods described in subsection (d), for such cost reporting periods'' and inserting ''portions of cost reporting periods described in subsection (d), for such portions''; and

(B) by striking ''September 30, 1999'' and inserting ''September 30, 2000''.

(d) CHANGE IN HOME HEALTH MARKET BASKET INCREASE.—

(1) INTERIM PAYMENT SYSTEM.—Section 1861(v)(1)(L) of the Social Security Act (42 U.S.C. 1395x(v)(1)(L)), as amended by subsection (a)(3), is amended by adding at the end the following:

''(ix) Notwithstanding any other provision of this subparagraph, in updating any limit under this subparagraph by a home health market basket index for cost reporting periods beginning during each of fiscal years 2000, 2001, 2002, and 2003, the update otherwise provided shall be reduced by 1.1 percentage points.''.

(2) PROSPECTIVE PAYMENT SYSTEM.—Section 1895(b)(3)(B) of such Act (42 U.S.C. 1395fff(b)(3)(B)) is amended—

(A) in clause (i), by striking ''home health market basket percentage increase'' and inserting ''home health applicable increase percentage (as defined in clause (ii))'';

(B) by redesignating clause (ii) as clause (iii); and

(C) by inserting after clause (i) the following:

"(ii) HOME HEALTH APPLICABLE INCREASE PERCENTAGE.—For purposes of this subparagraph, the term 'home health applicable increase percentage' means, with respect to—

"(I) fiscal year 2002 or 2003, the home health market basket percentage increase (as defined in clause (iii)) minus 1.1 percentage points; or

"(II) any subsequent fiscal year, the home health market basket percentage increase.".

(e) EXCLUSION OF ADDITIONAL PART B COSTS FROM DETERMINATION OF PART B MONTHLY PREMIUM.—Section 1839 of such Act (42 U.S.C. 1395r) is amended—

(1) in subsection (a)(3), by inserting "(except as provided in subsection (g))" after "year that"; and

(2) by adding at the end the following new subsection:

"(g) In estimating the benefits and administrative costs which will be payable from the Federal Supplementary Medical Insurance Trust Fund for a year for purposes of determining the monthly premium rate under subsection (a)(3), the Secretary shall exclude an estimate of any benefits and administrative costs attributable to the application of section 1861(v)(1)(L)(viii) or to the establishment under section 1861(v)(1)(L)(i)(V) of a per visit limit at 106 percent of the median (instead of 105 percent of the median), but only to the extent payment for home health services under this title is not being made under section 1895 (relating to prospective payment for home health services).".

(f) REPORTS ON SUMMARY OF RESEARCH CONDUCTED BY THE SECRETARY ON THE PROSPECTIVE PAYMENT SYSTEM.—By not later than January 1, 1999, the Secretary of Health and Human Services shall submit to Congress a report on the following matters:

(1) RESEARCH.—A description of any research paid for by the Secretary on the development of a prospective payment system for home health services furnished under the medicare program under title XVIII of the Social Security Act, and a summary of the results of such research.

(2) SCHEDULE FOR IMPLEMENTATION OF SYSTEM.—The Secretary's schedule for the implementation of the prospective payment system for home

health services under section 1895 of the Social Security Act (42 U.S.C. 1395fff).

(g) MEDPAC REPORTS.—

(1) REVIEW OF SECRETARY'S REPORT.—Not later than 60 days after the date the Secretary of Health and Human Services submits to Congress the report under subsection (f), the Medicare Payment Advisory Commission (established under section 1805 of the Social Security Act (42 U.S.C. 1395b–6)) shall submit to Congress a report describing the Commission's analysis of the Secretary's report, and shall include the Commission's recommendations with respect to the matters contained in such report.

(2) ANNUAL REPORT.—The Commission shall include in its annual report to Congress for June 1999 an analysis of whether changes in law made by the Balanced Budget Act of 1997, as modified by the amendments made by this section, with respect to payments for home health services furnished under the medicare program under title XVIII of the Social Security Act, impede access to such services by individuals entitled to benefits under such program.

(h) GAO AUDIT OF RESEARCH EXPENDITURES.—The Comptroller General of the United States shall conduct an audit of sums obligated or expended by the Health Care Financing Administration for the research described in subsection (f)(1), and of the data, reports, proposals, or other information provided by such research.

(i) PROMPT IMPLEMENTATION.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall promptly issue (without regard to chapter 8 of title 5, United States Code) such regulations or program memoranda as may be necessary to effect the amendments made by this section for cost reporting periods beginning during fiscal year 1999.

(2) USE OF PAYMENT AMOUNTS AND LIMITS FROM PUBLISHED TABLES.—

(A) PER BENEFICIARY LIMITS.—In effecting the amendments made by subsection (a) for cost reporting periods beginning in fiscal year 1999, the "median" referred to in section 1861(v)(1)(L)(vi)(I) of the Social Security Act for such periods shall be the national standardized per beneficiary limitation specified in Table 3C published in the Federal Register on August 11, 1998 (63 FR 42926) and the "standardized regional average of such costs" referred to in section 1861(v)(1)(L)(v)(I) of such Act for a census division shall be the sum of the labor and nonlabor components of the standardized per beneficiary limitation for that census division specified in Table 3B published in the Federal Register on that date (63 FR 42926) (or in Table 3D as so published with respect to Puerto Rico and Guam).

(B) PER VISIT LIMITS.—In effecting the amendments made by subsection (b) for cost reporting periods beginning in fiscal year 1999, the limits determined under section 1861(v)(1)(L)(i)(V) of such Act for cost reporting periods beginning during such fiscal year shall be equal to the per visit limits as specified in Table 3A published in the Federal Register on August 11, 1998 (63 FR 42925) and as subsequently corrected, multiplied by $^{106}/_{105}$.

Subtitle B—Other Medicare-Related Provisions

SEC. 6201. AUTHORIZATION OF ADDITIONAL EXCEPTIONS TO IMPOSITION OF PENALTIES FOR PROVIDING INDUCEMENTS TO BENEFICIARIES.

(a) IN GENERAL.—Subparagraph (B) of section 1128A(i)(6) of the Social Security Act (42 U.S.C. 1320a–7a(i)(6)) is amended to read as follows:

"(B) subject to subsection (n), any permissible practice described in any subparagraph of section 1128B(b)(3) or in regulations issued by the Secretary;".

