

7/21/94

Points From Meeting Among The President, The First Lady, The Vice President, Senator Mitchell and Congressmen Foley and Gephardt on 7/21/94

There was agreement that health care legislation to be submitted to both houses in the next week or so would be designed to achieve the following goals:

- * Health insurance for all Americans (universal coverage) which will provide security for those who currently have insurance and will also provide health insurance for those who are uninsured.
- * Cost containment to make health insurance affordable for all Americans, while at the same time being deficit neutral. This will hold down costs for individuals and families as well as reducing the rate of increase of national expenditures for health care.
- * Emphasize primary and preventative care.
- * Maintain quality and choice of both doctors and health care plans.

New Approach: The legislative leaders indicated that the legislation they intend to submit will contain important differences from the Health Security Act. The President and the Congress have listened to the American people during the past months of Congressional hearings and the new plans to be submitted to Congress will be different from the original Clinton proposal. They will be less bureaucratic, more voluntary (e.g., mandatory), will have fewer boards and commissions, will have a longer phase in period compared to the President's original plan, and will provide additional relief for small businesses.

The leaders indicated that there will be differences between their two bills.

Mandates: Although Speaker Foley indicated that legislation submitted to the House would contain some system of mandates to help pay for the costs, Senator Mitchell was ambiguous on this point, stating, in effect, that he had neither ruled mandates in or out.

There is much work to be done. This may well be an uphill fight, but the President is prepared to the fight.

Senator Mitchell indicated he expects to have the bill submitted to the Senate during the first week in August. Speaker Foley indicated he expected to submit legislation to the House in the second week of August.

There was no discussion of details. Rather the President and the leaders focused on the goals to be achieved.

Fr: Christine

To: Harold/Lorrie
Re: Nothing New Here

"There will be some who will fall through the cracks. For example, Chairman, as you rightly point out, those who are homeless, who are not connected to any kind of institution. But at least we will have a very limited number with whom to deal. Hawaii, which has an employer/employee system, still has trouble covering 3 to 5 percent of the population, people who do fall in those cracks, and they are continuing to work on that. But they are at 95 percent coverage at a cost less than what the rest of us pay, with very high consumer satisfaction."

-Mrs. Clinton before the Senate Finance Committee, 9/30/93

"I want to make this very clear. I am open, as I have said repeatedly, to the best ideas of concerned members of both parties. I have no special brief for any specific approach, even in our own bill.."

-State of the Union Address, 1/25/94

"At the State of the Union I said "If you can find a better way to meet these objectives, have at and we'll do it." I will keep fighting for that."

- CBS This Morning, 3/03/94

Q: "Would you accept a plan that only ensures 95 to 98% coverage?"

A: "I don't think that will happen.....Let me give you an example. In Germany, they require mandatory coverage for people below a certain income, so the very wealthiest Germans are not required to be covered by the system, but in fact they all buy their own insurance, so there's not a problem there. I don't want to get into hypotheticals, but I believe if we get up to the 98 percent, we'll find a way to close the gap."

-Star-Tribune Interview April 9, 1994

Talking Points
DGA
Harold Ickes

The health care debate will define this fall's elections.

- Universal coverage is a middle class issue
- the Republicans are approaching it from a highly partisan perspective
- this may cost them dearly

Democrats can and should turn the debate to our advantage by linking work and reward, by embracing the hard working middle class.

- Middle class left out of Republican non-universal plans
- Uninsured Americans increased 17% in the 80's
- Republican districts have large numbers of working uninsured: 56,000 on average
- Republicans fought for rich against tax increase on the rich, now fight against middle class
 - o working uninsured outnumber rich 10-1
 - o Republicans threaten high profile filibuster against working uninsured
- Wofford was right: Americans believe everybody should have a right to a doctor

We know the President's policy is right on the merits, our argument is that the politics of health care will work against the Republicans this fall.

- We need to stand firm for universal
- This is a debate about the middle class who will be left out of non-universal reform
- We need to discuss universality in context of work and reward
 - o everybody who plays by the rules deserves health care that can never be taken away
 - o it is wrong for people who work to have no care
 - o it is wrong for people who work to pay for the uninsured
 - o it is wrong to protect employers and leave employees out in the cold

Health care is the make or break issue

- will dominate news
- will be to '94 what the budget debate was to '90
 - o swing voter will break late
 - o in '90, right track/wrong direction numbers switched 43 points in nine weeks
 - o Dems picked up nine seats
- Key House races concentrated in Midwest
 - o Perot voters
 - o strong work = reward
 - o EITC helps middle class voters in particularly in Dem and Toss-up districts
 - o Family and Medical Leave
 - o College loans

Localizing message will be important, but health care will be dominant theme.

- no action will confirm many voters worst fears
- passing and signing comprehensive reform that values work will yield strong gains

I'll say it again: health care is a middle class, work/reward issue.

- 85% of uninsured people are in working families, many in Republican districts
- helps on both universality and employer mandates
 - o Republicans will be on the defensive on their home turf
 - o Gingrich has 84,000 working uninsured in his district v. 7,500 who face higher taxes from the budget plan

How we will win.

- Aggressiveness on universality
 - o confronting republican who oppose us directly
 - o they promote a plan that hurts middle class
 - o they hurt people like Jim Bryant
- aggressiveness on employer mandate (listen to Bob Dole)
 - o for workers
- 42% say universal most important goal of health care reform
 - o twice the number that say lower rates is most important;
 - o three times the numbers that say physician choice

Support for non-universal may backfire.

- 80% who remain uninsured are from working families
- Non-universal in New York State raised rates 35%

Dems on strong ground with employer mandates, too.

- Core Democratic value: work = reward
- Republicans protect businesses at the expense of families
- individual mandate could shift \$1.4 trillion burden from businesses to individuals
- Overall, voters support employer mandate 54-35, oppose individual mandate 49-38
- Perot voters support employer mandate 50-39, oppose individual mandate 54-35

We win on the politics and on the merits -- if we can get our message out

- 76% favor employer mandates and universal care
 - o they don't know that's our plan
 - o 48% Chafee; 34% for Cooper; 42% for Gramm; 31% for single payer

The only way for Democrats to lose is to shy away.

Talking Points on Universal Coverage - July 19, 1994

* The President's bottom line is what it has always been - guaranteed health care coverage. As the Vice President said this morning: The President insists and our country insists that every American has to have health care coverage. That's what universal coverage is all about... What this is all about is very simple. The poor have many problems, but they have health care. The wealthy have health care. The people who are at risk are middle-income families... What the President said was any bill that passes has to work. And it has to reach the goal of universal coverage for all Americans"

* We have always said that we are flexible on HOW we achieve universal coverage, but not WHETHER we achieve universal coverage.

* The President still believes that shared responsibility is, in his words, the "best and fairest" way to achieve universal coverage.

* The President understands that 78% (Washington Post/ABC News) of the American people want universal coverage. And he's committed to providing it.

* Universal coverage is about giving every American - especially hard working middle class Americans - an ironclad guarantee of health care coverage that will never be taken away, even if they get sick or lose their job.

* We are going to continue to fight hard for universal coverage. We are going to continue to fight for the millions of hard working middle class Americans who will be left out in the cold if we enact legislation that does not achieve universal coverage.

* Let's look at what has been said already this week on what will happen without universal coverage: AFSCME released a study saying that there would be a \$115 billion unfunded mandate on states from the non-universal Dole plan. The Catholic Health Association released a Lewin Study showing middle class premiums will increase by as much as \$700 each year in some categories under non-universal vs. universal plans. And groups representing older Americans shot down non-universal plans that raid Medicare and do nothing to help seniors. Today, Secretary Bentsen will release a study which illustrates that 84% of the uninsured are in working families.

The President said that we would never reach 100% He seemed to indicate that 95% would be acceptable. Is 95% the Administration's definition of universal coverage?

* Our definition is that every American have a guarantee in law

of health care coverage that can never be taken away.

- * The President was saying that we must have a guarantee in law that every American have health care coverage. That's the only way the system will work.

- * The real question here is what happens if we don't achieve universal coverage. The fact is that if we don't guarantee that every American has health care coverage, we will not be able to truly protect the middle class and control costs.

The President and First Lady indicated that universal coverage is a goal to work toward, not an absolute bottom line. Is this true?

- * We have a phase-in our bill. We have said that we would be flexible on phase-in but it needed to be within a reasonable time period and by a date certain. This is our position.

- * Obviously, we are not going to achieve universal coverage overnight. That's why we phase it in. There will be a road toward universal coverage, but the road must achieve universal coverage. Every American must have a guarantee in law of health care coverage that can never be taken away.

Wasn't the President signalling new flexibility on employer mandates?

- * The President has said all along that he is flexible on how we get to universal coverage, but not whether we get to universal coverage.

- * As the President said yesterday, he still believes that shared responsibility is the "best and fairest" way to achieve universal coverage.

THE WHITE HOUSE

WASHINGTON

20 July 1994

MEMORANDUM TO THE PRESIDENT

FROM: Harold Ickes *HI*

SUBJECT: Additional talking points regarding health care for joint leadership meeting on 20 July

Based on the controversy and speculation by the press and others about some of your comments to the National Governors Association ("NGA") yesterday regarding mandates and the percentage of coverage, you may well be asked about your definition of universal coverage. Based on wire service accounts, you responded, in part, to a question from Governor Ben Nelson as follows:

"[A] couple of states... that are already at or above 90%, where they can imagine themselves reaching through various mechanisms 95, 96, 97% coverage."

* * *

"We are not going to get right at 100%, but we know that you've got to get somewhere in the ballpark of 95 or upwards so you can stop cost shifting...."

You subsequently stated to the press pool following your remarks to the NGA as follows:

"You cannot physically cover 100%. It's impossible. Nobody can do that. We don't cover 100% of the people in Social Security and it's universal. Social Security is universal. I want a universal program, but we can't physically get to 100%."

