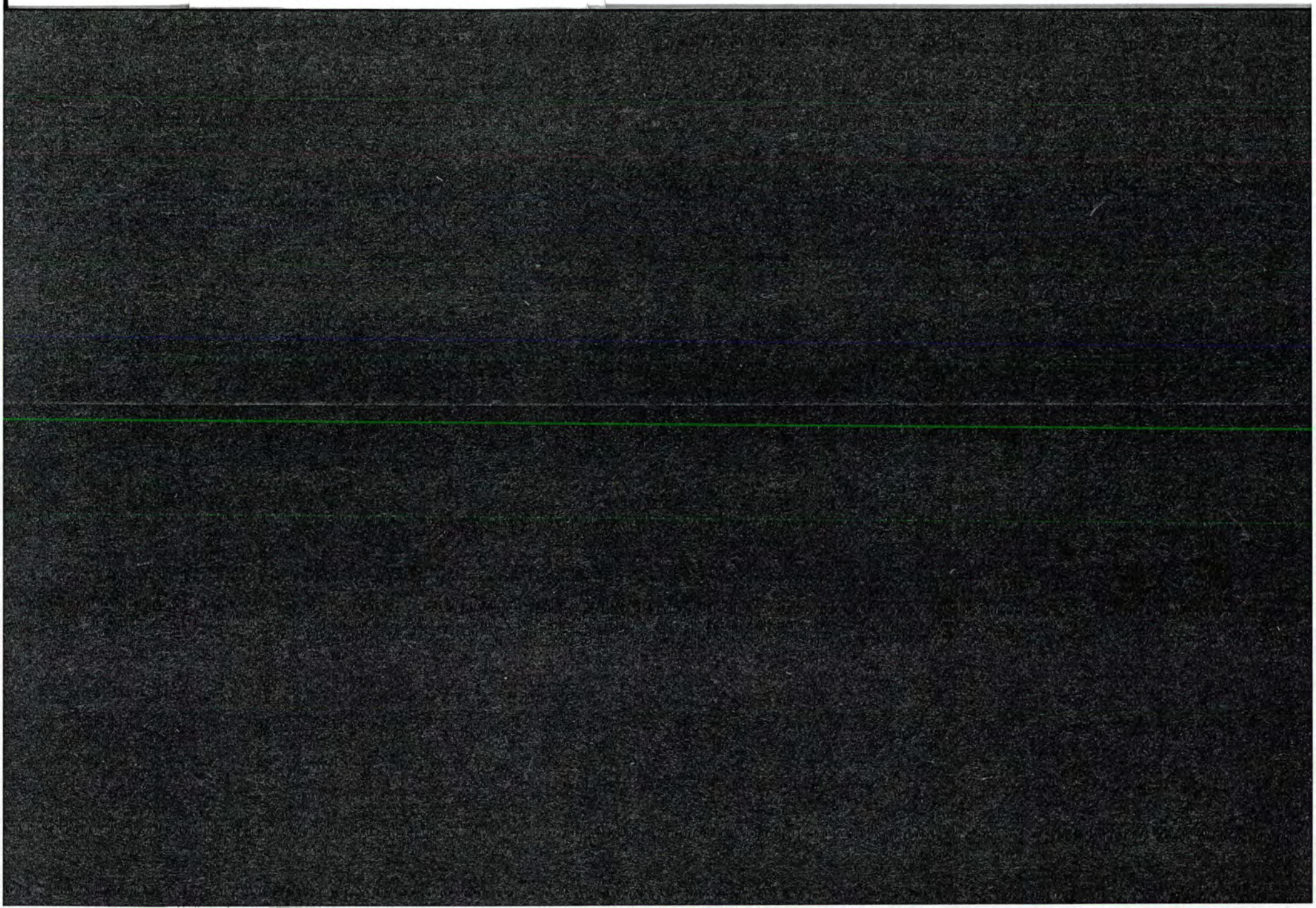

GOP Consensus Principles

Senate Republican Health Care Task Force Consensus Principles for Health Care Reform

