MEDICARE DRUGS
meme

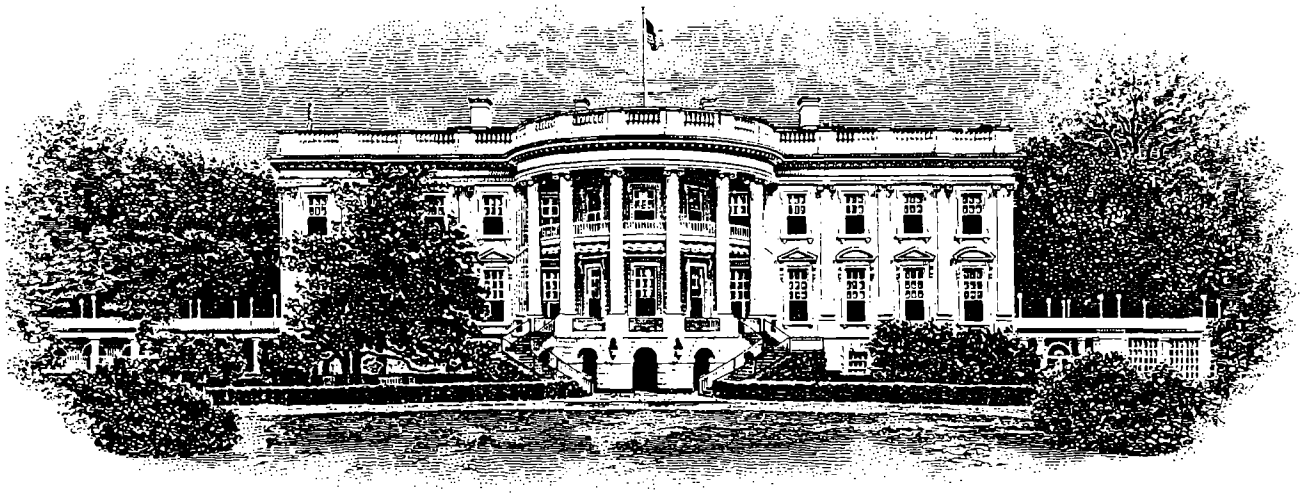
Durbin
Feingold
Rockefeller
Kennedy

afterwards

Sbalala
invite
Sherrod
Brown

1:30

The White House



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

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

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

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

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

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

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

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

March 8, 2000

MEDICARE PRINCIPLES DEPARTURE STATEMENT

DATE:	March 9, 2000
LOCATION:	Behind the Oval Office
BRIEFING TIME:	11:10am – 11:25am
EVENT TIME:	11:30am – 11:45am
FROM:	Bruce Reed
	Chuck Brain
	Chris Jennings

I. PURPOSE

To accept and endorse a set of "Prescription Drug Principles" from the Senate Democratic Caucus, which will be used to evaluate any Medicare prescription drug proposals developed in the Congress.

II. BACKGROUND

MILLIONS OF MEDICARE BENEFICIARIES NEED PRESCRIPTION DRUG COVERAGE. Approximately three out of five Medicare beneficiaries lack decent, dependable prescription drug coverage.

- **Millions of beneficiaries have no prescription drug coverage and millions more are at risk of losing coverage.** Thirteen million Medicare beneficiaries have no prescription drug coverage. Millions more are at risk of losing coverage or have inadequate, expensive benefits. Nearly half of rural beneficiaries, and a disproportionate number of seniors over 85, do not have prescription drug coverage.

- **Current drug coverage is unstable and declining.** Only about one in four beneficiaries has retiree health insurance – and the proportion of firms offering such coverage has dropped 25 percent in the last four years. Even fewer beneficiaries have Medigap insurance for prescription drugs. This coverage is often expensive, and many insurers "age rate" (increase premiums as people get older), making it more expensive when seniors can least afford it.

- **Most seniors are middle-income and would not benefit from a low-income prescription drug benefit.** About 15.6 million, or 49 percent, of all elderly

Americans have incomes between $15,000 and $50,000. And over half of beneficiaries without drug coverage have incomes above 150 percent of poverty ($12,750 for a single earner, $15,000 for a couple). Thus, a benefit targeted to the low-income will simply not help most seniors.

- **Only about half of all seniors have high enough income to benefit from a tax scheme.** Not only is it impossible to target needy Medicare beneficiaries through a tax deduction, but studies have repeatedly concluded that the tax code is an extremely expensive and inefficient way to expand insurance coverage for anyone, let alone seniors.