Talking Points

- It is critical that you send the right message today to reassure the supporters of universal coverage (on the Hill and elsewhere) that you have not changed your position on universal coverage.
- During the last month or so the press and others have been pressing for the Administration's definition of universal coverage. We have consistently said that universal coverage means a guarantee in the law of health benefits for every American that can never be taken away.

Memorandum to the President

- You said nothing yesterday that you haven't said all along.
- Universal coverage is our touchstone.
- Even with a law requiring that every American receive health benefits, it is virtually impossible that every American will obtain health benefits. There are always some who won't come forward or who will otherwise fail to get coverage.

For example, Social Security is a universal coverage program but not every older American takes advantage of it. We were at 97% for many years and only recently reached 98% coverage under Social Security.

Likewise, every child is required to attend school, but unfortunately, there is not 100% attendance.
- You should avoid talking about percentages in discussing universal coverage for health benefits.
- But you have said all along that you are flexible on how to get to universal coverage.
- And you should emphasize that universal coverage will be phased in -- it will not be implemented overnight.
- Triggers: If pressed on a trigger mechanism and what will happen if the required percentage coverage is met, thereby precluding "pulling the trigger", you should emphasize that it shows the voluntary system is working well and will continue to increase coverage above the stipulated percentage in the law.
- Mandates: You have always said that you find it difficult to see how to achieve universal coverage without some mixed mandate system -- shared responsibility between employers and employees -- but if somebody has a better idea that will work, you will certainly consider it.
- Must work: Any system proposed for universal coverage must be workable.
- In addition, based on the evidence to date, proposals that don't achieve universal coverage with a system of cost controls don't seem to work. Cite the Catholic Hospital Study.

STATEMENT OF CHIEF OF STAFF LEON PANETTA

7/19/94

The President's bottom line is what it's always been -- guaranteed health coverage for every American. And that's what he said to the Governors today.

Are we willing to discuss ways to guarantee universal coverage? Absolutely. Are we changing the goal? Absolutely not.

Summary of larger
document that went
to your staff yesterday.

DRAFT

7/15/94

UNIVERSAL VS. NON-UNIVERSAL REFORM

1) Improving On a Universal Coverage Bill

- We are on the verge of making history. Committees in both houses of Congress have approved bills that guarantee health coverage to every American family. Improvements to the original proposal are underway: cutbacks in bureaucracy, and regulation; greater protection for small businesses; greater choice for consumers and businesses. Individuals can keep what they have, and Congress is looking to provide added protection against rising costs for families.
- One final stumbling block. Some are suggesting that our goals can be met by piecemeal reform. But the evidence shows that non-universal reform will not work, and will leave every American at risk.

2) Non-universal reforms don't deliver what they promise.

Experts agree: the Dole plan is "not likely to do much to expand access to health insurance. And it might make things worse for many who are now insured."
[Boston Globe]

3) Non-universal reforms actually hurt the middle-class.

a. Less coverage. The Cooper plan would help 11 of the 15 million uninsured Americans in poverty, but only 2 of the 18 million middle-class Americans without insurance. And over one million Americans a month will lose their insurance. [CBO; Lewin-VHI for Families USA]

b. Increased costs. The Wall Street Journal said that "the result (of insurance reforms)...is the start of an upward spiral in rates" for people with insurance.

c. Work is not rewarded. Non-universal reforms tell workers that their health is less important than that of members of Congress, welfare families, and criminals.

4) State experience shows that non-universal reforms aren't enough.

- More than 45 states have passed incremental health reform. The result: tens of less working people with insurance, and massive increases in costs. But in

Hawaii, which has achieved near-universal care, more workers have coverage, and costs are under control.

5) Non-universal reforms leave hidden taxes on the middle class and businesses.

Costs for the remaining uninsured are shifted onto all families and businesses who do pay for insurance.

6) Non-universal reforms fail other key tests.

a. Portability. Without universal coverage, portability is like saying: you get to keep the company car after you lose your job -- as long as you buy it. As Senator John Chafee has pointed out, "I have great trouble seeing how you get portability without universal coverage."

b. Pre-existing conditions. The Wall Street Journal says that "[i]t will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with...pre-existing conditions."

c. Incentives to work. Health economist Henry Aaron of the Brookings Institute and former Reagan CEA chair Martin Feldstein agree: the subsidy scheme in the Cooper plan (which is much like Senate Finance's) would create "devastating disincentives to work," resulting in a "near poverty trap." [Aaron in NYT] Even worse, one analyst said that the Dole plan would "make working irrational."

7) Non-universal reforms are particularly bad for seniors, farmers, and state budgets.

1) Bad for Seniors. The Dole plan takes money from Medicare and uses it to pay for health coverage for poor people.

2) Doesn't Help Farmers. The Dole plan would leave every farmer at risk of losing their insurance, while helping less than 20% of the rural Americans who have no coverage today.

3) Devastates State Budgets. The Dole plan would cap Federal payments to the states for Medicaid, while leaving the Medicaid program intact. This would place an undue burden on states and state taxpayers to come up with additional revenue.

INTRODUCTION

Making History. We are on the verge of an historic step forward for the American people. Since Franklin Roosevelt, Presidents have been trying to pass health care reform. Three years ago the issue was not on the political radar screen. All that has changed. Amidst polls showing overwhelming popular support for reform, committees in both houses of Congress have approved bills that guarantee health coverage to every American family.

Improvements in the Proposal. The legislative process has transformed our original proposal. We have listened to the ideas and apprehensions of the American people. With Congressional help, many important improvements have been incorporated into the bills now under consideration. While different committees have taken varying approaches, these bills contain a number of features that will ultimately be included in a better and more effective reform plan. Among the improvements under consideration are: cutbacks in bureaucracy and regulation; the transformation of mandatory alliances into smaller voluntary purchasing cooperatives; greater protection for small businesses; and greater choice for consumers and businesses. A stronger fail-safe budget protection device is under consideration, to ensure that the program does indeed pay for itself.

Congressional Challenge Ahead. We have made dramatic progress in our effort to guarantee lifetime health security for every American. But there remains one major stumbling block to overcome. Opponents of true reform would have us believe that our goals can be met by incremental, piecemeal reform. Having bought the land, surveyed the site, and designed the structure, they would have us build the bridge only half way across the river. That approach won't work, and will leave millions at risk.

The coming weeks will be marked by House and Senate consideration of their respective reforms. As the nation watches, they will choose either true reform -- true security for every single American -- or an unfortunate, piecemeal reform that may actually leave working families worse off.

The Administration's position is clear: universal coverage is imperative if we are to deliver on our promise to guarantee true health security to every American.

Today, we want to talk to you about why non-universal reforms just don't work.

NON-UNIVERSAL REFORM: Hurts The Middle Class

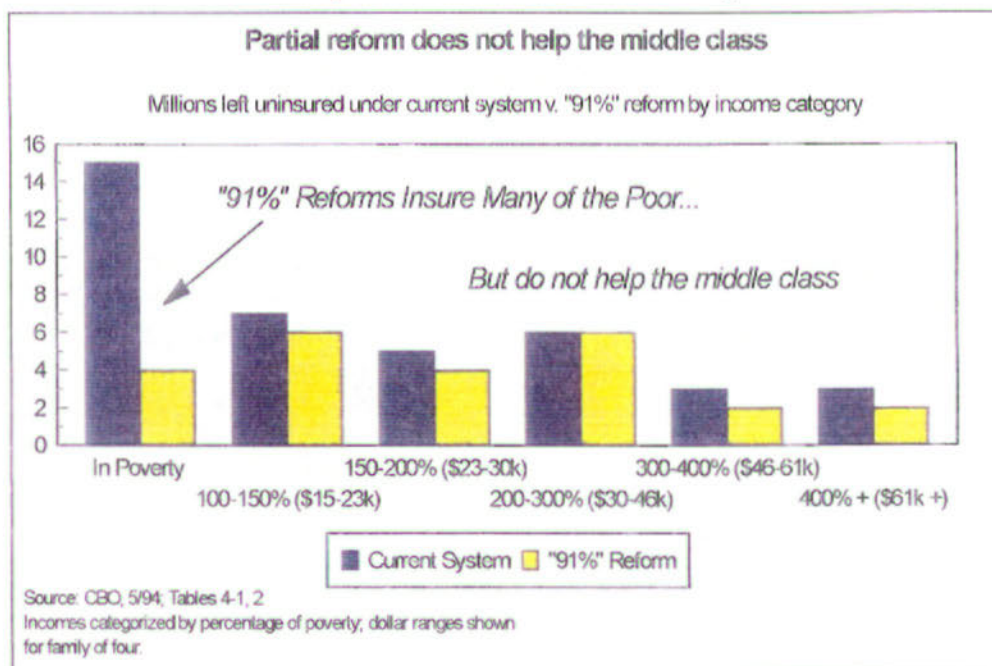
"I'll tell you why I'm fighting so hard for real health care reform...People like Jim Bryant, who told the Boston Globe he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his sons' soccer games to go to his Saturday job while people who depend on welfare have health benefits. In a moment of frustration, he even suggested to his wife that they might be better off if they broke up, so that she and their sons could get the benefits that working families like theirs can't afford." --
PRESIDENT BILL CLINTON

"I guess I'm a little bitter. It is harder for working people to make ends meet, pay for their own medical, get jobs." -- JIM BRYANT, SOMERVILLE, MASSACHUSETTS.

1) Non-universal reforms cover the poor, but not the middle class.

Half-measures and quick fixes would leave every American at risk of losing their insurance. And at least 24 million Americans, most of whom work for a living, would have no coverage at all. [CBO analysis, 5/94, p. 20]

The Congressional Budget Office also says that under a 91% proposal, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." [CBO analysis, 5/94, p. 17]



A 91% solution would help 11 of the 15 million uninsured Americans in poverty get health coverage, but would leave 16 of the 18 million middle-class Americans without insurance.