(b) SPECIAL PROVISIONS CONCERNING A SAFE HARBOR FOR PAYMENT OF MEDIGAP PREMIUMS OF ESRD BENEFICIARIES.—

(1) 2-YEAR LIMITATION.—Section 1128A of such Act (42 U.S.C. 1320a–7a) is amended by adding at the end the following:

"(n)(1) Subparagraph (B) of subsection (i)(6) shall not apply to a practice described in paragraph (2) unless—

"(A) the Secretary, through the Inspector General of the Department of Health and Human Services, promulgates a rule authorizing such a practice as an exception to remuneration; and

"(B) the remuneration is offered or transferred by a person under such rule during the 2-year period beginning on the date the rule is first promulgated.

"(2) A practice described in this paragraph is a practice under which a health care provider or facility pays, in whole or in part, premiums for medicare supplemental policies for individuals entitled to benefits under part A of title XVIII pursuant to section 226A.".

(2) GAO STUDY AND REPORT ON IMPACT OF SAFE HARBOR ON MEDIGAP POLICIES.—If a permissible practice is promulgated under section 1128A(n)(1)(A) of the Social Security Act (as added by paragraph (1)), the Comptroller General of the United States shall conduct a study that compares any disproportionate impact on specific issuers of medicare supplemental policies (including the impact on premiums for non-ESRD medicare beneficiaries enrolled in such policies) due to adverse selection in enrolling medicare ESRD beneficiaries before the enactment of the Health Insurance Portability and Accountability Act of 1996 and 1 year after the date of promulgation of such permissible practice under section 1128A(n)(1)(A) of the Social Security Act. Not later than 18 months after the date of promulgation of such practice, the Comptroller General

shall submit a report to Congress on such study and shall include in the report recommendations concerning whether the time limitation imposed under section 1128A(n)(1)(B) of such Act should be extended.

(c) EXTENSION OF ADVISORY OPINION AUTHORITY.—Section 1128D(b)(2)(A) of such Act (42 U.S.C. 1320a–7d(b)(2)(A)) is amended by inserting "or section 1128A(i)(6)" after "1128B(b)".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(e) INTERIM FINAL RULEMAKING AUTHORITY.—The Secretary of Health and Human Services may promulgate regulations that take effect on an interim basis, after notice and pending opportunity for public comment, in order to implement the amendments made by this section in a timely manner.

SEC. 6202. EXPANSION OF MEMBERSHIP OF MEDPAC TO 17.

(a) IN GENERAL.—Section 1805(c)(1) of the Social Security Act (42 U.S.C. 1395b–6(c)(1)), as added by section 4022 of the Balanced Budget Act of 1997, is amended by striking "15" and inserting "17".

(b) INITIAL TERMS OF ADDITIONAL MEMBERS.—

(1) IN GENERAL.—For purposes of staggering the initial terms of members of the Medicare Pay-

ment Advisory Commission (under section 1805(c)(3) of such Act (42 U.S.C. 1395b–6(c)(3)), the initial terms of the two additional members of the Commission provided for by the amendment under subsection (a) are as follows:

(A) One member shall be appointed for one year.

(B) One member shall be appointed for two years.

(2) COMMENCEMENT OF TERMS.—Such terms shall begin on May 1, 1999.

Subtitle C—Revenue Offsets

SEC. 6301. INCREASE IN ADJUSTED GROSS INCOME OF MARRIED COUPLES FOR ROLLOVERS TO ROTH IRAS.

(a) IN GENERAL.—Paragraph (3) of section 408A(c) (relating to treatment of contributions) is amended—

(1) in subparagraph (B)(i), by inserting "(the joint return dollar amount in the case of a joint return)" after "$100,000"; and

(2) by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following new subparagraph:

"(D) JOINT RETURN DOLLAR AMOUNT.—For purposes of subparagraph (B)(i), the joint return dollar amount shall be determined under the following table:

"For taxable years beginning in calendar year—	The joint return dollar amount is—
1999	$105,000
2000	$110,000
2001	$115,000
2002	$120,000
2003	$125,000
2004 and thereafter	$150,000."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. 6302. TAX TREATMENT OF CASH OPTION FOR QUALIFIED PRIZES.

(a) IN GENERAL.—Section 451 (relating to taxable year for which items of gross income included) is amended by adding at the end the following new subsection:

"(h) SPECIAL RULE FOR CASH OPTIONS FOR RECEIPT OF QUALIFIED PRIZES.—

"(1) IN GENERAL.—For purposes of this title, in the case of an individual on the cash receipts and disbursements method of accounting, a qualified prize option shall be disregarded in determining the taxable year for which any portion of the qualified prize is properly includible in gross income of the taxpayer.

"(2) QUALIFIED PRIZE OPTION; QUALIFIED PRIZE.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'qualified prize option' means an option which—

"(i) entitles an individual to receive a single cash payment in lieu of receiving a qualified prize (or remaining portion thereof), and

"(ii) is exercisable not later than 60 days after such individual becomes entitled to the qualified prize.

"(B) QUALIFIED PRIZE.—The term 'qualified prize' means any prize or award which—

"(i) is awarded as a part of a contest, lottery, jackpot, game, or other similar arrangement,

"(ii) does not relate to any past services performed by the recipient and does not require the recipient to perform any substantial future service, and

"(iii) is payable over a period of at least 10 years.

"(3) PARTNERSHIP, ETC.—The Secretary shall provide for the application of this subsection in the case of a partnership or other pass-through entity consisting entirely of individuals described in paragraph (1)."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to any prize to which a person first becomes entitled after the date of enactment of this Act.

(2) TRANSITION RULE.—The amendment made by this section shall apply to any prize to which a person first becomes entitled on or before the date of enactment of this Act, except that in determining whether an option is a qualified prize option as defined in section 451(h)(2)(A) of the Internal Revenue Code of 1986 (as added by such amendment)—

(A) clause (ii) of such section 451(h)(2)(A) shall not apply, and

(B) such option shall be treated as a qualified prize option if it is exercisable only during all or part of the 18-month period beginning on such date of enactment.

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- Now I know many of the bill's supporters will claim that this is not a tax increase just an adjustment in the qualifications for a tax benefit or tightening a tax loophole. However, the fact is that by raising the threshold before a taxpayer can rollover their traditional IRA into a Roth IRA the federal government is forcing some people to pay higher taxes than they otherwise would, thus they are raising taxes. It is morally wrong for Congress to raise taxes on one group of Americans in order to provide benefits for another group of Americans.