8/6/93

SIGNATORIES

Robert F. Bennett (UT)
Christopher S. Bond (MO)
Conrad Burns (MT)
John H. Chafee (RI)
Bill Cohen (ME)
John C. Danforth (MO)
Bob Dole (KS)
Pete Domenici (NM)
Dave Durenberger (MN)
Lauch Faircloth (NC)
Slade Gorton (WA)
Charles E. Grassley (IA)
Judd Gregg (NH)
Orrin G. Hatch (UT)
Mark Hatfield (OR)
Nancy Landon Kassebaum (KS)
Dirk Kempthorne (ID)
Richard Lugar (IN)
Frank Murkowski (AK)
Larry Pressler (SD)
Alan Simpson (WY)
Arlen Specter (PA)
Ted Stevens (AK)
John W. Warner (VA)

Statement of Principles

We believe that the following three goals are fundamental to a successful health care reform effort:

1. Quality of care must be maintained;
2. Every citizen must be covered;
3. The growth of health care costs must be restrained.

As members of the Senate Republican Health Care Task Force, we have been working to devise a proposal for comprehensive reform to achieve these goals. Health care reform will not and should not be forced on the American people by one political party. If we are to restructure a large part of our economy, we must do so together, Republicans and Democrats, with the participation of consumers, providers, and the American people.

The United States offers the finest health care in the world. For the eighty-five percent of Americans who are currently insured, our system offers the world's highest quality and most technologically-advanced care. For the seriously ill, our skilled providers and state-of-the-art

treatments offer greater hope than any other system in the world. And those employed by large companies are often able to choose from a variety of health insurance options with reasonable premiums.

The health care industry represents one-seventh, or fifteen percent, of our economy. Hospitals, physicians' offices, visiting nurses, nursing homes, medical schools, equipment manufacturers, research institutions and many other health care-related endeavors employ some 12 million people -- over twice the number employed by the defense industry.

On the other hand, families, businesses, and governments are struggling to keep pace with ever-increasing health-related costs. Currently, Americans spend more for health care than any country in the world. Our federal deficit grows larger and larger, driven to a considerable extent by spiraling health costs.

Yet, despite this spending, even those with insurance fear that their coverage, or that of their loved ones, is not secure. For those not employed by a large company, the cost of insurance is often out of reach. And, for the fifteen percent of Americans without insurance, getting treatment for an illness is an uncertain proposition, while preventive care is frequently unavailable and often underutilized.

Our challenge is to solve these problems, provide coverage for everyone and preserve the elements of our system that all Americans value. The following are the concepts upon which our reform proposal will be based.

Right of Choice and Flexibility

The primary goal of reform should be to give all Americans an equal opportunity to influence the cost and quality of the health care they receive. The centerpiece of any plan must not be government micro-management . Instead, we believe the rules by which insurers, purchasers and providers operate must be changed in order to put all three on equal footing.

Large businesses today can constrain their health care costs by exercising their marketplace purchasing power. Thus, their employees often have the benefit of generous family insurance coverage with low cost-sharing requirements.

By helping them to join together, we can give small [illegible]

individuals the same opportunity. We believe a system of private-sector purchasing cooperatives for small businesses and individuals could provide the solution. These cooperatives should not be government-run bureaucracies, but rather, non-regulatory facilitators -- owned and operated by the members they serve.

Insurance plans would be offered through the purchasing cooperatives to individuals and the employees of small businesses. All plans would be required to meet certain standards to protect consumers.

The current practice of "cherry picking" (attracting the healthiest people with low premiums, while refusing to cover those who are sick) is wrong. Today we have a system where one is only a heart attack away from losing his or her health insurance. We believe insurers should be prohibited from canceling any policy or raising the cost of premiums when someone becomes ill.

We also favor changes to ensure that anyone who moves from one area to another, or changes jobs, can continue to get insurance coverage.

In addition, defined comparable benefit packages should be established, and required to be offered by all plans, to prevent another way of gaming the insurance system -- offering a package of benefits that is attractive only so long as a person is healthy.

We believe that, in combination, these changes would foster an environment in which consumers could exercise choice among plans that are challenged to excel in quality of care and service at an attractive price. We also believe that Medicare beneficiaries should be given real opportunities to choose a health plan with better benefits -- such as drug coverage -- which is also more cost-effective. Likewise, Medicaid beneficiaries, who now have a difficult time finding care, should be able to choose an alternative plan.

Containing Costs

This new environment will give consumers much greater power to ensure that health care providers and insurers provide high quality care and make efficient use of our health care resources . We believe a significant decrease in the rate of growth for health care spending will be achieved in both private and public programs.