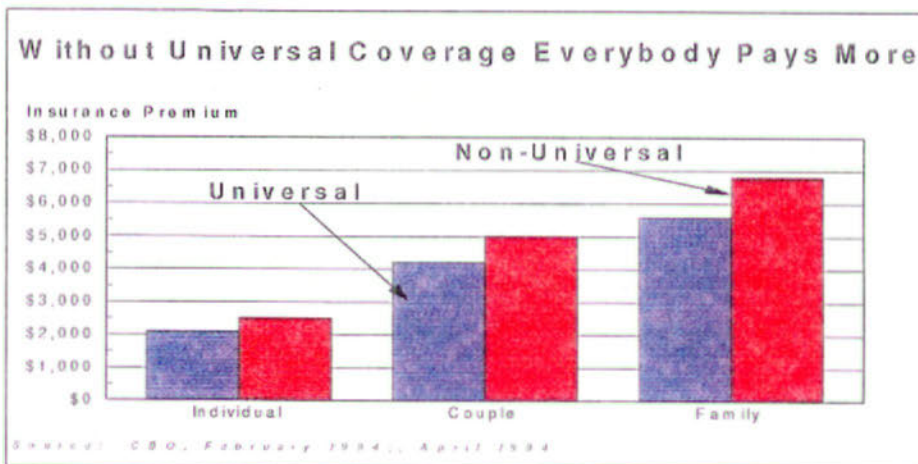
According to a new study by Families USA, over one million Americans a month will lose their insurance under a partial solution. [Families USA Special Report, 6/94, p.1] We need universal coverage because all families -- including the middle-class -- must be protected.

While the U.S. population as a whole grew by only 1.3 million between 1988 and 1993, the number of uninsured Americans grew by 6.4 million people. Of the newly uninsured, nearly 4.8 million of them -- more than 75% -- work. [1988 and 1993 March CPS, Bureau of the Census]

2) Non-universal reforms increase insurance premiums.

"With a portion of the population uninsured, per capita insurance costs for the insured population would be higher, compared to universal coverage." [CBO, April 1994, p. 9]

And The Wall Street Journal says: "The result...is the start of an upward spiral in rates" for those who still have insurance.



3) Non-universal reforms tell working Americans that their health is less important than the health of Members of Congress, federal employees, welfare families, and jailed felons.

Think of the message that non-universal reform would send to literally millions and millions of working Americans: If you are very poor, we'll guarantee your health care. If you get elected to Congress, we'll guarantee your health care. If you are employed by the federal government, we'll guarantee your health care. If you get thrown in jail, we'll guarantee your health care. If you are rich, you can guarantee your own health care. But, if you get up every day and work for a living, your health coverage is always at risk.



Mike Peters, Dayton Daily News, in the Washington Post, July 9, 1994

NON-UNIVERSAL REFORMS: State Experience Shows It's Not Enough

"At least 37 states have enacted insurance reforms essentially identical to the [non-universal] reforms proposed in Congress. I think any insurance commissioner would say these reforms are a necessary but not sufficient way to decrease the number of uninsured. To say they're going to improve access is a bit misguided." -- PATRICIA BUTLER, HEALTH CARE CONSULTANT, BOSTON GLOBE 7/3/94

Many federal health reform proposals, such as the Dole plan, reject the goal of universal coverage and focus instead on expanding "access" through a patchwork of incremental reforms including small group market reforms, insurance reforms, low-income subsidies, community rating, medical savings accounts, voluntary alliances, tax credits and malpractice reforms. All told, more than 45 states have passed many of the reforms proposed in the Cooper and Dole bills.

However, state-level experience with non-universal reforms, implemented in recent years, has demonstrated no appreciable effect on total coverage levels or costs. Since the late 1980s, state-level health care reform activity has significantly increased, with more than 32 states passing incremental health reform measures between 1989 and 1992, and more than a dozen more acting in 1993 and 1994. [Intergovernmental Health Policy Project, George Washington University]

- The recent experience of one state, where community rating was implemented without universal coverage, bears out the unfortunate forecasts. A Wall Street Journal analysis noted that almost one year after this state had *"adopted stiff insurance reforms, fewer people have health coverage than under the old system."* [Wall Street Journal, 5/27/94] The reason: young people dropped coverage as rates went up, causing rates to rise further: between 20-35% for some insurers.
- In Hawaii, however, where reforms include universal employer/employee contributions, coverage approaches universal and, *"health insurance premiums are about 30 percent cheaper, while almost everything else in Hawaii is more expensive than on the mainland."* [New York Times, 5/6/94;]

Nor has the promise of better rates or cheaper benefits brought non-insuring small businesses into the system.

- Beginning in 1986, 11 states and non-profit groups began a demonstration program specifically aimed at increasing coverage by making health insurance more affordable and available to uninsured small businesses and individuals. Of the 11 demonstration projects, all used voluntary measures: 10 developed new, less expensive insurance products or subsidized existing insurance products, and one developed a health insurance information and referral service.

NON-UNIVERSAL REFORMS: What They Claim, What They Deliver

There are several non-universal reform alternatives floating around Washington. They claim to be less filling than universal coverage but taste just as great. These alternatives fall short of what they promise.

DOLE PLAN

CLAIMS: The Dole plan claims that insurance market reforms alone will enable more people to get coverage and that -- according to GOP strategist Bill Kristol -- it will "bring more people into the system and provide more security and flexibility for those already in it."

DELIVERS: The Boston Globe said that "a number of health policy analysts from all parts of the ideological spectrum" have reached a "remarkably congruent verdict: It's not likely to do much to expand access to health insurance. And it might make things worse for many who are now insured." [Boston Globe, 7/3/94]

A conservative health economist, Mark Pauley at the University of Pennsylvania, predicts that such measures would "probably do almost nothing, or maybe even make things worse" for the millions of people who aren't poor enough to get subsidies. [Boston Globe, 7/3/94]

These demonstrations reached relatively few of the small businesses and individuals previously uninsured, leading the study to conclude that *"there is little evidence that voluntary efforts alone will close the gap on the uninsured problem."* [testimony of W. David Helms, Ph.D., before the U.S. Senate Committee on Finance]

States Have Already Tried Non-Universal Reforms

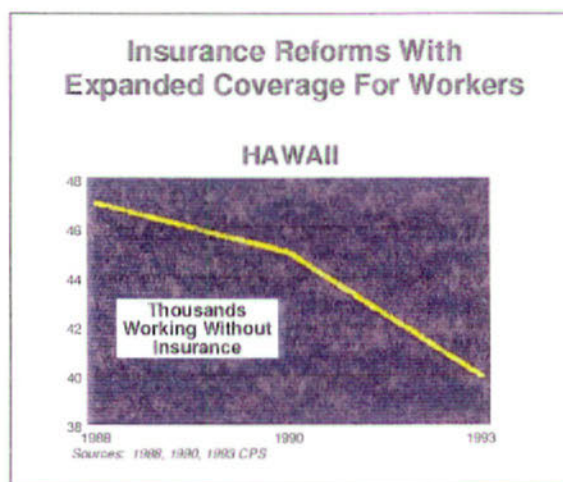
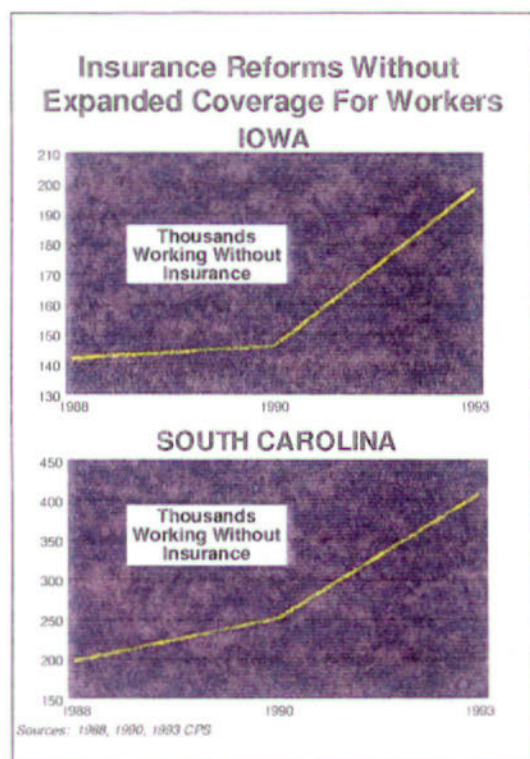
Reform Measure	Number of States
Guarantee Issue	35
Guarantee Renewal	42
Portability	37
Community Rating	19
Rating Bands	34
Voluntary Alliances	20
Tax Incentives	13
Medical Savings Accounts	7
Low-Income Subsidies/Medicaid Expansions	46

Source: Intergovernmental Health Policy Project, George Washington University, June 1994

The results of these reforms are illuminating: tens of thousands more working people left uninsured, and massive increases in insurance costs. Even in the states that successfully increased the total number of individuals covered from 1988 to 1993, half had a decrease in coverage among working people [March CPS, 1988 and 1993, Bureau of the Census].

A brief examination of representative states gives a taste of the differing outcomes that follow universal and non-universal reforms. Iowa's reforms resemble those suggested by the Dole plan. South Carolina's resemble the Cooper/Finance Committee plans. Hawaii is the state that has come closest to providing universal care.

1) Non-universal reforms leave more working people uncovered.



2) Non-universal reforms have hurt state budgets -- and raised working people's taxes.

Iowa and South Carolina -- states that most closely resemble the Dole and Cooper/Senate Finance plans -- enacted insurance market reforms with subsidies for poor people. Since reform, state spending on health care has continued to increase, forcing state officials to reduce funding for education and crime prevention. In these states, income taxes on working people continue to rise, even as more working people go without insurance. The message is clear: non-universal reform means that working people pay more for insurance and in taxes for the poor -- even as they lose health coverage themselves. [Sources: 1988, 1993 CPS. *State Government Finances* 1988, 1992. U. S. Bureau of Census, *State Government Tax Collection*, 1988, 1992]

NON-UNIVERSAL REFORM IS A HIDDEN TAX ON THE MIDDLE CLASS AND ON BUSINESS

"[S]o long as millions of Americans remain underinsured and uninsured, cost shifting will continue, leaving a mechanism for unwarranted price inflation in health care." -- MINNEAPOLIS STAR TRIBUNE, 6/16/94.

