SINGLE PAYER

Smead.

FLEX-I-VISION® HANGING FOLDER

HASTINGS, MN
LOS ANGELES-CHICAGO-LOGAN, OH
McGREGOR, TX-LOCUST GROVE, GA

PHOTOCOPY
PRESERVATION

PHOTOCOPY
PRESERVATION

SINGLE PAYER

September 24, 1993

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: Mike Lux/Melanne Verveer

SUBJECT: Talking Points on Single Payer

Comments in recent days have created serious political problems for us among single payer advocates both in Congress and in the advocacy community. These comments are in danger of destroying many months of hard work to build a strong working relationship with single payer advocates. We have received tentative support from many of the groups. They are now quite angry at some of the statements that various White House officials have been making in the press.

We should be saying the following:

1. We admire many of the characteristics of the single payer approach.

2. We share the same goals of security, simplicity, savings, choice, quality, and responsibility. We are not in agreement on how to reach the goals, but we have more in common than separates us. We incorporate some of the best ideas of the single payer plan in ours .

3. Our plan gives states the option of setting up a single payer plan if they so choose.

4. We all hope to be working in the same direction to achieve our common basic goals.

 CC: Melanne Chris file single payer

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

October 7, 1993

First Lady Hillary Rodham Clinton
Office of the First Lady
Old Executive Office Building, Room 100
Washington, D.C. 20500

Dear Mrs. Clinton:

As cosponsors of H.R. 1200, the American Health Security Act, we continue to believe that a single payer health plan is the most effective way to achieve our common goals of providing universal access to affordable health care.

While we do not believe that the Administration's single payer state option is a panacea for health care reform, this option is an important component of the President's plan. We believe that many states will want to avail themselves of that option because of the significant administrative savings that will result. For instance, the Congressional Budget Office has estimated that legislation comparable to H.R. 1200 would save $52 billion per year in reduced paperwork. By comparison, members of the White House's health task force have projected administrative savings of $7 billion per year under the President's proposal.

To assure that states will be able to utilize the single-payer option, we believe there are two provisions contained in the September 7 draft which need amendment. First, it is necessary to change the waiver language to ensure that single payer is an equal choice for states. Currently there's a requirement for four waivers. We recommend only one waiver for the purpose of consolidating Medicare beneficiaries under the single-payer plan.

Second, a state that chooses the single-payer option should be eligible for all subsidies that the state would have been eligible for had it not chosen the single-payer option. The September 7 draft seems to preclude such a possibility. Further, we believe states should be allowed to finance their single-payer systems with whatever revenues meet their needs and are approved within that state. There should be no limits placed on such financing options at the Federal level. In addition, any savings that result from greater administrative efficiencies under single payer should not result in reduced subsidies to states, but, instead, should be available to that state for expanding benefits or reducing cost-sharing or other financing requirements.

Finally, we believe Federal implementation funds should be available to all states, no matter which option they choose. These funds include planning grants, financial support for start-up of single payer entities (including for regional health alliances that may be the state single payer) and for technical assistance in drafting legislation and regulations, data collection, and automating information systems. We also believe states should be able to use planning grants to conduct an independent fiscal analysis of the most cost-effective reform option.

First Lady Hillary Rodham Clinton
October 7, 1993
Page 2

We strongly encourage you to consider these changes and look forward to working with you on these and other issues as we work to create a health care system that truly meets the needs of the American people.