- Instead of raising taxes Congress should `offset' these programs by cutting spending in other areas. In particular, Congress should finance veterans **health** care by reducing expenditures wasted on global adventurism, such as the Bosnia mission. Congress should stop spending Americans blood and treasure to intervene in quarrels that do not concern the American people.

- Similarly, Congress should seek funds for an increased expenditure on **home** care by ending federal support for institutions such as the International Monetary Fund (IMF), which benefit wealthy bankers and powerful interests but not the American people. At a time when the federal government continues to grow to historic heights and meddles in every facet of American life I cannot believe that Congress cannot find expenditure cuts to finance the programs in this bill!

- Mr. Speaker, I must also note that the only time this Congress seems concerned with offsets is when we are either cutting taxes or increasing benefits to groups like veterans or senior citizens. The problem is not a lack of funds but a refusal of this Congress to set proper priorities and put the needs of the American people first.

- In conclusion, Mr. Speaker, I call upon this Congress to reject this bill and instead support an IPS reform that is fair to all **home** care providers and does not finance worthwhile changes in Medicare by raising taxes. Instead, Congress should offset the cost to these worthy programs by cutting programs that do not benefit the American people.

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Roth IRAs

Several features of the Roth IRA are particularly attractive:

- Your investment grows tax-deferred.
- Withdrawals are tax free after five years and one of the following events occurs:
  - Purchase of a first home ($10,000 maximum) during that individual's lifetime.
  - Taxpayer reaches age 59 1/2.
  - Disability, or
  - Death
- Minimum distributions are not required at age 70 1/2.
- Should it be beneficial for you to do so, you may transfer your traditional IRAs into Roth IRAs.

Questions and Answers

Q: What is the new "Roth IRA" I've been hearing about?

A: The Roth IRA is named after Delaware Senator William Roth. It is part of the comprehensive Taxpayer Relief Act of 1997, which was signed into law by U.S. President Bill Clinton in August 1997.

Q: What are the income tax differences between the traditional IRA and a Roth IRA?

A: In the past, if you were in any kind of pension plan and if you made more than $25,000 ($40,000 for married filing jointly), you would not gain any significant income tax advantage by putting money into an IRA. The money put into a traditional IRA would perhaps be partially deductible or not deductible at all on your income taxes. What's more, if you withdrew your money before you were 59 1/2, you were generally assessed a 10 percent penalty.

With the Roth IRA, your contributions are not deductible on your income taxes at all. However, if you've had the IRA for at least five years, "qualified distributions" from the account are not taxable...and earnings on the account are taxable only if and when there is a distribution that is not a "qualified distribution."

Q: What is a "qualified distribution"?

A: The Taxpayer Relief Act of 1997 lists four areas as qualified distributions:

- A distribution used by a first-time home buyer to acquire a principal residence ($10,000 maximum.)
- A distribution of funds after the taxpayer reaches age 59 1/2.
- A distribution made because the taxpayer is disabled.
- A distribution of funds made to a beneficiary after the taxpayer's death.

Q: How much can I contribute to a Roth IRA?

A: Taxpayers (married filing jointly) can contribute up to $2,000 each per year until the couple reaches $150,000 in Adjusted Gross Income (AGI) - even with only one working spouse.

For an individual, you can also contribute up to $2,000 per year if your AGI is less than $95,000.

Taxpayers can also contribute to their IRAs past age 70 1/2 (unlike the traditional IRA.)

Q: When can I start withdrawing funds from my Roth IRA?

A: You can withdraw your IRA funds tax-free and penalty- free if you meet two conditions:

- You must have had the IRA open for at least five years.
- You must meet one of the qualifying distributions (listed at left.)

Q: Will I be required to take distributions from my Roth IRA at age 70 1/2?

A: No. This rule does not apply to the Roth IRA.

Q: Can I move my traditional IRA to a Roth IRA?

A: Yes, unless either of following conditions apply:

- Taxpayer's AGI exceeds $100,000.
- Taxpayer is married filing a separate return.

Q: Can I move my traditional IRAs to a Roth IRA with Lutheran Church Extension Fund?

A: Yes. Call an LCEF Information Representative toll-free at 1-800-843-5233. She'll let you know what steps to take to move your traditional IRA to a Roth IRA with LCEF.

Q: What are the tax consequences if I convert my IRA to a Roth IRA?

A: You will be taxed on the value of the IRA at the time of conversion, less any nondeductible contributions you have made to the account. If converted in 1998, the income from the traditional IRA can be spread over the next four years.

Q: Can I spread out the income on a conversion that occurs after 1998?

A: No. The IRA income from the traditional IRA is reportable in the year the conversion occurs.

House Democratic Substitute, with modifications discussed with staff

by fiscal year, in billions of dollars	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	99-03	99-08
Home Health Policy												
Gross Medicare Outlays /a	d	0.6	0.4	d	d	d	d	d	d	d	1.0	1.1
Part B Premiums /b	d	d	d	d	d	d	d	d	d	d	-0.1	-0.1
Subtotal	d	0.6	0.4	d	d	d	d	d	d	d	1.0	1.0
Cap MSA enrollment at 100,000 until 1/1/04 /c	0.0	-0.1	-0.3	-0.3	-0.3	-0.1	0.0	0.0	0.0	0.0	-1.0	-1.1
Total, Direct Spending	d	0.5	0.1	-0.3	-0.3	-0.1	d	d	d	d	d	-0.1

a. Gross outlays include the change in payments to providers in the fee-for-service sector and the effect on updates to capitated payments of changing the rate of increase in per-capita spending in the fee-for-service sector.

b. The change in Part B premiums that results from changes in Part B outlays, net of any change in the federal share of payments for Part B premiums made by Medicaid on behalf of indivuals dually eligible for Medicare and Medicaid.

c. Includes the change in Part B premiums described in footnote b.

d. Costs or savings less than $50 million.