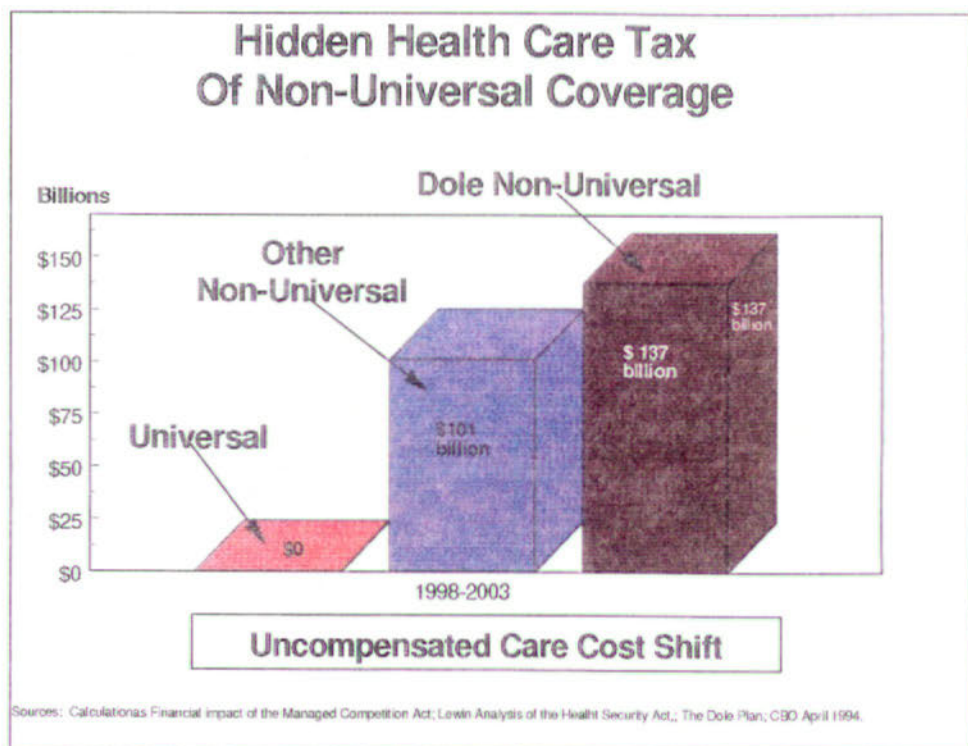
1) Non-universal reform leaves a hidden tax on working families.

People without health care coverage still get health care. But many of them don't pay for it. Their costs are shifted onto everyone who does pay an insurance premium. And their costs are higher because the uninsured often seek treatment after a problem has become a crisis, in a hospital emergency room.

A recent Department of Health and Human Services Study found that of the 90 million emergency room visits in 1992, fifty million were for ailments that could have been treated in a doctor's office -- at one-third the cost. [Source: National Hospital Ambulatory Care Survey; 1992 Emergency Department Summary; HHS, National Center for Health Statistics]

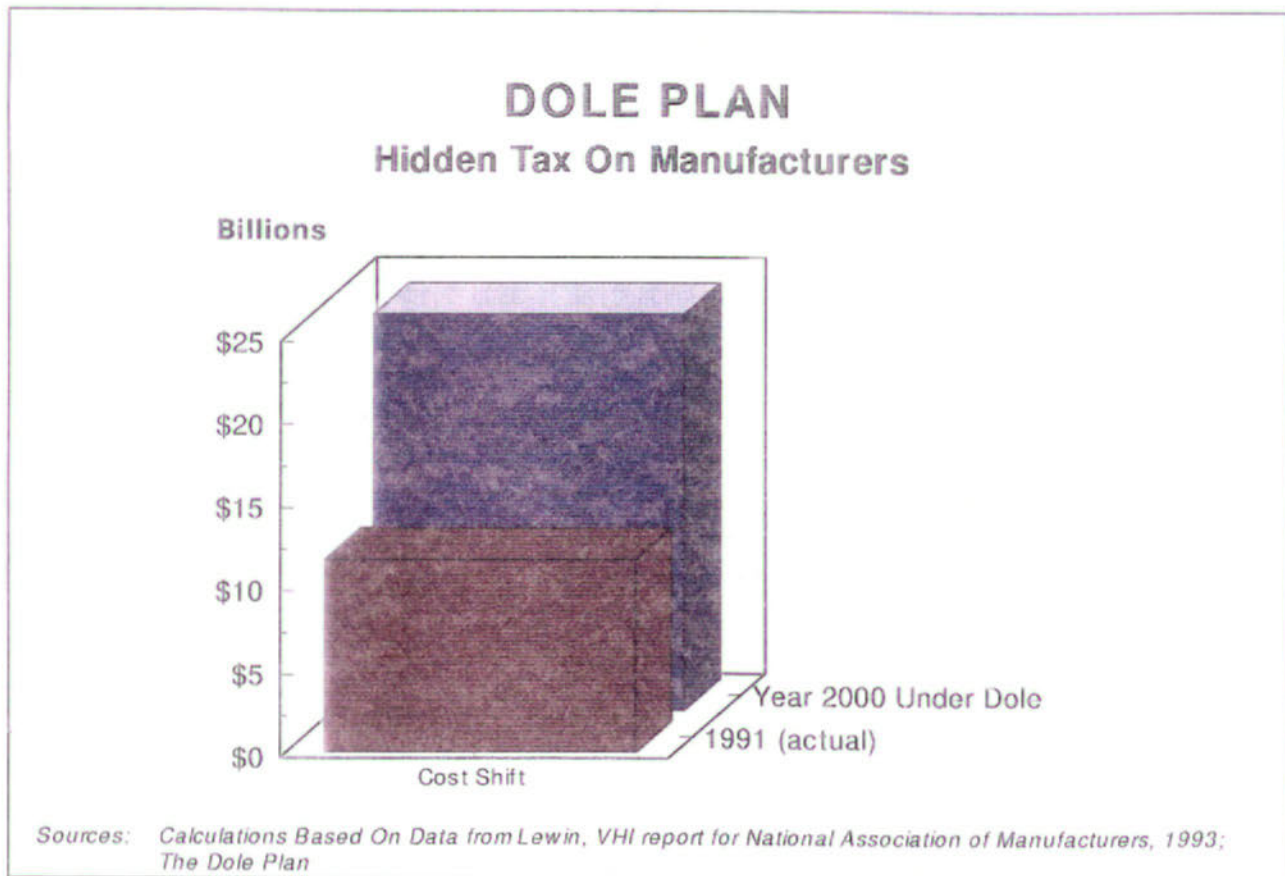
The methodology used by the Congressional Budget Office to analyze a similar plan indicates that the Dole plan would cover only 1 in 5 uninsured.

With 80% still uninsured, uncompensated care will remain at \$18 billion in 1998 alone. So the Dole plan leaves \$18 billion to be paid by working people who do have insurance.



2) Incremental reform is a hidden tax on businesses that provide coverage.

Another way to think of this Dole cost-shift is as a tax on businesses who provide coverage. Since most Americans get their insurance through work, businesses are forced to cut dividends, divert money from needed R&D, and cut back on hiring.



The middle class gets squeezed coming and going -- either paying higher premiums themselves, or seeing jobs lost as employers cut back to cover costs shifted onto them by businesses that don't insure their employees.

INCREMENTAL REFORM FAILS OTHER KEY TESTS

1) Half-measures perpetuate "job-lock" by failing to ensure portability.

"I have great trouble seeing how you get portability without universal coverage." --U.S. SENATOR JOHN CHAFEE

- If you move to a new job and your new employer doesn't contribute, all incremental reforms give you is the right to assume the full burden by yourself -- whether or not your family can afford it. Incremental reform means millions could still lose coverage when they change jobs, be dropped if they can't afford their premium, or forced to wait six months for new coverage. That's not portability.
- Until we have *true* portability, we will never eliminate "job lock". Surveys suggest that as many as one in three working Americans are trapped in their current jobs because they fear losing the health insurance their families depend on. The CBO concluded that incremental reforms can "*reduce*" -- but not solve -- this problem. [*"Health Benefits Found to Deter Switches in Jobs."* The New York Times, 9/26/91; CBO, 4/94, p. 28]

2) Non-universal reform cannot eliminate pre-existing condition exclusions.

"It will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with known medical problems, so called pre-existing conditions."
-- THE WALL STREET JOURNAL 6/15/94

- Without universal coverage, pre-existing exclusions would mean many healthy people would choose to "ride free" and go without insurance, knowing they could buy it when they get sick. This would drive up costs for all the people in the system. (Wall Street Journal, 6/15/94)

3) Incremental reforms perpetuate welfare lock and discourage work.

"At least one million adults and children are on welfare because it's the only way their families can get health care coverage" -- MOFFIT AND WOLFE, 1/90. "[an incremental approach] would produce devastating disincentives to work . . . the creation of a near poverty trap . . . would result." -- AARON IN NEW YORK TIMES, 2/13/94

- Even if the Dole proposal were fully funded -- which it is not -- it would only subsidize a portion of the premium for those families and individuals well below the poverty line. Welfare mothers going back to work would not only pay their own premiums, their taxes would pay for health care for those still on welfare. One expert says that the Dole plan would "make working irrational." On the other hand, an analysis of the effects of a universal proposal estimates that at least 840,000 people -- 15% of welfare rolls -- will seek jobs if the President's reform passes. [*Wolfe, University of Wisconsin, L.A. Times*, 11/18/93; *Boston Globe*, 7/3/94]

F

THE WHITE HOUSE

WASHINGTON

July 14, 1994

MEMORANDUM FOR GREG LAWLER
LORRIE MCHUGH
LAURA QUINN
DWIGHT HOLTEN

FROM: HAROLD ICKES 
SUBJECT: Health care Qs & As - July 12, 1994

Something like the attached should be sent to the Cabinet on a weekly basis. You might want to expand it to include more questions and answers of fairly difficult issues that you deal with on a regular basis. I think it will be very helpful for the Cabinet.