SENATE DEMOCRATS AGREE ON PRINCIPLES FOR A NEW MEDICARE PRESCRIPTION DRUG BENEFIT. Senator Daschle and the Senate Democratic Caucus released a set of "Prescription Drug Principles" that will guide the current Congressional debate over the provision of a new Medicare prescription drug benefit to millions of seniors. These principles state that any new benefit should be:

- **Voluntary.** Medicare beneficiaries who now have dependable, affordable coverage should have the option of keeping that coverage.

- **Accessible to all beneficiaries.** All seniors and individuals with disabilities, including those in traditional Medicare, should have access to a reliable benefit.

- **Designed to give beneficiaries meaningful protection and bargaining power.** A Medicare drug benefit should help seniors and the disabled with the high cost of prescription drugs and protect against excessive out-of-pocket costs. It should give beneficiaries bargaining power they lack today and include a defined benefit assuring access to medically necessary drugs.

- **Affordable to all beneficiaries and the program.** Medicare should contribute enough towards the prescription drug premium to make it affordable for all beneficiaries. While subsidies should be provided to all to assure the benefit is affordable, low-income beneficiaries should receive extra help with the cost of premiums and cost sharing.

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

- **Consistent with broader reform.** The addition of a Medicare drug benefit should be considered as part of an overall plan to strengthen and modernize Medicare. Medicare will face the same demographic strain as Social Security when the baby

boom generation retires. Improving benefits is only one step in preparing Medicare for this new century's challenges.

YOU URGE CONGRESS TO ACT NOW. You will urge Congress to act this year to strengthen and improve Medicare. Your FY 2001 budget includes a comprehensive plan that makes Medicare more competitive and efficient and dedicates part of the surplus to improve Medicare solvency and to add a long-overdue prescription drug benefit. This plan:

- **Establishes a new voluntary Medicare drug benefit that is affordable – to all beneficiaries and to the program.** The benefit, at $160 billion over 10 years, would be:

    - Accessible and voluntary. Optional for all beneficiaries. Provides financial incentives for employers to develop and retain their retiree health coverage.

    - Affordable for beneficiaries and the program. Premiums of $26 per month in the first year with lower or no premiums for low-income beneficiaries. Provides privately-negotiated discounts, gained by pooling beneficiaries' purchasing power, for all drug expenses. Has no deductible and pays for half of each beneficiary's drug costs from the first prescription filled each year up to $5,000 in spending when fully phased in.

    - Competitively and efficiently administered. Competitively selects private benefit manager to deliver benefit to enrollees in traditional program. No price controls, no new bureaucracy. Integrated into current eligibility and enrollment systems.

    - High-quality and provide necessary medications. Private entities that use formularies must ensure access to medications off formulary if physician deems medically necessary. Requires use of state-of-the-art quality improvement tools.

- **Creates a Medicare reserve fund to add protections for catastrophic drug costs.** To build on your prescription drug benefit, the budget also includes a reserve fund of $35 billion, available to offer protections for beneficiaries with extremely high drug spending. This reserve will permit the Administration to work in collaboration with Congress to design such an enhanced prescription drug benefit. If no consensus emerges, the reserve would be used for debt reduction.

III. PARTICIPANTS

Briefing Participants:
Secretary Donna Shalala

Bruce Reed
Chuck Brain
Chris Jennings
Karen Robb
Jeff Shesol

Statement Participants:
YOU
Secretary Donna Shalala
Senators Confirmed to Attend:
Sen. Joseph Biden, Jr. (D-DE)
Sen. Richard Bryan (D-NV)
Sen. Thomas Daschle (D-SD)
Sen. Byron Dorgan (D-ND)
Sen. Richard Durbin (D-IL)
Sen. Russell Feingold (D-WI)
Sen. Edward Kennedy (D-MA)
Sen. Carl Levin (D-MI)
Sen. John Rockefeller, IV (D-WV)
Sen. Paul Sarbanes (D-MD)
Sen. Ron Wyden (D-OR)

Senators Pending:
Sen. Joseph Lieberman (D-CT)
Sen. Barbara Mikulski (D-MD)
Sen. Daniel Akaka (D-HI)
Sen. John Breaux (D-LA)
Sen. Robert Byrd (D-WV)
Sen. Dianne Feinstein (D-CA)
Sen. Bob Graham (D-FL)
Sen. Tim Johnson (D-SD)
Sen. Harry Reid (D-NV)
Sen. Charles Schumer (D-NY)

Program Participants:
YOU
Senator Tom Daschle

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** greet Members of Congress in the Oval Office.