In addition, we firmly believe that reform of our medical liability laws is essential to bringing the cost of our system under control. Excessive medical tests and procedures performed defensively by doctors, continue to drive up health care costs.

We believe another area that offers tremendous hope for improving quality and reducing costs is building a computerized health care information infrastructure. The costs of manual processing and paper shuffling inherent in our insurance claims system today adds $135 billion a year to the cost of care -- in addition to bedeviling consumers with complex forms.

With uniform standards and strong statutory protection to ensure privacy and confidentiality, every American could have a personal health card -- like an ATM bank card -- to provide vital health information electronically to their doctor. For travelers such a system might mean the difference between life and death. A computerized system like this would help with outcomes research, and would eliminate fraud and unnecessary health procedures.

Finally, we believe consumers must all be given an equal financial stake in the cost of care. One way to achieve this goal is to reform the tax code.

Our tax system has inequities which permit corporations to deduct the full cost of providing expensive gold-plated health coverage to their employees. On the other hand, farmers, ranchers, truck-drivers and other self-employed persons can deduct only 25% of their health insurance premium.

Furthermore, employees of large corporations receive their health benefits tax-free, while those who purchase their own insurance with no employer assistance, pay for such coverage with after-tax dollars. Consequently, a large proportion of the tax benefits for purchasing health insurance go to those with gold-plated insurance plans.

We believe everyone should be treated equally. All Americans should be eligible for the same health care tax deductions. One option might be to change the tax system so that the amount individuals or corporations can deduct would be limited. Under such an option, premium costs above the limit would not be deductible by the employer and would be taxable income to the employee. The savings derived from this change could be used to allow others to deduct 100% of their health insurance premiums up to this limit.

We believe that, within this reformed and functioning system consumers would have choice, as well as the motive to be cost-conscious. Americans would keep their right to choose the insurance plan that best fits their needs -- from staff model HMOs to a traditional fee-for-service system with no restrictions. But, those who choose the higher cost plans will no longer be subsidized fully by those less fortunate.

Universal Coverage

We believe that all Americans should have access to a broad range of affordable insurance plans, and that the principles outlined herein will expand access greatly. The ability to deduct the cost of coverage, combined with more affordable premiums, will allow many who are uninsured today to purchase coverage with no additional federal assistance. For those who still cannot afford coverage, we believe federal financial assistance should be made available. Our proposal will provide such assistance.

Financing

During our examination of this issue, we have found that health care cost estimates and projections vary considerably. We believe any reform plan should reflect this fact, and take into account that no one can be certain of how reform will affect health spending.

Thus, we believe there should be a two-pronged approach to financing the coverage of the uninsured. First, reductions in federal spending should be made and those savings should be used immediately to finance coverage for those most in need. Second, we believe that the structural changes outlined earlier will yield additional savings in government health spending. Actual (rather than projected) savings should be assessed and a schedule of further expansions over the following years should be outlined in statute. If actual savings were greater or lesser than needed to pay for the scheduled expansion, the schedule would be sped-up or delayed until the two were in balance.

In attempting to solve health care problems we must be mindful of the first principle of medicine--"Do no harm." Any financing mechanism should, for example, avoid taxes on payrolls, which would discourage employment and cost jobs, jeopardizing coverage for even more Americans.

Too often, government tries to do too much, too quickly at too great

a cost to taxpayers. As our reforms cut health costs and produce savings, we can afford to phase in new coverage. This approach would squeeze health costs and cut wasteful spending first. Providing coverage up front while promising to cut costs later is irresponsible.

Individual Responsibility

Once the system has been improved so that everyone has access to affordable health insurance and federal assistance has been fully phased in, we believe individuals must assume responsibility for securing their own insurance. As long as there are adequate subsidies to make health insurance affordable for the poor and the unemployed, everyone must take responsibility for preparing for an unexpected health crisis.

Recently, the Senate took a bipartisan step to encourage individual responsibility by passing an amendment by Senator Bumpers to permit states to withhold welfare payments when parents have failed to get their child immunized. This is the type of individual responsibility that must be present in our reformed health care system.

Rural, Frontier, and Urban Areas

There are significant parts of the United States which have limited health care services available. We believe communities in rural, frontier (especially Alaska) and urban America face unique health care delivery and access challenges. Any reform plan must recognize that these areas may be the last to enjoy the benefits of change, and therefore must directly address their special needs in the short term.