Health Care Qs and As - July 12, 1994

What is the Administration's view of where things are?

We are on a historic course. We have come further in the fight for health care reform in the last month than we have in the past sixty years.

Three committees have passed bills that guarantee universal coverage. Chairman Moynihan worked very hard to get a bill to the floor to debate. Real progress is being made in spite of the naysayers.

Will you really be able to get a bill out of the Senate which achieves universal coverage -- Senate Finance seems to have dealt the Administration a pretty big blow?

Senator Mitchell is now working to meld the Labor Committee and Finance Committee bills to bring to the floor. As you know, the Labor Committee bill does achieve universal coverage through shared responsibility.

An overwhelming majority of the American people (78% - Washington Post/ABC News poll) support universal coverage. We are confident that the Senate will want to listen to the concerns of the public.

While three committees reported out bills with universal coverage and employer mandates, the Finance Committee rejected mandates both mandates and guaranteed universal coverage. Are mandates dead?

Shared employer-employee responsibility has been approved by three full Committees. There is overwhelming support for shared responsibility - just last week, a Washington Post/ABC poll indicated that 72% of the public preferred this approach. It builds on the current system where nine out of ten Americans get private insurance through the workplace. It's the simplest, least disruptive means of achieving universal coverage.

Would the President sign the bill as approved by the Finance Committee?

There is still a long way to go in this process. We have bills to go through both the House and the Senate. And, then, they will go to conference. As the President has consistently stated, he is firmly committed to achieving universal coverage.

We don't think the Finance Committee bill achieves universal coverage.

Now that the bills are out of Committee, will the real horse trading begin?

As you know, the Administration has been fully engaged in the health care debate. We have been talking both directly to the American people and to members of Congress. Nonetheless, during the Committee debate, we have stayed away from micromanaging. And I think that has served us well.

Between now and when bills go to the floors, we will talk to the leadership, Committee chairmen and members as THEY work to fashion a bill.

As attention turns to actual bills on the House and Senate floors, we will certainly continue to become more involved in the debate. We have to respect that it is still a legislative process, but we are going to fight to ensure that real health care reform with universal coverage is achieved.

Will the bills that go to the floors have the White House seal of approval?

The White House will be working with the House and Senate leadership and members of Congress as THEY fashion bills to go to the floors. The Administration will be fighting on the floor for the principles we believe in, but it is premature to state whether we will endorse the bills that go to the floors when we haven't even seen them.

Will there be a grand compromise before the bills go to the floors?

We believe that the leadership in both Houses are working on drafting legislation that provides for guaranteed private insurance for every American that can't be taken away. We anticipate, however, that there will be separate House and Senate bills.

What is the administration doing to get the word out?

The President and First Lady will be doing both public events and private meetings with members of Congress. The Cabinet and other Administration officials will be travelling across the country as well as doing editorial boards, satellite tv and radio interviews. The message the Administration will be delivering is that without universal coverage middle class Americans will be left out in the cold and costs will not be controlled.

Is it time to consider a summit to hash out health care reform?

As the Vice President said a few weeks ago, we've been involved in an ongoing summit.

We need to respect the legislative process. The House Rules Committee will fashion a bill. The Senate Leadership will do the same. Then, there will be full debate in both chambers. And I am sure that it is a debate that will be eagerly watched by the American people.

How do you define universal coverage? Is it 95%, 96%, 97%?

We define universal coverage as a guarantee in law that every American have health care coverage that can never be taken away. I am not going to engage in a percentage debate. I will say that if we fail to achieve universal coverage, we will leave millions of middle class working Americans out in the cold, cost shifting would continue, and we will pay more to cover less.

Would you consider a base closure type trigger?

As the Administration has said before, we are not necessarily convinced that a soft trigger would achieve universal coverage. But we would first have to see the whole package.

Senator Dole has stated that he supports universal coverage as a goal. Why are you attacking his proposal?

Senator Dole's plan is merely politics as usual. It does nothing to change the status quo, preserves the special interests and harms the middle class. His piecemeal plan leaves millions of Americans out in the cold either without insurance or without real health security. It forces small businesses to pay more and permits health care costs to spiral out of control.

What do you think about Perot offering the Republicans a million dollars for a nationally televised health care program?

It's their business. I would, however, think that the people who support Mr. Perot would be interested in hearing how Senator Dole's plan leaves many middle class Americans out in the cold.

What do you think about United We Stand endorsing Rowland-Bilirakis?

Middle class working Americans want health care coverage that can never be taken away. Piecemeal, incremental plans cannot provide this security. They leave working families out in the cold.

Will the Administration allow abortion coverage to jeopardize health care reform?

Pregnancy-related services, including abortion coverage, are uincluded in the President's plan. There is a conscience clause that permits doctors and health care institutions to exclude abortion coverage for moral or religious reasons.

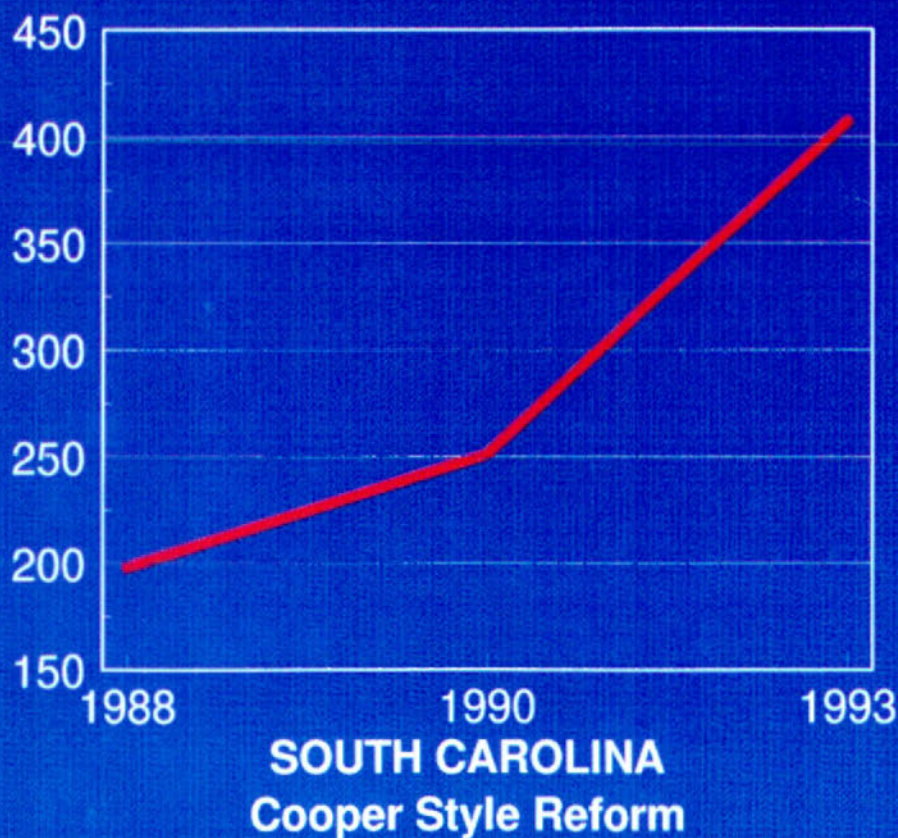
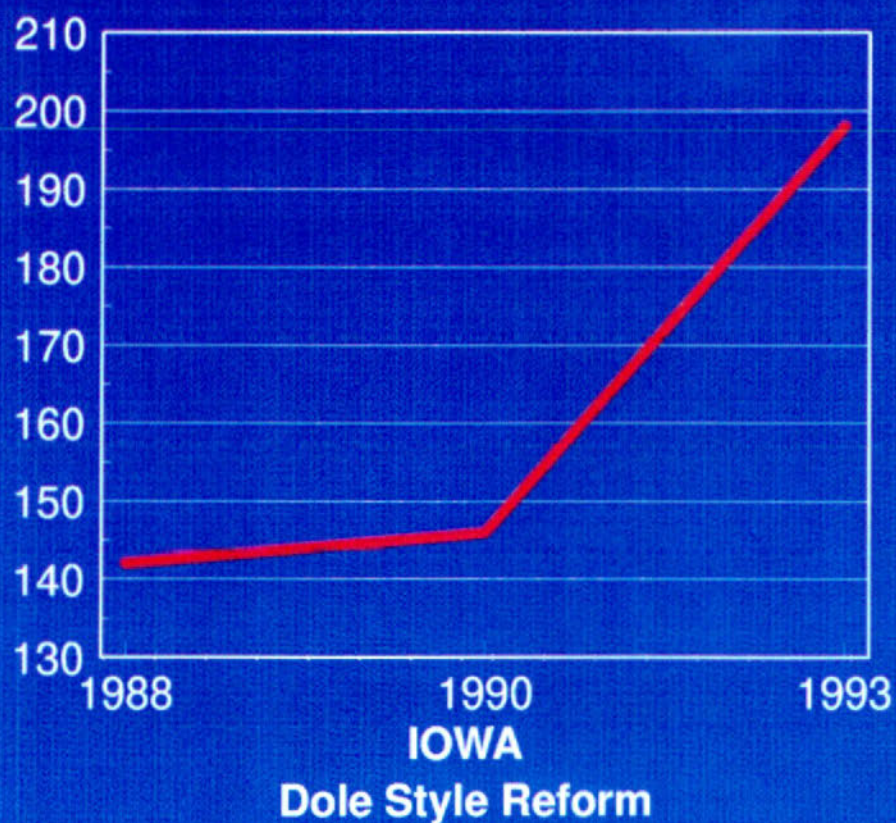
States Have Already Tried Non-Universal Reforms

Reform Measure	Number of States
Guarantee Issue	35
Guarantee Renewal	42
Portability	37
Community Rating	19
Rating Bands	34
Voluntary Alliances	20
Tax Incentives	13
Medical Savings Accounts	7
Low-Income Subsidies/ Medicaid Expansions	46

Source: Intergovernmental Health Policy Project, George Washington University, June 1994