- **YOU** proceed with the Members of Congress to the podium positioned behind the Oval Office.
- Senator Tom Daschle makes remarks and introduces **YOU**.
- **YOU** make remarks and depart.

VI. REMARKS

To be provided by speechwriting.

QUESTIONS AND ANSWERS ON MEDICARE DEPARTURE STATEMENT

Q: If Congress sends you a drug benefit outside of broader reform, will you veto it?

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Q: Would you veto a prescription drug plan that was limited to low income beneficiaries?

A: I'm not going to entertain hypothetical questions. I will say this: Since over half of the elderly without drug coverage have incomes above 150 percent of the poverty level and millions more have inadequate, expensive, and undependable coverage, it is hard to imagine why anyone in Congress would advocate a low-income only approach.

I just don't think it's right to deny access to a Medicare prescription drug benefit to a widow who earns $25,000 a year in income. I don't think that income is or should be viewed as wealthy and therefore somehow not deserving of an affordable prescription drug option. Lastly, today's statement of principles appropriately rejects such an approach and I believe and hope the majority party will follow suit.

Q: A recent *New York Times* report stated that research demonstrates that validate the advisability of constructing a low income only benefit and implicitly questioned your overall approach. What is your response?

A: Actually, if you read the research, it supports both the need for a Medicare benefit and the our approach to it. The researchers' main findings include the fact that low-income beneficiaries would be disproportionately helped by a drug benefit; that some seniors across all spectrums experience catastrophic drug expenses and need extra protections; and some private health plans provide coverage to Medicare beneficiaries that meets or exceeds those benefits provided by our plan. We agree with each and every one of those findings – and believe that each strongly validates our approach.

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A: The Vice President's proposal is his own initiative. I have made no final decision about the structure or design of the policy he would like to see included in any final Medicare reform initiative. As we indicated at the time I unveiled the budget, I want to work in a bipartisan fashion with the Congress, consumers, and other interested parties to develop the best approach and that review process has not been completed.

Q: Well, what do you think of the Vice President's proposal? Could you support it? Is it a policy worth considering?

A: It certainly is a thoughtful proposal worthy of consideration. We are evaluating a series of options in regards to their impact on consumers, the pharmaceutical industry, the Medicare program, and the overall budget.

Q: Do the cost of this benefit that he is proposing seem to be consistent with your estimates?

A: From everything we know, the cost estimates are within the ballpark – but again, we haven't completed our evaluation of options or costs of any particular policy.

QUESTIONS AND ANSWERS ON LONG TERM CARE

Q: Does the Administration support the AARP / HIAA bipartisan long term care initiative announced recently?

A: We are extremely pleased that there is a growing consensus on the need to act on long-term care and are gratified that there is such bipartisan support for the our long-term care initiative. Long-term care is a great, unmet challenge for this nation and it is long past time to address it. We look forward to working with Congresswoman Johnson, Congresswoman Thurman, Senator Grassley, Senator Graham, AARP, HIAA and interested parties to pass and enact a strong long-term care plan this year.

Q: Do you support the tax deduction for private long term care insurance?

A: Not as a stand-alone initiative. The first dollars dedicated to long-term care should be allocated to those who now need services, not to those who may need them in the future and who are more likely to be upper income individuals. However, if legislation does emerge that includes our long-term care initiative and a carefully targeted deduction for high-quality long-term care insurance, then we would seriously consider this proposal as long as it does not undermine efforts to protect and strengthen Medicare and Social Security. We look forward to working with Congress, the HIAA, AARP and other interested parties as this issue is debated this year.

Q: Why do you believe it is possible to pass a prescription drug benefit with so few days left before the elections?

A: I have found that election years are frequently the time that much of our work gets done, because Members of Congress need to be much more responsive to the desires of their constituents.

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Q: Would you support an income related premium for a drug benefit or for the program as a whole?

A: I have not ruled any such approach out – in fact, in previous years I have proposed such approaches for the Medicare program.

However, last year, it became clear that many Republicans and Democrats had major concerns with such approaches, and that we would not be able to achieve bipartisan consensus for it.

We all know that a necessary precondition for any successful health reform initiative is achieving bipartisan support.

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Q: Does the Administration support the AARP / HIAA bipartisan long term care initiative announced recently?

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Q: Do you support the tax deduction for private long term care insurance?

A: Not as a stand-alone initiative. The first dollars dedicated to long-term care should be allocated to those who now need services, not to those who may need them in the future and who are more likely to be upper income individuals. However, if legislation does emerge that includes our long-term care initiative and a carefully targeted deduction for high-quality long-term care insurance, then we would seriously consider this proposal as long as it does not undermine efforts to protect and strengthen Medicare and Social Security. We look forward to working with Congress, the HIAA, AARP and other interested parties as this issue is debated this year.

