CEO'S
HC

OFFICE OF PUBLIC LIAISON

TO: HAROLD ICKES, ASSISTANT TO THE PRESIDENT AND DEPUTY CHIEF OF STAFF
ALEXIS HERMAN, ASSISTANT TO THE PRESIDENT AND DIRECTOR OF THE OFFICE OF PUBLIC LIAISON

FROM: CAREN WILCOX CW

DATE: AUGUST 2, 1994

RE: CEO EVENT

Attached are some materials from our July 28th CEO event with the President. There is a copy of an article that appeared in the Des Moines Register, a press release sent out by Pioneer Hi-Bred to all of its employees and a list of the CEOs' local radio interviews.

Iowa executives discuss health care with Clinton

By GEORGE ANTHAN
The Register's Washington Bureau Chief

Washington, D.C. — Executives of large companies — including Maytag Co. of Newton, Ia., and Pioneer Hi-Bred International of Johnston — met Thursday with President Clinton on ways to advance key aspects of health-care legislation such as universal coverage.

Maytag Chairman Leonard Hadley called the session "a non-partisan effort to help each other with a national problem."

Hadley said that in addition to seeking universal coverage under health-care reform, the executives told Clinton they seek cost controls, assurance of quality care and malpractice reform.

Several of the executives emphasized that their companies, which provide for employee health care, are at a competitive disadvantage with firms that don't.

"This is a competitive issue for everybody," Hadley said. "The key is, do you have costs your competitor doesn't?"

Charles Johnson, executive vice president of Pioneer, called universal coverage "both a social and a competitive issue," and he said that his company has played a central role in health-care issues in Iowa for more than a decade.

Also Thursday, Sen. Tom Harkin, D-Ia., criticized a proposal by Senate Republican Leader Bob Dole of Kansas that Harkin said would fall short of universal coverage and be "a health-care lottery."

Harkin, noting concerns of many small businesses over any mandate that employers pay for workers' health coverage, said, "A lot of us


Hadley
Maytag


Johnson
Pioneer

sympathize with small business and recognize that if we put the burden of providing health care on them, many of them would close."

But Harkin said a health-care proposal approved by the Senate Labor and Human Resources Committee, of which he's a member, includes provisions to minimize the financial burden on small business.

Harkin added, "I would fault the larger businesses. I would say they have not helped get the word out to smaller businesses as to why they would be better off with this kind of approach."

The Des Moines Register July 29, 1994

136

EASYLINK 8103296L001 29JUL94 16:10/16:10 EST
FROM: 478327 PIOSEED DMS
333439 PIONEER HIBRED
PIONEER DATA SYSTEMS (CRN: NONE)
TO: 202659573P

Bob

From: DAUGHERTYS "Steve Daugherty, 222-6833"
To: FAX%12026595730
Subject: FYI - Insider

From: PDS::SCHREIBERCL "CYNDE SCHREIBER 270-4100" 29-JUL-1994 14:29:37.87
To: @GDIS:PREINSIDER.DIS
CC: SCHREIBERCL
Subj: Johnson Meets Clinton On Health Care

FOR YOUR INFORMATION: The following INN message will be sent today to all VAX bulletin board and posting locations in the U.S. only.

INN PAGE ONE NEWS
News for Pioneer Employees

July 29, 1994

Issue 1303

JOHNSON MEETS CLINTON ON HEALTH CARE

Chuck Johnson, Pioneer executive vice president, and four other U.S. business executives met Thursday morning with President Bill Clinton in the Oval Office to discuss health care reform.

No specific legislative initiatives were discussed, Johnson said, but the group did provide the President and his chief of staff, Leon Panetta, with their observations on ways to promote key aspects of health care legislation, including universal coverage, cost controls and assurance of quality care.

"The public debate on health care reform has traditionally focused on how to control escalating costs," Johnson said. "Today, however, the debate is centered on how to get health care coverage to all Americans.

"We advised the President that the average citizen is concerned about losing health care coverage and about moving to a complex, government-run system. In other words, his message on controlling costs is not reaching the public," Johnson said.

The group also told Clinton that universal coverage is both a social and competitive issue -- that companies which provide for employee health care are at a competitive disadvantage with firms that don't.

Representatives of the other companies present at Thursday's meeting with Clinton included Leonard Hadley, chairman, Maytag Co.; Bernard L. Schwartz, chairman and CEO, Loral Corporation, a defense firm; Curtis E. Barnette, chairman and CEO, Bethlehem Steel Corporation; and James Wood, chairman and CEO, The Great Atlantic and Pacific Tea Company (A&P).