Medicare Home Health Policy labeled "Proposal ($1.65 billion)" with

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PVL increased from 106% to 107% of Median;
Permanent cap on MSA enrollment of 100,000

By fiscal year, in billions of dollars	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total - 03	Total - 08
Gross Medicare Outlays	0.1	0.6	-0.1	-0.3	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.2	-3.7
Part B Premiums, including Medicaid Effect	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6
Total Change in Federal Spending	0.1	0.7	-0.1	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.7	-0.0	-3.1

Preliminary estimate by Tom Bradley, x69010

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House Democratic Substitute, with modifications discussed with staff

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THE WHITE HOUSE

WASHINGTON

October 16, 1998

TO: The Honorable Bill Thomas

FROM: Chris Jennings

RE: **SUMMARY OF ALTERNATIVE HOME HEALTH PROPOSALS**

Attached is a summary of the alternative proposals that we discussed tonight. We are confident that any one of these three options would receive strong support by the Democrats in both Houses of the Congress.

Based on our conversation with the Democratic leadership, we know that they share our desire to collaborate in the development of an acceptable, bipartisan compromise. We are encouraged that members of both parties recognize the importance of address the financing challenges facing the home health industry and desire to achieve this end prior to the adjournment of this Congress.

As we stated in today's conference call, we believe that the policies that you propose to address the home health interim payment system issues are administratable and viable, but we cannot support the proposal's financing. The Administration has consistently taken the position that any modification to the carefully constructed compromise that established the Roth IRA is unacceptable. However, as we hope we have made clear through the development of workable alternative proposals, we are committed to working with you to develop financing options that are acceptable on a bipartisan basis.

We look forward to hearing from you over the weekend on how best to proceed. We remain at your disposal to further explain our options and respond to your reactions.

Please do not hesitate to contact me or Jeanne Lambrew through the White House Signal Operator at 202 / 757-5000.

THE WHITE HOUSE

WASHINGTON

October 16, 1998

TO: Kathy Means, Mark Prater
Anne Marie Lynch
Howard Cohen

FROM: Chris Jennings

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INCREASING INCOME LIMITS FOR ROTH IRA CONVERSIONS

Background

The Republicans are proposing to pay for the Home Health Care bill over the first five years by allowing higher income taxpayers to convert balances in deductible and nondeductible IRAs into a Roth IRA. The bill would phase in an increase in the income limits for such conversions from $100,000 to $150,000 for joint returns. The provision raises revenue in the first five years because high-income taxpayers are willing to pay tax on their existing IRAs in exchange for tax-free treatment of future withdrawals.

Analysis

This provision represents poor tax, budget, and retirement policy and should be strongly opposed. The provision would provide a significant new tax break for high-income taxpayers and would reduce government receipts substantially over the long run.

- The revenue gains in the short run ~~are~~ far exceeded by future ~~revenue losses~~. The apparent revenue gain arises because the provision provides a one-time acceleration of income into the five-year budget window.

- Under current law, 95 percent of taxpayers are permitted to make conversions. The provision would only benefit taxpayers in the top 5 percent of the income distribution.

- The provision will allow high-income taxpayers to withdraw money from IRAs that would otherwise be subject to a 10-percent early withdrawal penalty.

  Taxpayers must pay a 10-percent penalty on withdrawals made from a deductible IRA before age 59 ½ unless the money is used for special purposes, such as education and medical expenses. Money withdrawn from a Roth IRA, however, avoids the penalty after it has been held for 5 years. Easing pre-retirement withdrawals from retirement accounts is poor pension policy.

- The provision allows high-income taxpayers to shelter much more income from tax than they could in their existing IRA.

  Roth IRA balances may be withdrawn tax-free, whereas withdrawals from deductible IRAs are taxable. As a result, the same balance in a Roth IRA is worth much more after tax than it would be in a deductible IRA. Since taxpayers can prepay their tax liability, they can effectively increase their tax-free accounts by the amount of the tax. A taxpayer in the 28-percent tax bracket, for example, would be able to shelter 28 percent more assets from tax under the proposal.

- Roth IRAs avoid the distribution requirements in deductible IRAs, which must be withdrawn during retirement. Thus, the conversion option will be most valuable to taxpayers who intend to accumulate funds tax-free and hold them until death.

- This provision reopens an issue that was heavily negotiated in the 1997 budget.

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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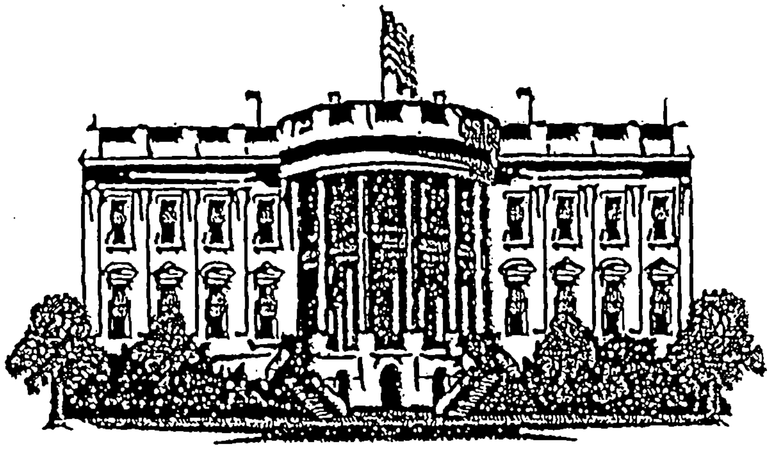
THE WHITE HOUSE



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Jane Lowenson . . 224-2047
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2283904

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DRAFT: COMPARISON OF HOUSE AND SENATE
HOME HEALTH BILL & ALTERNATIVES

POLICY	Republican Proposal	Alternative A	Alternative B	Alternative C
SPENDING PROVISIONS				
COST	$1.65 billion / 5	$1.65 billion / 5	$1.9 billion / 5	$2.2 billion / 5
PER VISIT LIMITS	106% of median costs	106% of median costs	**107%** of median costs	**110?%** of median costs
PER BENEFICIARY LIMITS				
Old agencies	For agencies below the national median: 66.6% BBA + 33.3% national median For agencies above the national median: No change	For agencies below the national median: 66.6% BBA + 33.3% national median For agencies above the national median: No change	For agencies below the national median: 66.6% BBA + 33.3% national median For agencies above the national median: No change	For agencies below the national median: 66.6% BBA + 33.3% national median For agencies above the national median: No change
New agencies	National median	National median	National median	National median
Brand new agencies	75% of national median, reduced by 2%	75% of national median, reduced by 2%	75% of national median, reduced by 2%	75% of national median, reduced by 2%
15% ACROSS-THE-BOARD	One year delay	One year delay	One year delay	One year delay