QUESTIONS AND ANSWERS ON MEDICARE DEPARTURE STATEMENT

Q: If Congress sends you a drug benefit outside of broader reform, will you veto it?

A: I don't believe that answering hypothetical questions is particularly useful. However, I have repeatedly underscored my belief that a new Medicare prescription drug option should be included in broader reform. The Chair and Ranking Member of the Finance Committee, as well as virtually every member of the Committee, have indicated that they share this goal. I believe that as the Congress works to modernize Medicare by adding a voluntary prescription drug benefit, it will also want to show it is making progress at making the program more competitive and financially stable in order to meet the inevitable challenges awaiting the program.

Q: Would you veto a prescription drug plan that was limited to low income beneficiaries?

A: I'm not going to entertain hypothetical questions. I will say this: Since over half of the elderly without drug coverage have incomes above 150 percent of the poverty level and millions more have inadequate, expensive, and undependable coverage, it is hard to imagine why anyone in Congress would advocate a low-income only approach.

I just don't think it's right to deny access to a Medicare prescription drug benefit to a widow who earns $25,000 a year in income. I don't think that income is or should be viewed as wealthy and therefore somehow not deserving of an affordable prescription drug option. Lastly, today's statement of principles appropriately rejects such an approach and I believe and hope the majority party will follow suit.

Q: A recent *New York Times* report stated that research demonstrates that validate the advisability of constructing a low income only benefit and implicitly questioned your overall approach. What is your response?

A: Actually, if you read the research, it supports both the need for a Medicare benefit and the our approach to it. The researchers' main findings include the fact that low-income beneficiaries would be disproportionately helped by a drug benefit; that some seniors across all spectrums experience catastrophic drug expenses and need extra protections; and some private health plans provide coverage to Medicare beneficiaries that meets or exceeds those benefits provided by our plan. We agree with each and every one of those findings – and believe that each strongly validates our approach.

Our plan provides additional protections to low-income beneficiaries; includes $35 billion to add coverage for Medicare beneficiaries with catastrophic drug costs; and makes the new benefit optional so that beneficiaries who have better benefits can choose to stay in them.

Q: Would you support an income related premium for a drug benefit or for the program as a whole?

A: I have not ruled any such approach out – in fact, in previous years I have proposed such approaches for the Medicare program. However, last year, it became clear that many Republicans and Democrats had major concerns with such approaches, and that we would not be able to achieve bipartisan consensus for it.

We all know that a necessary precondition for any successful health reform initiative is achieving bipartisan support. If it becomes clear that members in both parties are willing to entertain an income related approach, we certainly will work with them to see if we can develop a consensus position.

Q: Why do you believe it is possible to pass a prescription drug benefit with so few days left before the elections?

A: I have found that election years are frequently the time that much of our work gets done, because Members of Congress need to be much more responsive to the desires of their constituents. This, together with meeting the unmet needs of seniors through Medicare reform, makes me believe there is a real chance for action this year. I believe that the members will not want to return to their districts without addressing this issue.

Q: When will you send legislation to the Hill for your Medicare reform overall plan?

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Q: Where is the drug report you instructed HHS to develop? Why is it taking so long?

A: It is very difficult to obtain the type of data necessary to produce a comprehensive analysis of prescription drug costs and coverage issues. HHS is moving to complete its work, and we anticipate that it will be finalized soon. Under any scenario, our work on this issue will continue unabated.

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Q: Does the Vice President's prescription drug proposal reflect the Administration's policy for catastrophic drug coverage?

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March 9, 2000

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MILLIONS OF MEDICARE BENEFICIARIES NEED PRESCRIPTION DRUG COVERAGE. Approximately three out of five Medicare beneficiaries lack decent, dependable prescription drug coverage.

- **Millions of beneficiaries have no prescription drug coverage and millions more are at risk of losing coverage.** Thirteen million Medicare beneficiaries have no prescription drug coverage. Millions more are at risk of losing coverage or have inadequate, expensive benefits. Nearly half of rural beneficiaries, and a disproportionate number of seniors over 85, do not have prescription drug coverage.

- **Current drug coverage is unstable and declining.** Only about one in four beneficiaries has retiree health insurance – and the proportion of firms offering such coverage has dropped 25 percent in the last four years. Even fewer beneficiaries have Medigap insurance for prescription drugs. This coverage is often expensive, and many insurers "age rate" (increase premiums as people get older), making it more expensive when seniors can least afford it.

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