Sincerely,

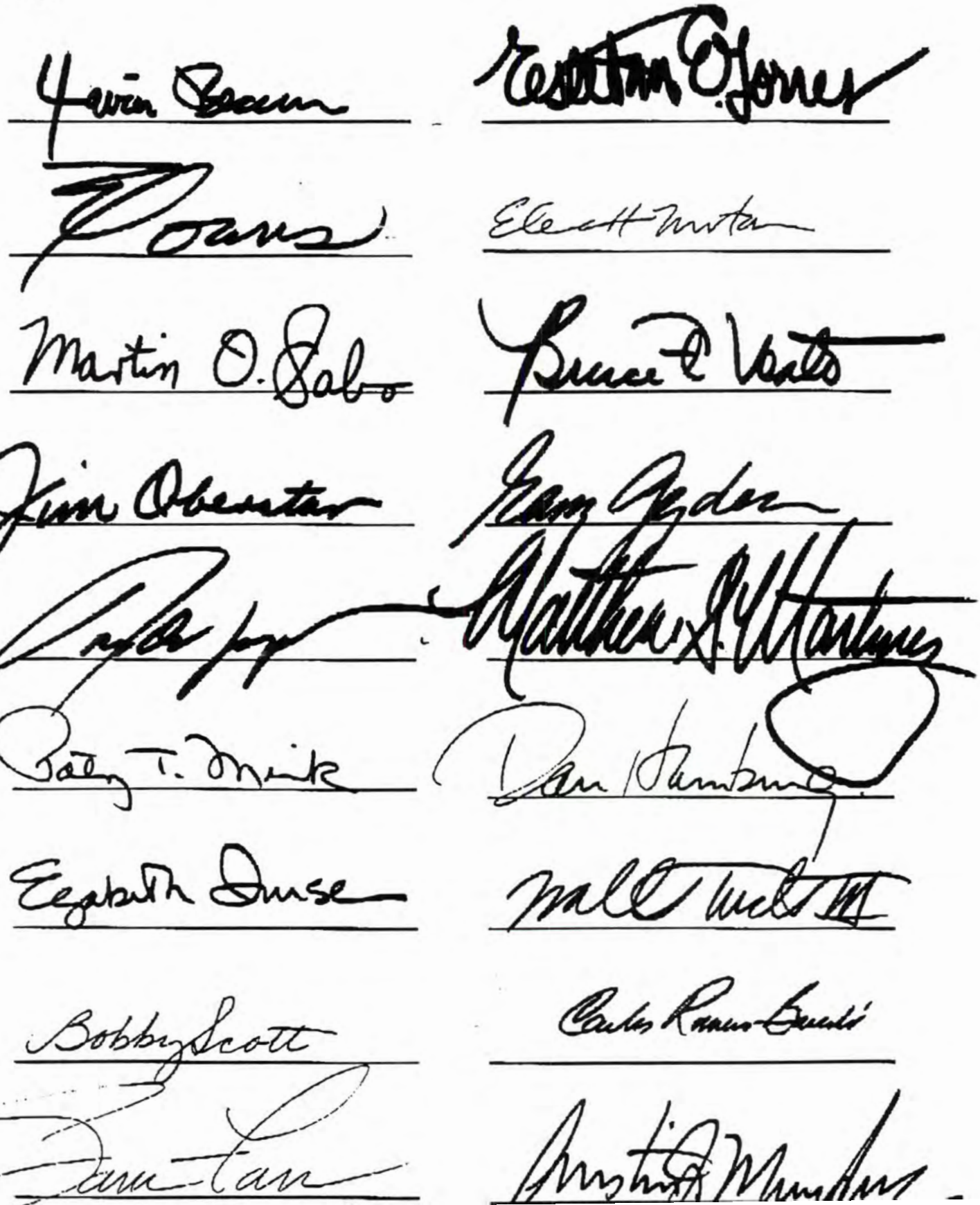
Maurice Hinchey

John W. Olver

Maxine Waters

Melvin L. Watt

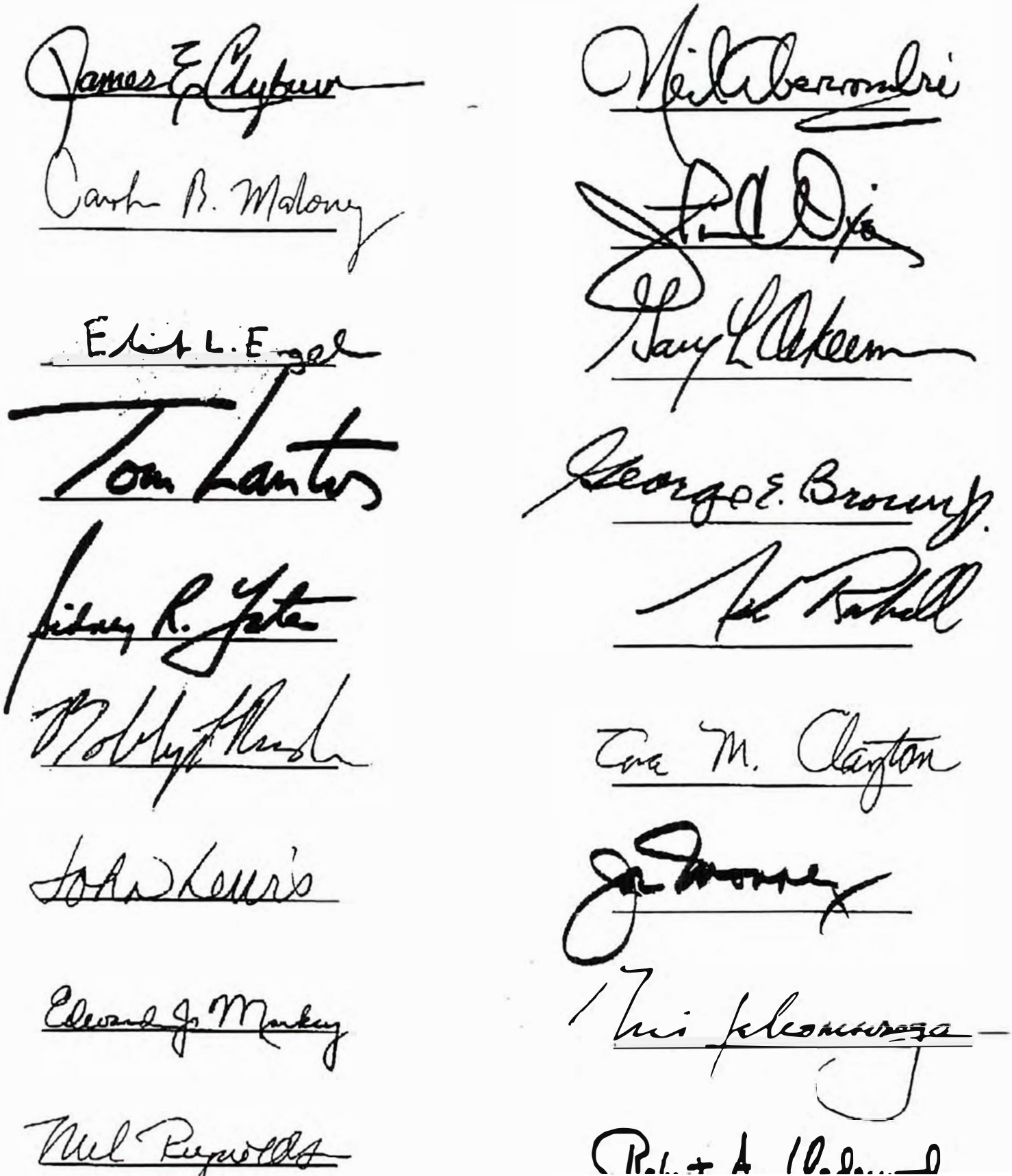
First Lady Hillary Rodham Clinton
October 7, 1993
Page 3



Joe J Ladeca

Eddie Bernice Johnson

Jerold Nadler



JOBS AND HEALTH CARE

1. HEALTH CARE IS ONE ELEMENT IN A COMPREHENSIVE ECONOMIC GROWTH AND JOBS PLAN:

First, before we get lost in the details, lets keep our eye on the big picture: Health Care is one integral element in a comprehensive economic growth plan to lower the deficit, lower interest rates, and increase investment in our people so that we can start creating more jobs and better jobs. The current system is hurting our job creation, because rising health care costs have served as a hidden tax on employers leading to less hiring of potential workers and less wage increases for existing workers. Does anyone in this room not believe that we would have better job growth in our country if we kept costs at the level that our competitors do?

II. STUDIES ALL FAIL TO RECOGNIZE ONE BASIC POINT: LOWER HEALTH CARE COSTS WILL MEAN MORE JOBS AND HIGHER WAGES:

The current studies put out to by the NFIB are bogus studies that do not take into account the entire Clinton discount and subsidy structure nor all of the positive effects that lowering health care costs will have on businesses capacity to use those savings to pay wages to existing or new workers. Most businesses provide health care to their workers, and for most of these businesses, we are going to lower their costs, which will make it easier for them to hire future workers and give high wage increases to their existing workers. Let me mention six points about the ways that health care can have positive job impact that you don't hear from those who have made a political decision -- before they have even studied our plan to oppose it.

2. SMALL BUSINESSES WHO PROVIDE COVERAGE WILL HAVE LOWER COSTS:

Most small businesses provide health care to their workers and they pay high administrative costs and bear tremendous risk if even a single worker in their business gets sick. It is uncontroversial that our plan will lower health care costs for these small business that do provide health care for their workers, meaning that these firms will have less health care costs, so that they can hire more workers and pay their existing workers higher wages. So, this will be a job creator for small businesses that do provide health insurance.

But don't take my word for it. Listen to the lead of the Wall Street Journal on Monday. "For many small businesses, saddled with escalating health care costs, President Clinton's health care package

comes as an unexpected windfall." ["*Small Business See Burden Getting Lighter*," Wall Street Journal, 9/13/93]

2. ***WILL HELP THE FASTEST GROWING SMALL BUSINESSES:***
Studies that look at the profile of the fastest growing small businesses, make it clear that they are firms that include good wages and health care insurance in their compensation to their workers. These firms will see their costs go down under the Clinton plan, thus the new health reform will be helping those firms that are creating the most jobs and growing the fastest.