State Flexibility

We believe any reform proposal must give states maximum flexibility to enact their own health care reforms. Citizens of a state should be allowed to join together to develop innovative new ways to deliver health care without being hampered by an inflexible federal system.

What Won't Work

We are greatly concerned by talk among some health reformers of government regulations and mandates. Like so many federal "solutions" they may appear neat and simple on paper, but will lead to disaster when implemented. Chief among these magical cures are arbitrary government-micromanaged global budgets, and bureaucratic price controls. Price controls do not work and encourage efforts to "game the

system."

A cursory look at the past ten years of statutory and regulatory changes in Medicare and Medicaid bears this out. Mandated reductions in Medicare reimbursement have only shifted higher costs to businesses and workers, without stopping a 12% annual increase in program costs.

We are also concerned about the breadth and scope of some proposals. We believe we should make the changes consistent with our principles over a 5-7 year time frame. In addition we should not tinker with federal programs such as the Indian Health Service, Department of Veterans Affairs and CHAMPUS until we are certain that the reforms are working.

Finally, we are extremely concerned about proposals mandating that all small businesses provide their employees with health insurance. We believe such an action would force many employers to reduce their payrolls to meet this increased cost. These mandates could even force some small businesses to shut down. Everyone loses -- particularly the workers who have lost their jobs, their income, and have no health care insurance, despite the false promise of full coverage by employer mandates.

Summary

We stand ready to work on a bipartisan basis to achieve major reforms consistent with the principles outlined above. The health care delivery system in our country is extremely complex and there are many details which must be carefully considered. A major overhaul will not happen overnight, but clearly we must move forward as quickly as possible. Our approach does not call for massive new taxes, but instead would cut costs and waste first, and direct these savings toward resolving the access problem responsibly for all Americans. We believe the government's role is to facilitate the transition through health care reform, and to police the system -- not to impose new regulatory or administrative burdens upon Americans.

We look forward to working with others in the Congress and the Administration to iron out the details and put in place a solid, workable plan that will match the quality of our current system with the availability of affordable health care coverage for all Americans.

3/21/60

file - Republicans

KEY SENATORS ON THE RECORD FOR UNIVERSAL COVERAGE AND THE EMPLOYER MANDATE

CONNECTICUT

Senator Joseph Lieberman:

- "I think we have to continue to stress to the public that universal coverage is... as good for those who are insured as for those who are not insured. That we want to have a system of universal coverage because it is one measure of how civil, how decent, and literally healthy a society we have. That it's not good that there are people who want health care and cannot afford it." [Remarks to the Democratic Leadership Council, 4/13/94]

- "...We have to broaden our vision of the paths to universal coverage. The discussion too often is frozen at incomplete polls... a lot of the parts of the plans which we tend to agree on are roads to universal coverage. On the political premise that the employer mandate -- to add to the political premise that I've stated that the employer mandate doesn't have enough votes as constructed now to pass -- I would also add a growing understanding that at some point we may need an employer mandate of some kind down the road." [Remarks to the Democratic Leadership Council, 4/13/94]

KANSAS

Senator Bob Dole:

- "I think everybody ought to be covered." [Remarks to the National Governors' Association, USA Today, 2/2/94]

- "We do believe in universal coverage. I think that's the consensus on both sides of the aisle. We're not certain how to get there, not certain how long it will take to get there, but at least we believe in that one basic principle." [Remarks to the Atlantic Information Services Corporation, 9/28/93]

- "Senator Chafee and others who worked long and hard -- we both want universal coverage -- I think that's one thing we have in mind." [CNN Moneyline, 9/16/93]

- "Well, first, our goal is universal coverage. I think that's the goal of everybody." [CNN Newsmaker Sunday, 8/29/93]

- "...we believe in the goal of universal coverage." [Face the Nation, 8/22/93]

Senator Nancy Kassebaum:

- "There is much in the President's proposal with which I disagree, but I share his fundamental goals of providing health security for all Americans and significantly reducing health care costs." [The Witchita Eagle, 9/23/93]

- "...I think it's important to understand why the uninsured should be covered and that universal coverage is important. We are in many ways paying for that coverage today. Twenty to thirty percent of the private insurance premiums is due to cost shifting, and so when you get patients who go into the emergency room who have no insurance, that's shifted off to someone else. That's why many of us believe it is important to have a more stable system, without federal micromanaging, which I think can be done. I think it's important to know why universal coverage is important..." [The MacNeil/Lehrer NewsHour, 10/27/93]