Insurance Reforms Without Expanded Coverage For Workers

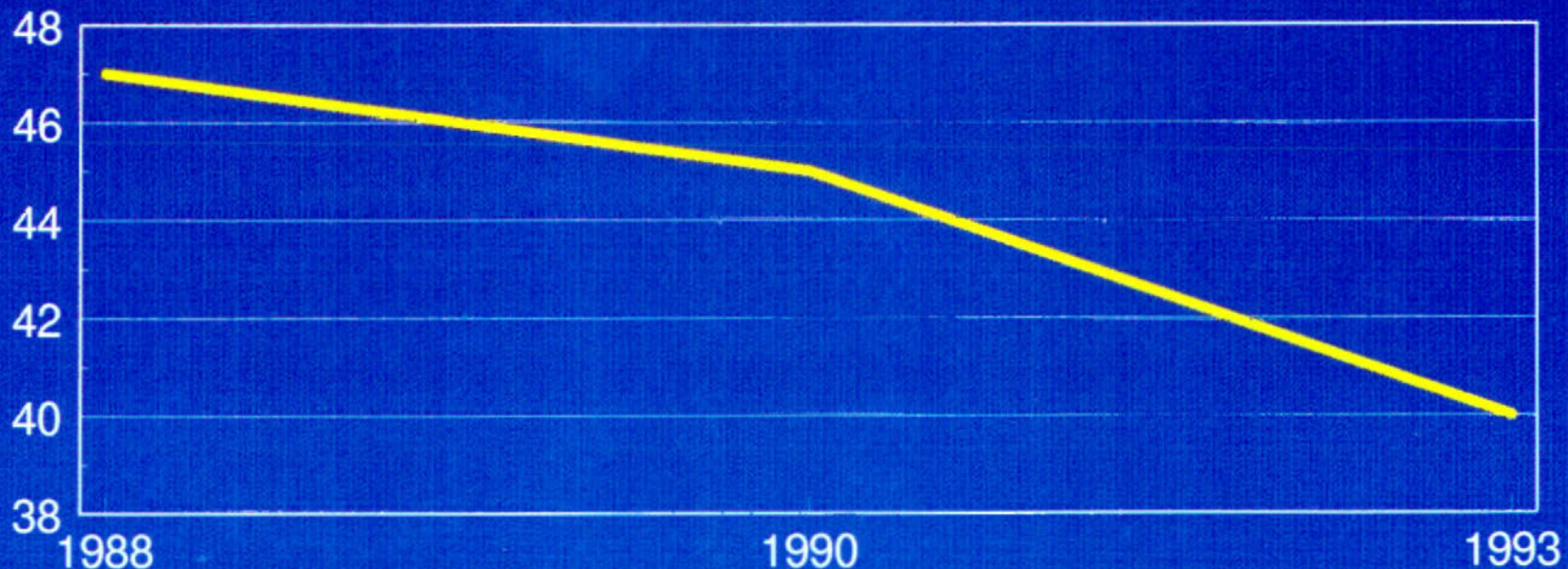
Thousands Working Without Insurance



Sources: 1988, 1990, 1993 CPS

Insurance Reforms With Expanded Coverage For Workers

Thousands Working Without Insurance



HAWAII

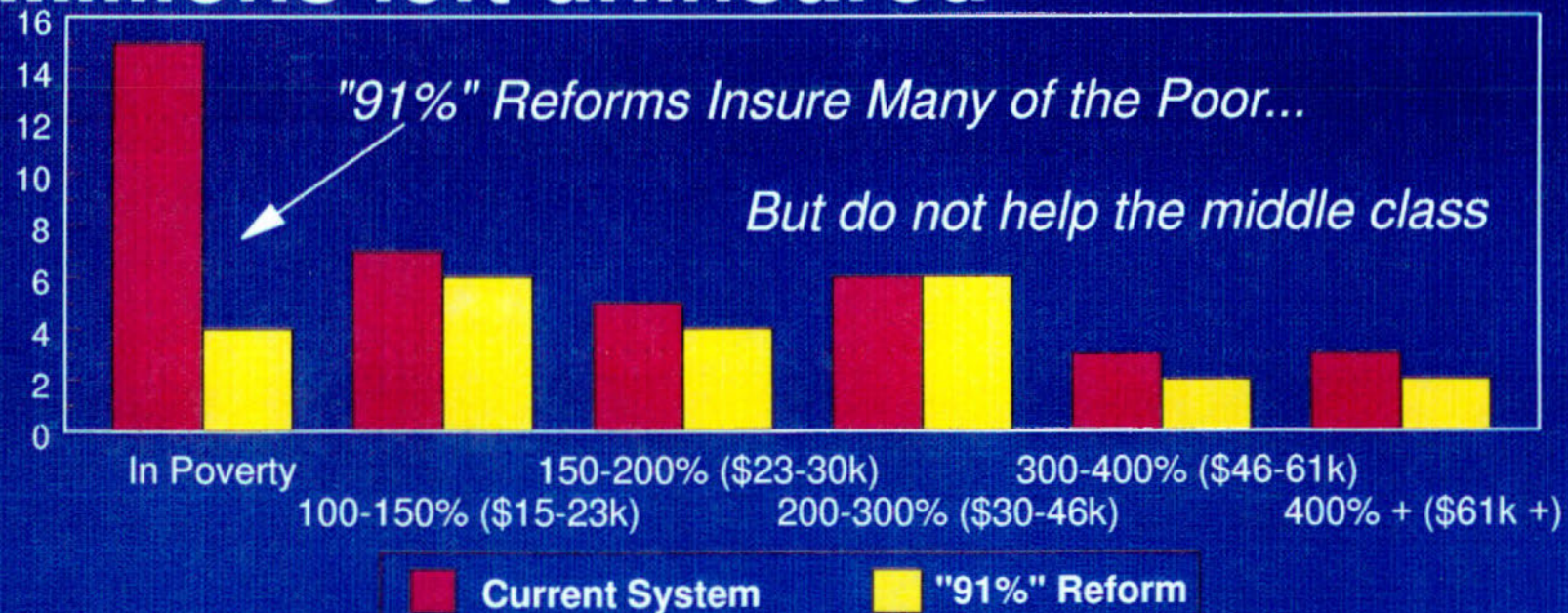
Near Universal Coverage

Introduction

- ▶ **Making History**
- ▶ **Improvements in the Proposal:**
 - ▶ No More Mandatory Alliances
 - ▶ Choice: You Can Keep What You Have
 - ▶ Extra Protection for Small business
- ▶ **Congressional Challenge Ahead:**
 - ▶ Universal Coverage?

Partial Reform Does Not Help The Middle Class

Millions left uninsured

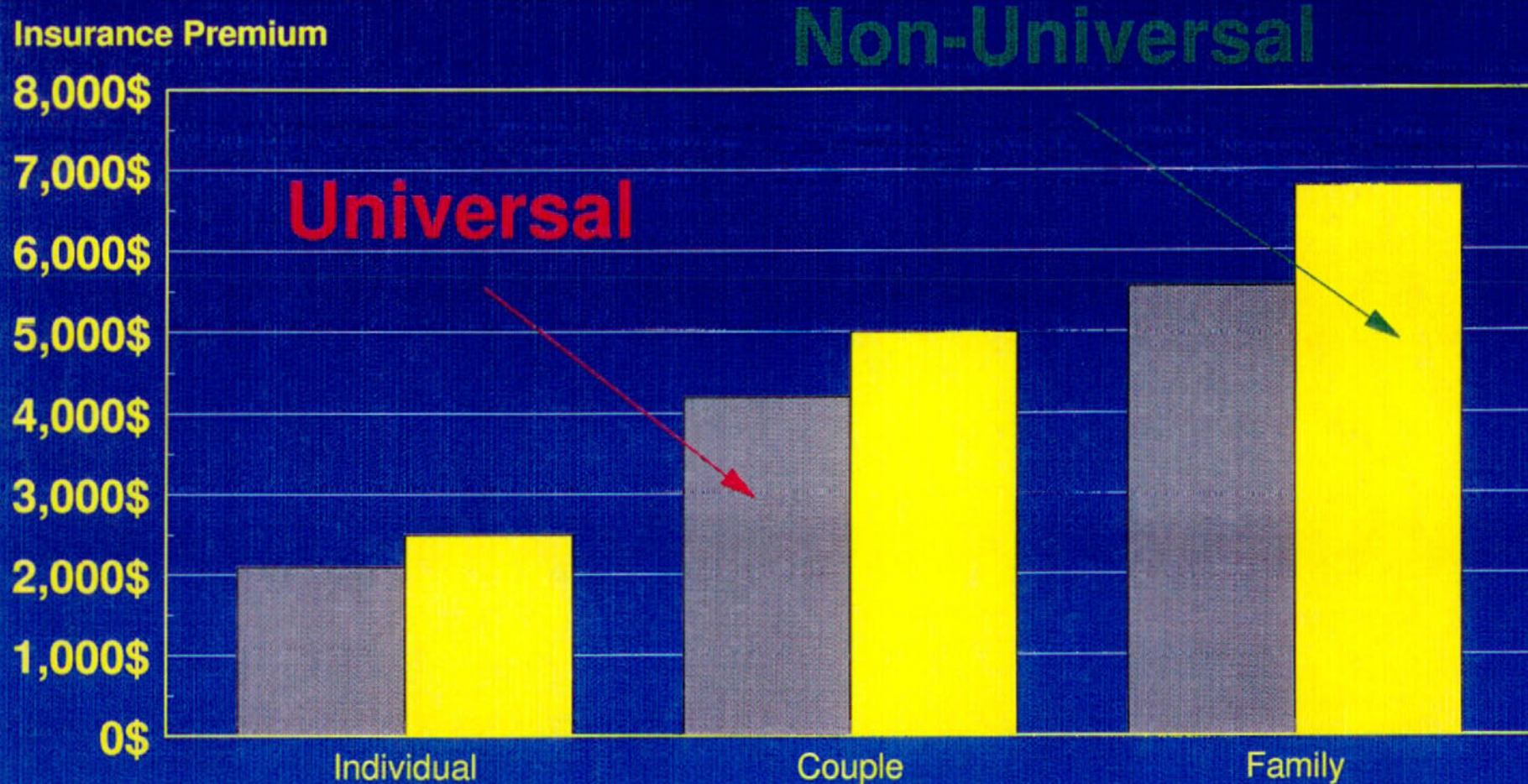


Source: CBO, 5/94; Tables 4-1, 2

Incomes categorized by percentage of poverty; dollar ranges shown for family of four.