POLICY	Republican Proposal	Alternative A	Alternative B	Alternative C
OFFSETS				
Medicare	1. HH Market Basket - 1.1 in 00, 01, 02, and 03 $900 m / 5	1. HH Market Basket - 1.1 in 00, 01, 02, and 03 $900 m / 5	1. HH Market Basket - 1.1 in 00, 01, 02, and 03 $900 m / 5	1. HH Market Basket - x in 00, 01 02, and 03 **$600 m / 5**
Revenue Offsets	2. Increase income limit for married couples to rollover into Roth IRA, phasing in from $100,000 to $150,000 income $500 m / 5 3. Gambling winnings tax treatment $250 m / 5	2. Imposing excise tax on purchases of structured settlements $82 m / 5 3. Clarify meaning of "subject to" liabilities under section 357 (c) $49 m / 5 4. Reporting of cancellation of indebtedness income $28 m / 5 5. Recapture of unified credit for large estates $240 m / 5 6. Limit non-accrual method to qualified professional services $181 m / 5 7. Modify depreciation method for tax-exempt use property $55 m / 5 8. Exclusion for certain rental housing income $125 m / 5	2. Limit participation in Medicare MSA demo to 100,000 $1.0 b / 5	2. Limit participation in Medicare MSA demo to 100,000 $1.0 b / 5 3. Imposing excise tax on purchases of structured settlements $82 m / 5 4. Clarify meaning of "subject to" liabilities under section 357 (c) $49 m / 5 5. Reporting of cancellation of indebtedness income $28 m / 5 6. Recapture of unified credit for large estates $240 m / 5 7. Limit non-accrual method to qualified professional services $181 m / 5 8. Modify depreciation method for tax-exempt use property $55 m / 5
TOTAL	$1.65 b / 5	$1.66 b / 5	$1.9 b / 5	$2.235 b / 5

All estimates are preliminary and based on preliminary JCT estimates

DRAFT DRAFT DRAFT

Medicare Home Health Policy labeled "Proposal ($1.65 billion)" with

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PVL increased from 106% to 107% of Median;
Permanent cap on MSA enrollment of 100,000

By fiscal year, in billions of dollars	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total - 03	Total - 08
Gross Medicare Outlays	0.1	0.6	-0.1	-0.3	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.2	-3.7
Part B Premiums, Including Medicaid Effect	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6
Total Change in Federal Spending	0.1	0.7	-0.1	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.7	-0.0	-3.1

Preliminary estimate by Tom Bradley, x69010

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5-7-82

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2012-0463-S
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Stein, Larry (Jessica)	6-2230		
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Webb, Shirley P6/(b)(6)	P6/(b)(6)		
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Woolley, Barbara (May Zhou)	6-2155	66218	Public Liaison
Yamin, Sandra (B. Chow)	5-4844		
Chris Transfer #	**6-6241**		
DPC Main #	**6-2216**		
WH Main #	**6-1414**		
Phone Extensions	**395/456**		
Aids Office - Todd Summers	6-2437		
Clear Senators/Guests	Elisa Milsap		
Computer Help	5-7370		
Color Copier - Ben Kirby (Across NEOB)	5-6705		
Customer Service -- Signal	7-1234/1236		
Facilities Management	5-2335		

TRAVEL
62250

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GSA -- Recycle/Burn Bags	5-3675		
Interns Desk - Room 468	6-5338		
Intern Office Room 84 - Alison Kolwaite	6-2742		
Medicare Commission (Request)	205-3333		
OEOB Library	5-7000		
Phones/Trouble Desk	6-9611		
Press Office	6-2580		
Print Shop	5-2294		Room 82
Records Management	6-2240		
Request Car	7-1467		West Basement
Request Messenger/Red Dot	5-7005		
RSVP Office -- Social Office	6-7787		
Secret Service (Keys)	5-4497		
Security 17th & G	7-1742		
Security SW Gate	7-1724		
Signal Conference Line 757-2104	Signal Operator Customer Service		
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Women's Office (Audrey Haynes)	6-7300		
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Components of Alternatives for Revenue Offsets for Home Health Care

Restrict the number of Medicare Medical Savings Accounts (MSAs)–The proposal would limit the number of Medicare MSAs to 100,000.

* **Reinstate phaseout of unified credit for estate and gift tax**–The proposal would phase out the unified credit for large estates. Effective for decedents dying after date of enactment.

Impose excise tax on purchase of structured settlements–The proposal would impose a 20% excise tax on the purchase price of a structured settlement. Alternatively, assuming the same revenue score, the proposal would impose a 40% excise tax on the difference between the sum of the payments and the purchase price (Shaw bill). Effective for purchases after date of enactment.

Restrict basis creation through section 357(c)–The proposal would clarify that the amount of gain recognized, and the basis of property acquired, with respect to property subject transferred subject to liabilities. (Similar to version included in the House HMO bill). Effective for transactions after date of enactment.

Modify depreciation method for tax-exempt use property–The proposal would provide that recovery period for tax exempt-use property would be 150% of the property's class life. effective for property placed in service (or first becoming tax-exempt use property) after December 31, 1998.

Limit use of nonaccrual experience method of accounting–The use of the nonaccrual experience method of accounting would be limited to taxpayers engaged in qualified professional services. Effective for taxable years beginning after date of enactment, with a 4-year spread of any section 481(a) adjustment. (Included in the House HMO bill).

Repeal section 280A(g) for certain rental income--The proposal would repeal the present law rule that excludes from gross income rental income of property leased for less than 14 days during the year. Effective for taxable years beginning after date of enactment.

Reporting of cancellation of indebtedness income–The proposal would extend the reporting of cancellation of indebtedness income to additional financial institutions. (Included in the House HMO bill).

DEPARTMENT OF THE TREASURY
OFFICE OF TAX POLICY
Deputy Assistant Secretary
(Tax Policy)

1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Number of pages: 2 (including cover sheet)   DATE: 10/16

TO: Chris Jennings (Name) | FAX number | Confirmation number

FROM: Jonathan Talisman, Deputy Assistant Secretary (Name) | 202/622-0140 (Confirmation number)

Sender's FAX number: 202/622-0605   Location: Room 1334MT

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Christopher C. Jennings
10/16/98 01:51:46 AM

To: Caroline L.
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Subject: home health care fix

Last night (Thursday), the Congressional Republicans, on a bicameral basis, agreed on a compromise proposal designed to address concerns about the impact of BBA home health reimbursement reforms on the industry. They are asking that we agree to expedite review of their proposal, support it, and agree to place it on the omnibus spending bill. We need to develop our response to their proposal as soon as possible (sometime early today), so that we cannot be blamed for holding up or killing an extremely popular health policy initiative.