- "I think you have to have everybody in it together in order to get some of the savings that are important. I still believe that an individual mandate works best...That's something we can debate, whether it should be an employer mandate or an individual mandate." [The MacNeil/Lehrer NewsHour, 10/27/93]

MINNESOTA

Senator Dave Durenberger:

- "The consensus, as in most things, lives in the bill, and I hope that as soon as possible the folks that are in the middle can get their act together so that the folks on either side who may be waiting for them to fail can join them and join the President in guaranteeing that every American will never have to, in the future, go without the security of access to needed health care and medical services and long-term care service in this country." [Congressional Record, 2/7/94]

MISSOURI

Senator Kit Bond:

- "Fidgeting around the edges is not going to be enough. If you don't have universal coverage, I don't see how you can stop cost shifting." [Houston Chronicle, 3/5/94]

- "We have to get everybody covered if the system is going to work." [Remarks at the Boston Globe Health Care Summit, Boston Globe, 12/12/93]

- "[Successful health care reform] must be bipartisan, provide universal coverage so everyone can have personal health security, knowing they will be covered." [Remarks at the announcement of outline of GOP health care reform plan, St. Louis Post-Dispatch, 8/31/93]

Senator John Danforth:

- "I think that covering everyone is important...I think the general approach is make sure that there aren't people who are just hanging out there, people who change jobs and lose their insurance, that there is real security that's provided is something that most people would agree about." [Hearing of the House and Senate, 10/22/93]

- "'I am for universal coverage' in health care, Danforth said. 'That's a very good thing to do.'" [St. Louis Post-Dispatch, 1/16/92]

NEW JERSEY

Senator Bill Bradley:

- "Indeed, in the interview (Bradley) expressed some puzzlement at why requiring employers to pay the bulk of health care costs had become such an anathema. He also said he thought employers and workers must share the costs, and would not rule out forcing employers to pay for health care if such a measure managed by some miracle to make it to the Senate floor." [The New York Times, 6/27/94]

- One of the seven members of the moderate group, Senator Bill Bradley, Democrat of New Jersey, distanced himself from the proposal, saying, 'I regret this plan did not do more to achieve universal coverage through a shared responsibility by individuals and employers.'" [New York Times, 6/25/94]

- "It is my own personal conviction that all Americans should have a basic right to health care. Every major nation we're competing with assures that to every citizen and we a have very difficult case arguing leadership by example when we have so many people in this country without any health coverage at all." [Reuter Transcript Report, 9/24/92]

- "Now, the approach that I would suggest has several key elements. One is that it be employer-based health insurance, employer-based health insurance, which would enlarge the private sector's role in providing health insurance, not build a large public plan for the uninsured. The plan should require businesses to buy insurance for their employees from private providers not by having the government provide health care. Ninety-nine percent of businesses with more than 100 employees already provide health insurance. The federal

government would buy private insurance for those who are not working or are unable to afford insurance. This approach also would minimize disruption to those who already receive high-quality health care now, which is a very large majority of Americans...

We should not throw out the system of employer-based health insurance that provides that quality care for all Americans. So the first principle should be employer-based health insurance." [Reuter Transcript Report, 9/24/92]

OKLAHOMA

Senator David Boren:

- [Comments on the Chafee bill] "For example, Boren said he wants to leave the door open for the possibility of some kind of employer mandate, which Chafee and other Republicans oppose. 'I also think we need to move more quickly towards universal coverage than the Chafee bill allows," Boren said. [Tulsa World, 5/5/94]

- "While I believe in reform, including universal coverage and portable benefits, we must be very careful not to destroy the good parts of our system... " [Daily Oklahoman, 1/18/94]

RHODE ISLAND

Senator John Chafee:

- "It seemed to me there were three challenges we had. First of all, we wanted to cover everybody. And we are deeply concerned about that 15 percent of Americans, that's some 35- 37 million Americans, at any one time don't have health care coverage. And the added of all that is that some many of them are children. So that's the first challenge. We want to get everybody covered." [NPR, All Things Considered, 3/10/94]

- "I personally feel you have to go the route of universal coverage..." [Capitol Gang, 3/5/94]

- "Congress will pass comprehensive health reform that provides universal coverage." [New York Times, 1/3/94]