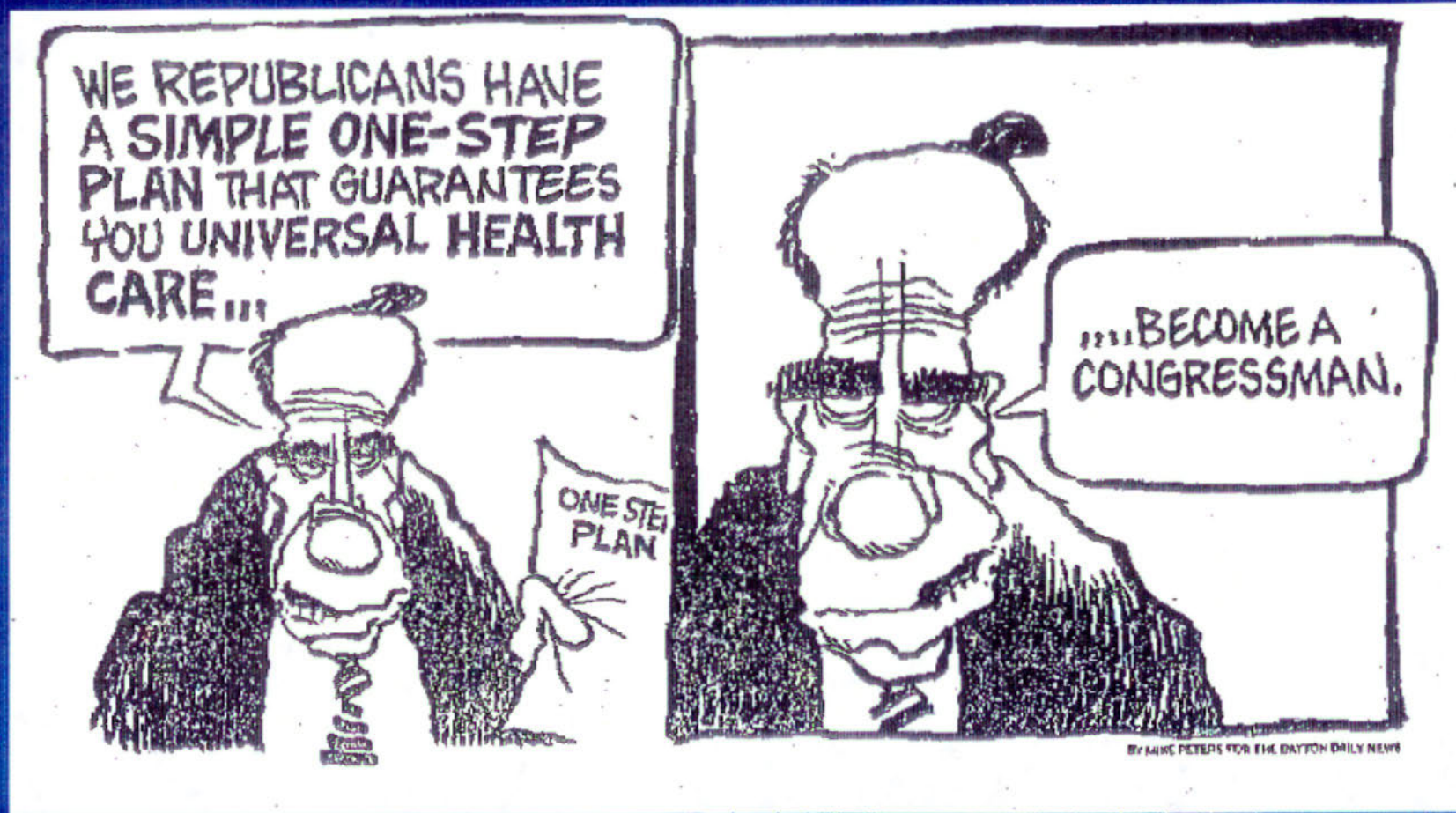
Without Universal Coverage Everybody Pays More

Insurance Premium



► **The Insured pay more to offset the costs of the Uninsured**

Source: CBO, February 1994; April 1994



► **Non-Universal Reforms Leave Four Ways to Get Guaranteed Health Care:**

- Become a Member of Congress
- Go to Work for the Government
- Go on Welfare
- Go to Jail

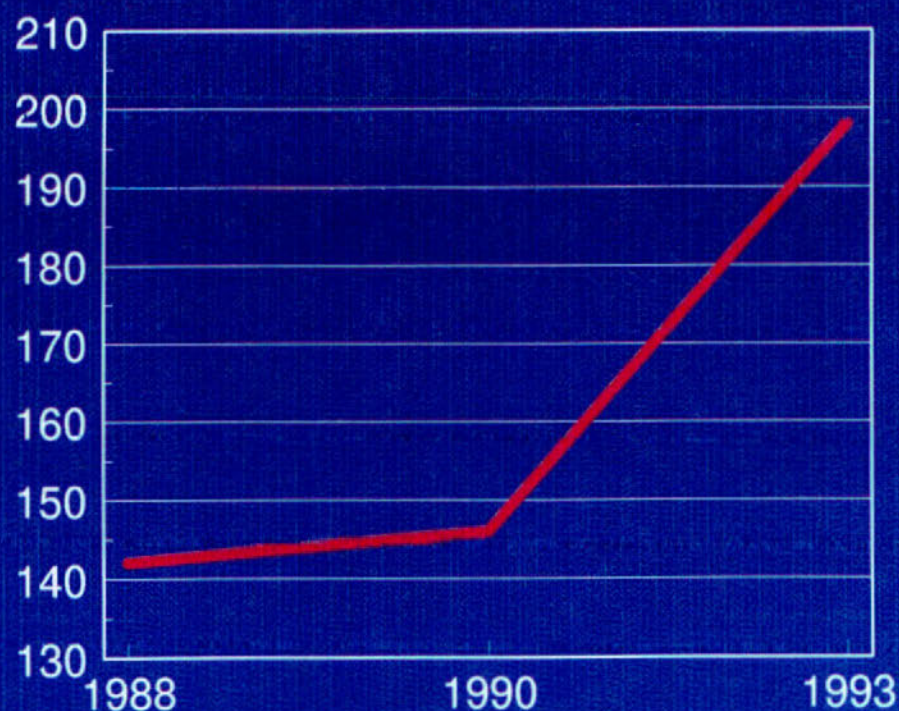
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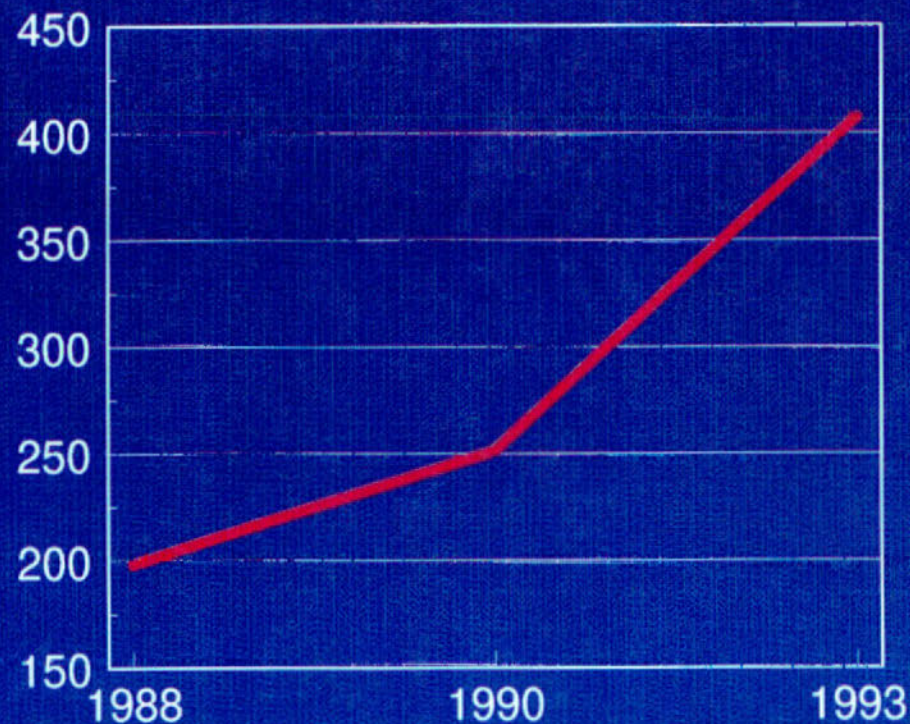
Source: Intergovernmental Health Policy Project, George Washington University, June 1994