Background. Responding to the home health care industry has been the number one health care priority of numerous Members of Congress. Without question, the White House, OMB and HHS has received more direct inquiries from Members of Congress on this issue than any other health care issue -- including the Patients' Bill of Rights. Democrats have been even more agressive about addressing this problem than have Republicans. In addition, besides a massive campaign by the home health care industry, the aging advocates are starting to raise concerns about potential access problems to beneficiaries. In short, the Congress feels great pressure to act and members of both parties want it "fixed" before they leave town.

Last week, over 400 House Members voted out a Ways and Means Committee proposal that, by any definition, was severely flawed policy and included severely problematic financing. It used as its sole offset for the $2 billion policy fix to raise the BBA-set income limits on Roth IRA rollovers. Although this proposal paid for the 5-year, $2 billion cost, it lost over $10 billion in the second 5 years (as more higher income individuals were assumed to benefit from the tax-free treatment of future withdrawals.)

The Senate Finance Committee -- on a bipartisan basis -- agreed on an alternative home health package that was better policy, dropped the Roth IRA financing mechanism, and used more palatable savings proposals. (It did have a $300 million paygo problem, however.) At any rate, despite trying to bring this bill up to try to initiate a joint House/Senate conference, Senator Gramm (and perhaps others) objected to bringing the bill up under a U.C. agreement. As a result, the Senate Republican Leadership grew increasingly frustrated that they were going to be blamed for letting this die on their footsteps.

In response, Lott ordered his Republican Finance Committee Members yesterday to work out an agreement with the House Republicans (Thomas and Bilirakis). It was (and apparently still is) his hope to work with the White House to place their work product on the omnibus spending bill. At worst, he wants to be able to blame the White House for opposing a viable option that has every potential to gain large support from the home health agencies and advocates, as well as many Democratic Members of Congress.

The Republican Alternative. The alternative the Republicans produced last night is administratively workable and generally defensible home health policy. It delays by one year the implementation of the new prospective payment system and its 15 percent payment cut, and it helps address geographic disparities that have been viewed as unfair. The proposal's major problem relates to its reliance on a three-part financing mechanism, particularly those two dealing with revenue raisers. The first and most acceptable financing source is a 5-year, $900 million cut in the out-year payments for home health care. Second, the Republicans propose to include a version of the McCreary gambling provision, which reportedly raises$250 million by modifying the tax treatment of prizes and awards. (Although this proposal has some notable bipartisan support, it is flawed because it is a revenue loser in the second 5 years.) And finally, and most controversial, is their proposal to reinstate a modified (and more modest) Roth IRA 5-year $500 million proposal.

On a policy basis, theTreasury Department, OMB, NEC, DPC and others continue to strongly oppose the Roth IRA provision. Not only does it violate last year's carefully constructed BBA compromise, it loses revenue in the out-years, it benefits only the wealthy, and sets a likely and unstopable precedence for future modifications to the BBA Roth IRA agreement. 1

It is important to point out, however, that unlike the original House proposal, the newest Republican Roth IRA alternative does not lose any revenue until the 7th year and over 10 years appears to lose about only 10 percent of the original proposal -- about $1.7 billion. This revenue loss is offset by the outyear savings associated with the home health payment cut, leaving the proposal budget neutral over 10 years. (After 10 years, the proposal almost inevitably will not be budget neutral.)

Democrats Reaction to Republican Proposal. Not surprisingly, the Democratic Leadership and Committees, who were completely excluded from the development of the Republican alternative, do not support the Republican alternative. They -- like us -- have particular problems with the Roth IRA provision. The do believe, however, that we must produce an viable alternative if we explicitly oppose the Republican proposal. As such, we developed one last evening that retains the Republicans' home health policy. However, it also drops the two Republican revenue raisers and substitutes a 100,000 participant cap on the Medicare Medical Savings Account (MSA) demonstration. (This raises about $800 million over 5 years.) We talked about other options, but the offsets were either politically unrealistic or too small to deal with the problem.

Potential Political Problem with Democratic Alternative. Although the Democratic Leadership supports the alternative we developed last night, they cannot and would not give any commitment that even a majority of Democrats would be supportive of this effort. (This is a particular problem in the House.) Many of their rank and file members truly do not want to leave town without a home health care fix and they might well support the Republican alternative for two reasons. First, they may well not particularly mind the downsized Roth IRA provision; it will look to them that it is much more modest than what they previously supported and it raises money for home health care by "lowering" taxes. Second, they and their home health care validators may conclude that our alternative -- although more fiscally responsible -- is not viable politically and is simply political cover for a policy that can never pass. As a consequence, the President -- (who has said he would like to address the home health care concerns) -- could be blamed by members of our own party and certainly the home health care community for not responding to an "urgent health care crisis."

Options/Dilemas. Because of the Democratic interest in being proactive on home health care (and the Republicans' desire to blame us for not producing), we need to move quickly to develop our strategy to respond to the Republican proposal. It appears likely that we will not want to immediately accept the Republican alternative. We certainly could counter with the Democratic "MSA" proposal we developed last night. However, we should recognize it will likely be rejected as unrealistic and partisan. Any subsequent discussion (that is viewed as credible and sincere) might well lead to something close to what the Republicans want. (This is because the potential Democratic and home health care support they may attract may well give them more leverage than us to advocate for a final agreement.) Conversely, if we do not engage with them on this issue at all, it may be all the more easy for them to label us as the "terminators" of the "desperately needed" home health care fix.

As always, however, time may be on our side. One option could be to offer our alternative and start a negotiating process that we commit to staying at until we can work out an acceptable agreement. The downsides of this approach are that omnibus spending bill would probably not be viable and virtually anyone could kill it on almost any other conceivable legislative vehicle.

Sorry I offer no easy solutions. Hope this background is helpful. We await your guidance. Thank you.