* * * * *

August 2 morning drive (7-8am):
WKIP, Poughkeepsie, NY (LIVE)

Fourth Anniversary of Americans with Disabilities Act (July 27)

Six of the participants did a total of eight interviews on the following stations:

KNUS, Denver
Louisiana Radio Network
WWL, New Orleans
Connecticut Radio Network
South Carolina Radio Network
KNX, Los Angeles
KFWB, Los Angeles
KFMB, San Diego

CEO HEALTH CARE INTERVIEWS (JULY 28)

Five CEO's did a total of ten interviews:

Hank Barnett, Chairman & CEO Bethlehem Steel Corporation (Bethlehem, PA)

1. Pennsylvania Radio Network
2. WTAE, Pittsburgh
3. KDKA, Pittsburgh

James Wood, Chair, Pres., CEO Great Atlantic and Pacific Tea Company (Montvale, NJ)

1. WCTC, New Brunswick, NJ
2. WHWH, Trenton, NJ

Bernard Schwartz, Chair & CEO, Loral Corporation (New YOrk, NY)

1. WCBS, New York City

Chuck Johnson, CEO, Pioneer Hy-Bred International (Des Moines, IA)

1. Radio Iowa (Network)
2. WHO, Des Moines

Leonard Hadley, Chair & CEO, Maytag Corporation (Newton, IA)

1. Radio Iowa (Network)
2. WHO, Des Moines

NCAA 1994 WOMEN'S BASKETBALL CHAMPIONS
(JULY 27)

The following four participants did two interviews each on the following stations, with a total of eight interviews:

Coach Sylvia Hatchell
Sylvia Crawley (center)
Stephanie Lawrence (guard)
Charlotte Smith (forward)

North Carolina Radio Network
WPTF, Raleigh-Durham
WCHL, Chapel Hill
WBT, Charlotte
WKEW, Greensboro

BOYS NATION
(JULY 29)

OFFICE OF PUBLIC LIAISON
THE WHITE HOUSE

MEMORANDUM FOR BOB RUBIN

FROM: CAREN WILCOX CW

SUBJECT: CALLS TO AUTO CEOS TODAY - AUGUST 3, 1994

DATE: AUGUST 3, 1994

CC: HAROLD ICKES
ALEXIS HERMAN
IRA MAGAZINER
GREG LAWLER
STEVE HILTON
CHRIS JENNINGS
JACK LEW

BACKGROUND

You have seen the memorandum describing the situation with the big three auto companies and the health care debate. We have indicated that we understand their concerns for Pre-Medicare relief for both current retirees and future retirees. (Their most recent proposal is attached.)

I met with lobbyists from General Motors and Ford this morning, and they indicated that the AAMA and the CEOs are increasingly nervous about the outcome and could be approaching jumping off.

It is time for calls to them, and possibly to Chuck Corry. Hank Barnette met with the President last week, and I spoke with him this morning and he will hold on to the Conference, while hoping for relief on Pre-Medicare, and being for strong employer mandates.

MESSAGE

- Thank them for their long support of the President's principles.

- This is the semi-finals of the NCAA. The leaderships of both Houses are crafting a bill which they believe can get through their body and meet principles of universal coverage and employer responsibility.

- The Conference is the finals.

- Leaders of both Houses are aware, from the White House, and via your lobbyists, of the importance of your issues, and there is important work going on regarding them.

- Staff for Majority Leader Gephardt, this morning acknowledged to some auto and other large company lobbyists that the Pre-Medicare issue is still alive and is being considered by the Majority Leader.

- **Maintaining an employer mandate in the Senate is critical, and we expect a challenge to that early in the debate.**

- There will be a health care bill, and the contents of that bill, can be greatly influenced by those who have been with the President from the beginning. Your bi-partisan leadership is still needed.

- Any feedback they want to give you regarding their concerns.

  On Mitchell they will probably say the mandate is too weak, and they don't like the tax on the insurance policies which have high growth (mostly because no one understands what that tax is yet.) They may mention ERISA.

- **We believe you should hold on through the floor action and stick with your support of the past.**

Groups are working to change the Senate bill. Non-administration amendments may be offered. Possibilities:

> there will supposedly be an amendment to strengthen the mandate on the Senate floor;
>
> the ERISA group is seeking an amendment to carve out groups of 5000 from the single payer requirement in the Senate. We believe some of the multi-state issues will be handled in the House bill.

We expect an **amendment to strike the employer mandate** from the Senate bill. This places these multi-state companies in a terrible position.

- If there is a Senate vote against a mandate, it is a vote for the cost shift to be paid by these companies.