- One of the things I've been struggling with -- we have a bizarre situation in the United States now where the federal government will pay for people to be in hospitals, pay for people to be in nursing homes, but not pay for someone to come in and give a hand -- someone to help with respite care, just a hand... We're working our way toward that." [Remarks at New England Speaks: Our

Hopes for Health Care Reform, 10/8/93]

- "We've got to move forward with 100% coverage for everybody..." [Washington Post, 9/23/93]

- "Certainly we'll be talking with the administration because we all, we have the same three objectives: The objectives are to keep the quality of care in America; secondly, to see that everybody's covered; and thirdly, to do something about these incredible price increases." [Washington Times, 9/6/93]

TEXAS

Senator Phil Gramm:

- "I've always said that I'm all for universal coverage, if someone would just show me how to pay for it." [Dallas Morning News, 6/21/94]

The Republican Strategy on Health Care Reform: "Opposition Without Apology"

"It [succesful health reform] will revive the reputation of the . . . Democrats as the generous protector of middle class interests ..... and it will at the same time strike a punishing blow against Republican claims to defend the middle-class ...."

- Bill Kristol, December 1993

"The appropriate Republican response is to take the noble road of opposing any alternative that Democrats offer and insist on starting over in '95. We should send them to the voters empty-handed."

- Bill Kristol, July 1994

Strategist Bill Kristol -- the Republican who still swears there's no health care crisis-- is at it again. He is urging Republicans to follow a health care strategy of "Opposition Without Apology": pulling out all the stops to make sure no meaningful health care reform passes this year. They've decided the Republican party can't afford to let health care pass, because as Bob Dole said, "we've got a party to think of."

So despite repeated attempts by the President and Democratic leadership, Bill Kristol's Republicans have decided to block any bill -- sight unseen -- and delay needed reforms. As the Kristol memo says: "The appropriate Republican response is to take the noble road of opposing any alternative that Democrats offer and insist on starting over in '95."

It was bad enough when Bob Dole and his Republican colleagues were claiming there was no health care crisis. But now its worse: they acknowledge there's a crisis, but refuse to do anything about it. Senator Dole, Rep. Gingrich and other anti-reform Republicans are threatening to hold up legislation for expanding trade and fighting crime unless the President and Democratic members of Congress give up on their goal of private health insurance for all Americans.

These Republicans are putting politics ahead of people -- vowing to defeat any alternative offered by Democrats, no matter how much help it could bring to working people and American business.

And Kristol said of Democrats fighting for reform: "We should send them to the voters empty-handed." These Republicans just don't get it. If we don't pass health care, it won't be the politicians left empty handed -- Members of Congress get great health care. If we don't reform health care, its hardworking middle class people who are left empty-handed -- losing their health care or finding they can longer afford it.

As the Vice President implored legislators in his speech to the ADA rally: *"Don't punish Americans in the name of hardball politics. Don't sacrifice the health of American families on the altar of ideologies."*

Send a message to the anti-reform Republicans: Health care reform's not about them -- it's about you.

The Kristol Memos: Deny Democrats a Victory by Denying Americans Health Care

- In a December 2 memo to Republicans, Kristol warns that if the Clinton health care plan succeeds, the Democratic party will re-emerge as the ***"protector of middle class interests ..... and it will at the same time strike a punishing blow against Republican claims to defend the middle-class ...."***

- In a January 10 memo, Kristol wrote, ***"there is no health care crisis"***, and that "Republicans must consistently and aggressively debunk the Administration's "crisis" rhetoric.."

- In an April memo, Kristol urged Republicans to reject ***universal coverage,*** saying it ***"is a bad idea"*** an ***"we should be proud to oppose it."*** The memo asserted that those left unisured "would continue to receive medical care as they do now: from compassionate physicians and at walk-in clinics and hospital emergency rooms." [AP 4/7/94]

- In a June 7 memo, Kristol urged republicans to reject a bill, even a watered down bill, that would allow the President to honor his veto pledge, since it would "protect the President's 'read my lips' pledge on health care." Kristol's advice: ***"Republicans should hold off on health care negotiations until Mr. Clinton eats his words."***

- In a July 22 memo, Kristol writes: ***"At bottom line this debate is now a political one....the appropriate Republican response is to take the noble road of opposing any alternatives the Democrats offer and insist on starting over in '95. We should do so with prie and without a speck of guilt. We should send them [Democrats] to the voters empty-handed."***