Message Sent To: ____________________

Congressional Record article 6 of 36 *Full Display* - 2,347 bytes.[Help]

CONGRESS SHOULD TAKE ACTION TO PRESERVE MEDICARE'S HOME HEALTH BENEFITS BEFORE ADJOURNMENT -- HON. WILLIAM J. COYNE (Extension of Remarks - October 10, 1998)

[Page: E2013]

HON. WILLIAM J. COYNE

in the House of Representatives

FRIDAY, OCTOBER 9, 1998

- Mr. COYNE. Mr. Speaker, I rise in support of efforts to reform Medicare's home health payment system now, before unreasonably low payment caps negatively impact quality and access to care. While they are not as comprehensive as the changes that I and many other members sought, the changes **H.R. 4567** makes to the interim payment system (IPS) will give much-needed relief to home care agencies in my Congressional district and many others.

- I am very concerned that we are considering paying for this change by expanding Roth IRAs. This expansion would raise the $2.4 billion we need in the first 5 years, but it will cost us $10.7 billion in the years after that. Financing this much-needed change in this way is a little like borrowing from a loan shark. We get a little bit of money now, but we'll have an even bigger bill to pay later.

- The Senate is working on a version of this bill which would give even more relief to efficient agencies and would block the 15% across the board cut scheduled for next year. Home health agencies in my district have told me the impending 15% cut will have a destructive effect on their ability to provide services, and I would prefer not to wait until next year to address their concerns. The Senate bill is not paid for using the Roth IRA method, which I believe is better policy. Wednesday night I joined several of my colleagues in introducing a House bill which is nearly identical to the bipartisan Senate bill.

- I will support **H.R. 4567** in an attempt to move the process forward and craft a home health care solution in this Congress. However, I hope the House will move toward the Senate position in the conference. I believe doing so will give us a better bill, one which provides more relief for efficient agencies and frees all agencies from the specter of the 15% cut.

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- Sample Roth Comparison
- Your Questions Answered
- 7 Benefits of a Roth IRA
- What to Watch Out For
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The Roth IRA, named after Senator Roth from Delaware, offers you an attractive alternative to the ordinary IRA.

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You can contribute up to $2,000 a year ($4000 per couple), if you qualify.

You may also rollover or convert money in your ordinary IRA to a Roth IRA.

Home || Comparison 1 || Comparison2 || FAQ
7 Benefits || Watch Out || Evaluation

Q. How Can I Find Out What Is Best For Me?
A. Fortunately, there are several computer programs that print easy to understand evaluations. You can get a **free personalized evaluation** at no obligation or cost by clicking onto our evaluation page.

Home || Comparison 1 || Comparison2 || FAQ
7 Benefits || Watch Out || Evaluation

ROTH IRA
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Your Questions Answered

Q. What's The Most I Can Invest?

A. If you qualify, you can contribute up to a maximum of $2,000 a year out of your earnings ($4,000 for married couples). You can't tax deduct the money as you do with a regular IRA. You fund this plan with your after-tax dollars.

Q. Who Qualifies?

A.You can make the full contribution if you are married with a combined adjusted gross income up to $150,000, or single with an adjusted gross income up to $95,000. Partial contributions are allowed for couples with a combined income filing jointly up to $160,000 and up to $110,000 for a single.

Q. How Can I Contribute?

A. You can contribute the $2,000 in one payment or you could make smaller payments (for example $166 per month). If your employer is willing to make deductions you can even contribute as little as $38.46 per week (52 weeks).

Q. Any Restrictions?

A. Yes. You must hold the Roth IRA 5 tax years and reach the age of $59^{1/2}$ years of age before collecting. You can get at your money at an earlier age if you're disabled or you are taking up to $10,000.00 to buy a first home. Also, your contributions are available without tax at any time. It's better not to of course! The whole purpose is to keep your dollars growing.

Q. When is the Roth *Not* Better Than A Ordinary IRA?

A. In some cases, because of being in a very high tax catagory during working years and in a very low tax catagory after retirement, a Roth IRA may not give you much of an advantage.

Q. Can I Contribute To My Regular IRA and a New Roth IRA? What about a 401k Plan?

A. You can invest in either or both types of IRA's each year, as long as your total contributions do not exceed $2,000. You must have earned income. The new rules do not effect the amount you can put in your 401k or other employer sponsored retirement plan.

Q. Should I Invest In An IRA Or A Company Sponsored Retirement Plan?

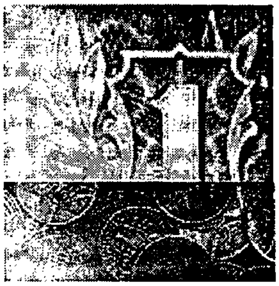
A. Whenever your company contributes or matches your money- Use their plan to the maximum, Then use the IRA. If they don't contribute, the Roth IRA is usually better.

Q. Can I Convert My Existing Ordinary IRA to a new Roth IRA?

A. Yes, you can convert in 1998 or later, if your adjusted gross income is $100,000 or less. (Married individuals filing seperately cannot make such a conversion.) You will have to pay tax on the converted amount. If you transfer the funds before January 1, 1999, the IRS allows you to spread the tax liability over a four-year period.

ROTH IRA
INCORPORATED

For More Information Call
1 (888) 278-ROTH



The Roth IRA has benefits for those planning their estates, allowing you to shelter more of your investment.

7 Benefits Of A Roth IRA

1. Both the contribution and the compound earnings are *tax free* when you collect.

2. You can convert your ordinary IRA into a Roth IRA and spread the tax over 4 years if the conversion is done in 1998. (You should have an **evaluation** prior to making any conversion.

3. You don't have to start collecting your Roth IRA at age $70^{1/2}$ (minimum distribution rules don't apply). That provides a considerable advantage to the Roth IRA holder. You can also keep contributing past the age of $70^{1/2}$, to any age if you like!

4. Lower tax bracket. Because Roth IRA's are **tax free**, you may wind up in a lower tax bracket when you collect, thus lowering taxes on other retirement income you are receiving (pensions, 401K's, etc.)

5. If you need to start collecting your retirement plan money early - By collecting the tax free Roth IRA money first - Your other taxable money continues to grow tax free, thus providing a "bonus" on that money.

6. If you want to pass money on to the next generation the Roth IRA is an outstanding wealth transfer device for your children and grandchildren.

7. You can withdraw contributions at any time without penalty after 5 years.

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Small Business

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Comerica Securities offers a wide variety of investment options for individuals contributing to an existing Individual Retirement Account, to a rollover IRA, or converting to a Roth IRA. The Roth IRA offers the potential for tax-free withdrawals to those who qualify. Tax penalties may apply to withdrawals from IRAs made before age 59½. However, the Roth IRA offers the opportunity for penalty-free withdrawals under certain circumstances and qualifications.