3. ***MANUFACTURING JOBS WILL BENEFIT:***
Millions of people saw the CEO of Ford, tell the President elect how vital lowering health care costs is to the competitiveness of manufacturing industries like autos. Again, the skeptics will not tell you that it is clear that manufacturers -- the very part of our economy that pays the highest wages to average people -- has been shrinking and that our health care reform will have a dramatic effect on lowering the costs of manufacturers and making it easier for them to compete and create new jobs. Making this part of our economy stronger is especially important because it creates more exports, which is key to greater job creation.

4. ***INCREASED HEALTH CARE JOBS:***
There will be job creation in the parts of the health care industry that serves people -- instead of pushing paper.Joshua Weiner, a health economists at Brookings Institution predicts that the Health Security Act will create 750,000 home health care jobs, and that overall the plan will be a job creator. (Reuters, "Health Care Reform Impact on Jobs," September 16, 1993)

5. ***HAWAII -- LOOK AT THE EVIDENCE:***
In Hawaii, they've put in health care. Guess what? New business start-up and job growth have kept up or outpaced the rest of the country since their employer requirement went into effect.

6. ***MINIMUM WAGE - LOOK AT THE EVIDENCE:***
Because we limit the amount that any small business employer would have to pay, health care reform is the equivalent to a modest increase in the minimum wage for those firms that currently do not provide health insurance. Yet, studies by economists at Harvard and Princeton show that increases in the minimum wage do not hurt job growth, and that in fact, it can make it easier to hire people. These were not abstract studies: these were real world studies of real small businesses and restaurants in Pennsylvania, Texas and New Jersey. Real studies that would again support that health care will certainly

not cost jobs, and will create many new jobs in manufacturing and growing small businesses.

7. ***BUSINESS WOULD ONLY SUPPORT A JOB CREATOR:*** When our health care plan comes out, you will see some of the top CEOs and business groups in the country supporting our plan. These are CEOs and small businesses who look beyond the politics and support this plan, who would not consider doing so if they thought it would not create jobs and make us more competitive.

THE WHITE HOUSE

WASHINGTON

February 23, 1994

MEMORANDUM FOR PRESIDENT CLINTON
HILLARY RODHAM CLINTON

FROM: IRA C. MAGAZINER

SUBJECT: SINGLE-PAYER POLICY ISSUES

CC: VICE PRESIDENT
MRS. GORE
MACK McLARTY
HAROLD ICKES
PAT GRIFFIN
GEORGE STEPHANOPOULOS

Our discussions with single-payer advocates should be friendly. However, there are some key policy issues. The single payers share the President's goals for health reform and they believe, with good justification in some cases, that their approaches are simpler, provide more consumer choice and are more in line with other advanced nations than our approach. The main arguments against single-payer are those of political feasibility.

Major Features of the McDermott/Wellstone Bill

1. Universal coverage financed by a payroll tax of 7.9 percent on larger businesses and a sliding scale down to 3.9 percent for small businesses. This almost mirrors our premium structure, yet they will argue correctly that the payroll approach is easier to administer and more progressive than our financing.

   On the other hand, a payroll tax redistributes income dramatically, takes consumer cost consciousness out of the buying process and has the political downside of being a tax.

2. Cost control achieved through global budgets which are as tight as ours, backed up by all payer rate setting. They will argue that this is simpler than competition and allows complete freedom of choice of doctor for consumers.

We believe markets and competition will be better at controlling costs than price controls. In addition, our backup premium caps have been judged 100 percent efficient by CBO, while their rate setting is only 75 percent efficient. Rate setting often promotes higher utilization and gaming. Rate setting also spawns greater bureaucracy at the provider level.

3. Community rating is achieved by combining everyone, including Medicare and Medicaid recipients into one pool nationally and eliminating the insurance industry.

   There is no question that their approach provides a simpler way to achieve community rating than ours.

4. They provide long-term care and prescription drug benefits, as we do. They also have comprehensive benefits with lower co-payments and deductibles.

Provisions of Administration Bill Which are Important to Single-Payer Advocates

There are a number of provisions in our bill which are important to the single-payer groups that form the support base for the McDermott/Wellstone bill.

1. True universal coverage and community rating.

2. An option for states to choose a single-payer approach and preempt ERISA when making that choice. This is a bottom line issue for single-payer groups. They believe that this gives them an opening to eventually bring the country to single-payer over time. They know that the Canadian Provinces evolved to single-payer over 15 years.

3. A 3.9 percent cap on health care costs for families (except those with high amounts of unearned income.)

4. Premium caps, which are not their first choice as a means of cost control, but which are serious enough cost controls to satisfy them.

5. Comprehensive benefits including mental health. McDermott is a psychiatrist and Wellstone is a mental health advocate.

6. Large mandatory alliances - if we must have alliances, most single-payer advocates prefer that they be large.