- If mandates are killed in the Senate, the House has made clear they will have to change their bill.

- o If there is no national health care reform, these companies will be at the forefront of having to go state by state to defend against plans which will not be uniform and will seek waivers to operate.

I don't know your practice of trying to describe these amendments, but thought we should give them to you.

***

We need calls to:

Bob Eaton, CEO Chrysler	313 956 6728
Alex Trotman, CEO Ford	313 322 7800
Jack Smith, CEO GM	313 556 5000

Hank Barnette is OK. Holding for Conference, while hoping for relief on Pre-Medicare and for strong employer mandates.

We should consider a call to Chuck Corry, USX 412 433 1121

MEMORANDUM FOR HAROLD ICKES
ALEXIS HERMAN
GREG LAWLER
JACK LEW
CHRIS JENNINGS
MIKE LUX

FROM: CAREN WILCOX

SUBJECT: PRE-MEDICARE

DATE: AUGUST 2, 1994

I spoke to various people about the Pre-Medicare provisions as modified in the request from the coalition yesterday.

They feel strongly that they will lose if the only coverage they get is of current retirees. If future retirees are not covered in some way, they feel that it will be portrayed as a bailout for the steel and auto companies, even though they are only 5% of the target population.

Since financing is still at issue, they propose that:

> since this provision helps to ensure universal coverage, it should be financed through the same revenues and cost containment provisions as the rest of the bill.
>
> However, an additional revenue raiser which would cover a portion of this provision would be to allow employers with excess funding in their pension plans to utilize such funding to pay for employee and retiree health benefits.

I received a call from a representative of the auto companies today indicating that they really are discouraged by the situation and need to survive with current and future retirees with some coverage. (Another copy of the provision is attached.)

The good news is that Elmendorf is supposedly looking at the future retiree issue as well as the currently retired. GAO is supposedly considering issuing a letter saying that their report of $180 billion was in no way reflective of the Ways and Means bill and does not relate to this proposal.

Chris Jennings

Proposed Provision to Cover the Pre-Medicare Population

1. Benefit subsidy based on a percentage of income premium cap as in the Levin amendment (% of income limitation for those whith incomes below a threshhold) for specific groups. Options for defining who receives the benefit:

A. All non-workers 55 - 64.

B. All non workers 59 1/2 - 64.

C. Non-workers 55 - 64 who stop working on or after Medicare C implementation.

Prospective Only

D. Non-workers 59 1/2 - 64 who stop working on or after Medicare C implementation.

2. Tax Credit for those who provide coverage for pre-medicare population would be based on a fixed percentage (50%) of employer expenditures for basic health benefits for early retirees.

<u>Discussion</u>

Benefit Subsidy. The benefit subsidy alternatives would assure that health insurance is affordable to many persons of modest means who have retired from labor force participation. Options B, C, and D are scaled back to reduce the cost of the proposal significantly from the CBO cost estimate of $30 billion over 10 years. All options apply to the age cohort, not just to those who currently have coverage from former employers. Options C and D would reduce costs even more substantially by applying only to those who retire after Medicare C implementation.

Currently only 40% of the cohort have any employer provided coverage and many of those only have the right to enroll in their former employer plans, but the former employer pays nothing or only token amounts. Also, contrary to claims that this provision benefits primarily the auto and steel industries, less than 5% of the target population come from the auto and steel industries, and not all of those would be eligible because their incomes would exceed the threshholds.

Tax Credit. The tax credit would ensure that companies who do pay for early retirees are not penalized by the tax code for doing so and would help to level the playing field so companies have less incentive to move American manufacturing jobs to other countries. This would also lower the incentive of companies to drop early retiree coverage in future labor contracts.

Induced Retirement. Concerns have been raised that providing coverage to this population will induce early retirement. The Administration estimated a modest increase in early retirement from its proposal, but atributed most of that effect to the fact that persons considering retirement could purchase insurance at community rates and could not be denied coverage due to pre-existing conditions.

The decision by workers to retire or companies to lay off workers depends far more on other financial factors, not whether or not subsides for health costs are available.

Although we do not believe that induced retirement is a problem, safeguards could be built in to the provision. A study could be mandated at a fixed date after implementation and history in the program, for instance 2009, to analyze for induced retirement; a sunset provision could be included for a fixed date after the study, e.g. 2012.

Financing. Since this provision helps to ensure universal coverage, it should be financed through the same revenues and cost containment provisions as the rest of the bill.

However, an additional revenue raiser which would cover a portion of this provision would be to allow employers with excess funding in their pension plans to utilize such funding to pay for employee and retiree health benefits.