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MEDICARE HOME HEALTH AND VETERANS HEALTH CARE IMPROVEMENT ACT OF 1998 -- HON. RON PAUL (Extension of Remarks - October 13, 1998)

[Page: E2145]

HON. RON PAUL

in the House of Representatives

FRIDAY, OCTOBER 9, 1998

- Mr. PAUL. Mr. Speaker, I appreciate the opportunity to explain why I must oppose H.R. 4567 even though I support reforming the Interim Payment System (IPS) and I certainly support expanding the **health** care options available to American veterans. However, I cannot support this bill because this solution to **home** care is inadequate and it raises taxes on Americans instead of cutting wasteful, unconstitutional spending to offset the bill's increases in expenditures.

- I am pleased that Congress is at last taking action to address the problems created by the IPS. Unless the IPS is reformed, efficient **home** care agencies across the country may be forced to close. This would raise Medicare costs, as more seniors would be forced to enter nursing homes or forced to seek care from a limited number of **home health** care agencies. In fact, those agencies that survive the IPS will have been granted a virtual monopoly over the **home** care market. Only in Washington could punishing efficient businesses and creating a monopoly be sold as a cost-cutting measure!

- Congress does need to act to ensure that affordable **home** care remains available to the millions of senior citizens who rely on **home** care. However, the proposal before us today does not address the concerns of small providers in states such as Texas. Instead, it increases the reimbursement rate of **home** care agencies in other states. I am also concerned that the reimbursement formula in this bill continues to saddle younger **home health** agencies with lower rates of reimbursement than similarly situated agencies who have been in operation longer. Any IPS reform worthy of support should place all **health** care agencies on a level playing field for reimbursements.

- A member of my staff has been informed by a small **home health** care operator in my district that passage of this bill would allow them only to provide an additional eight visits per year. This will not keep **home health** patients with complex medical conditions out of nursing homes and hospitals. Congress should implement a real, budget-neutral **home health** care reform rather than waste our time and the taxpayers' money with the phony reform before us today.

- Mr. Speaker, I also support the language of the bill expanding the **health** care options available to veterans' benefits. Ensuring the nation's veterans have a quality **health** care system should be one of the governments' top priorities. In fact, I am currently working on a plan to improve veterans' **health** care by allowing them greater access to Medical Savings Accounts (MSAs). However, I cannot, in good conscience, support the proposals before us today because, for all their good intentions, it is fatally flawed in implementation for it attempts to offset its new spending with a tax increase.

MEDICARE HOME HEALTH AND VETERANS HEALTH CARE IMPROVEMENTS ACT OF 1998 -- HON. PATSY T. MINK (Extension of Remarks - October 11, 1998)

[Page: E2071]

HON. PATSY T. MINK

in the House of Representatives

FRIDAY, OCTOBER 9, 1998

- Mrs. MINK of Hawaii. Mr. Speaker, although I am an original cosponsor of the original version of **H.R. 4567** , the Medicare Home Health Care Interim Payment System Refinement Act, I am rising in reluctant support for the bill.

- The Balanced Budget Act of 1997 implemented a poorly designed formula for Medicare payments to home health agencies which devastated home health agencies around the country. Reimbursements were slashed across the board and more than a thousand home health agencies either closed or began refusing to accept Medicare beneficiaries. The number of Medicare-Certified Home Health Agencies in my home state of Hawaii went from 28 in October 1997, to 22 in August 1998. A 22 percent decline in ten months.

- For every agency that is closed, there are several hundred patients who are abandoned. The situation compels immediate action and I am very pleased the House is addressing this problem. Nonetheless I believe more can be done.

- I am distressed that this bill is not retroactive. Many agencies have continued to operate in the red for the past year clinging to the hope that Congress would enact retroactive legislation to fix the payment problem. Agencies will not get assistance for losses they took this year and because of this, many will close even with the additional payments provided by this bill.

- Furthermore this bill does not address the additional problems that would be created by the impending home health payment reduction scheduled for September 1999. Unless we address this problem we will be in the same situation next September, as we are in now.

- Since **H.R. 4567** 's introduction, numerous unrelated provisions have been added to the bill. One of my main objections to this bill is the inclusion of language expanding the Roth IRA limit from $100,000 to $145,000. This is a tax shelter for the wealthy and will cost U.S. taxpayers almost $5 billion over 10 years while providing little, if any, benefit to the majority of the population.

- I am pleased that the bill will enable Medicare to reimburse the VA for services provided to Medicare eligible Veterans by VA facilities. This change is fiscally responsible and is predicted to save the Federal Government money in the long run. However, I am concerned that services previously paid for by the VA would now be extracting scarce resources from the Medicare Trust Fund.

18 as beneficiary. This contribution isn't tax deductible but accumulates tax deferred and becomes tax free if used for higher education to a qualified trade school, community college or four-year college. Education IRAs start phasing out for singles with incomes over $95,000 and couples over $150,000.

Parents filing jointly cannot each deposit $500 for the same child. However, they can contribute up to $500 for each of their children. Money not used for higher education is subject to taxes. Any balance remaining when the beneficiary reaches age 30 must be distributed or may be rolled over tax-free into another Education IRA naming another minor child in the family as beneficiary.

U.S. New Mexico is currently offering Traditional and Roth IRAs and will begin offering Education IRAs in the very near future. For more information or to open your IRA contact Member Services at 342-8888 ext. 12 or visit any branch.

OTHER ROTH WEB SITES

www.rothira.com - Billed as the Roth IRA Web Site Home Page, this includes both technical information for financial planning practitioners as well as detailed information useful to consumers. The annotated list of contents includes articles from such publications as Forbes magazine and The Wall Street Journal. But of most use may be the on-line calculator from Strong Funds and the interactive worksheet from T. Rowe Price. However, the site does push the software of the site's sponsor, Brentmark Software, Inc.

www.pensionplanners.com - This site includes more concise Roth IRA information including a brief discussion of drawbacks and advantages to converting an existing IRA into a Roth IRA.

www.irs.ustreas.gov/plain/hot/tax-law.html - A good summary of Roth IRA rules from the Internal Revenue Service, the agency in charge of the new rules and regulations. Unfortunately the IRA material is buried inside other aspects of the Taxpayer Relief Act of 1997 which created the Roth IRA.

* Cited in Money Magazine, October 1997

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