Insurance Reforms Without Expanded Coverage For Workers

Thousands Working Without Insurance



IOWA
Dole Style Reform

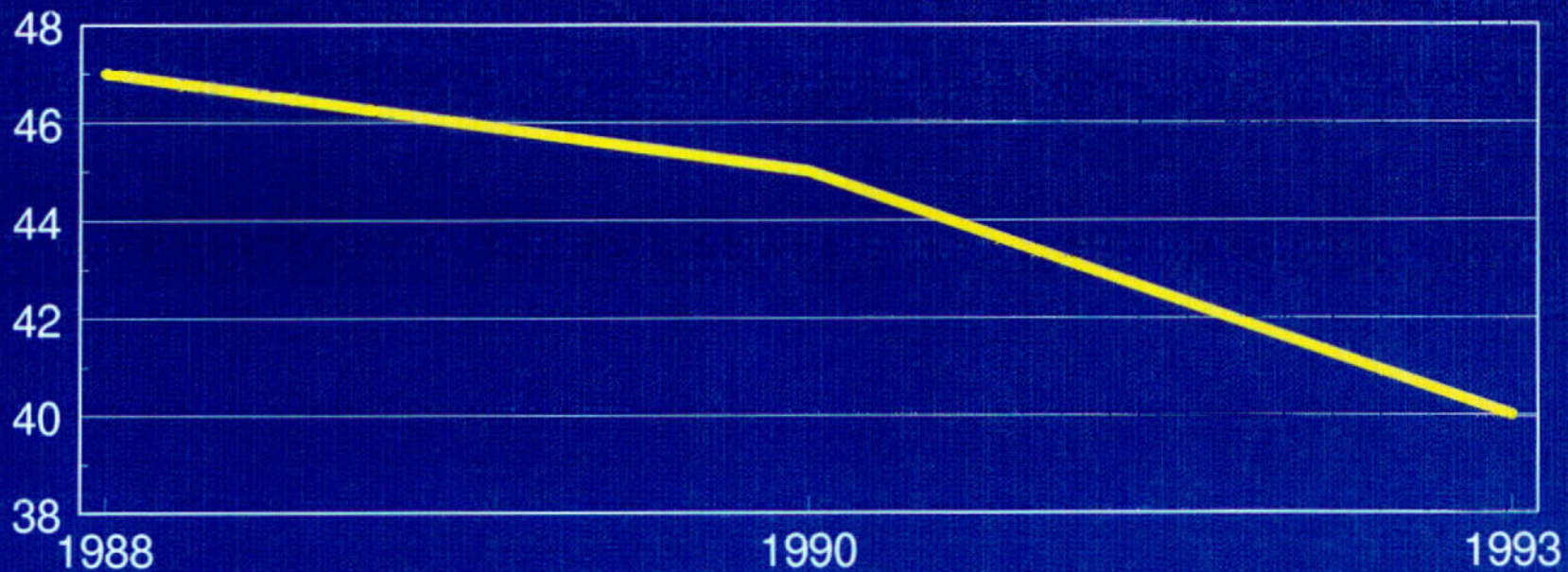


SOUTH CAROLINA
Cooper Style Reform

Sources: 1988, 1990, 1993 CPS

Insurance Reforms With Expanded Coverage For Workers

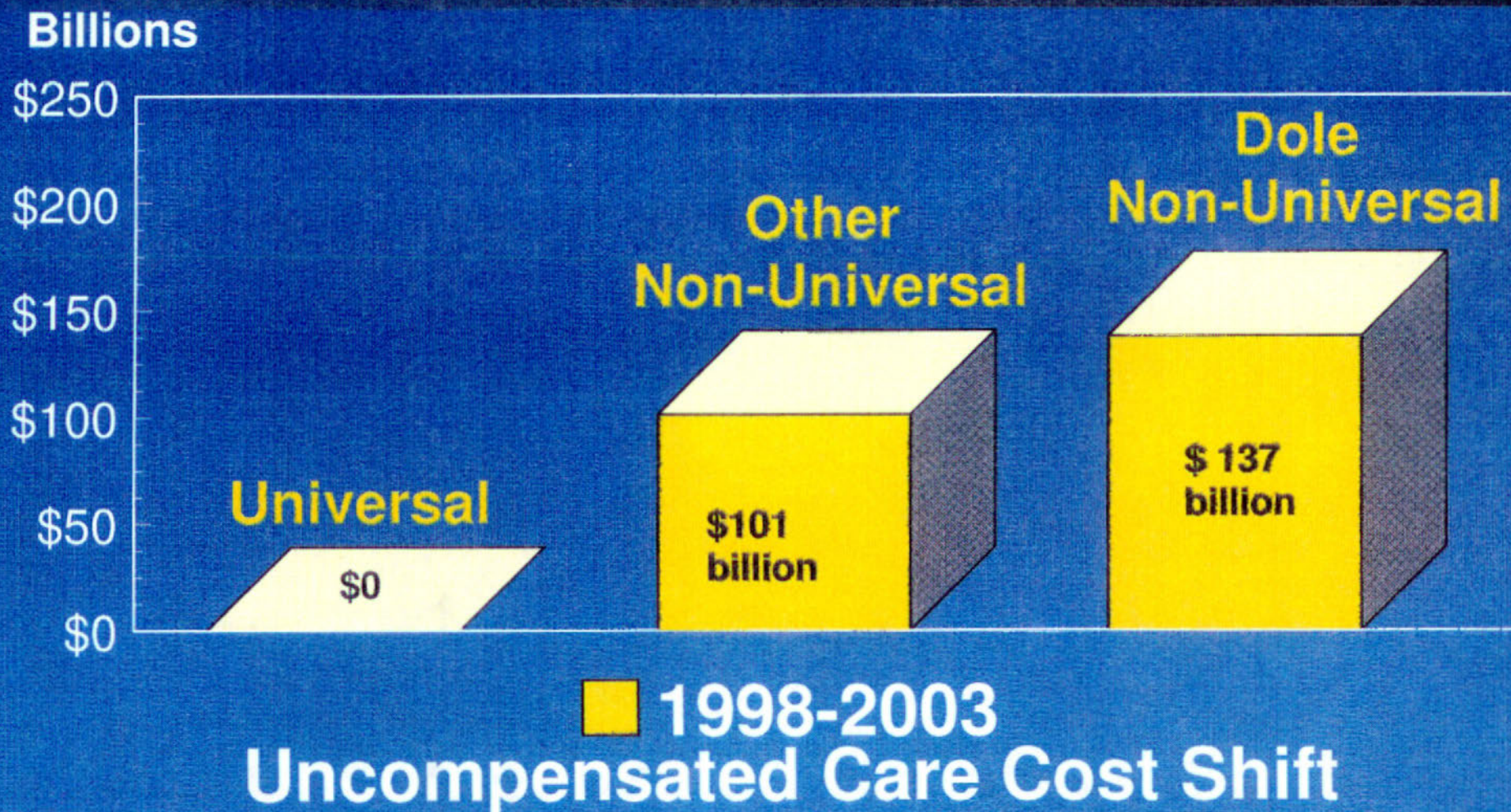
Thousands Working Without Insurance



HAWAII

Near Universal Coverage

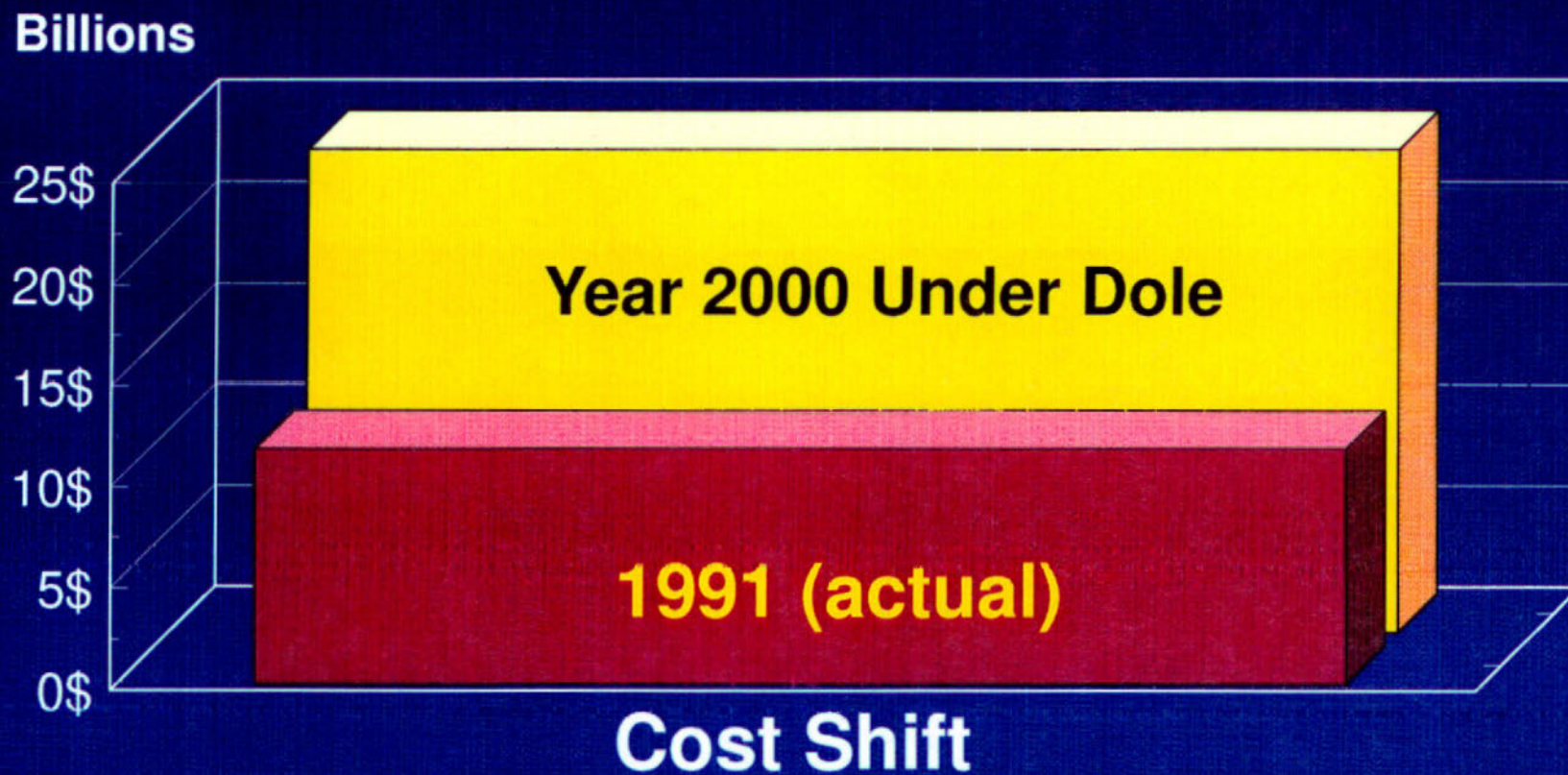
Hidden Health Care Tax Of Non-Universal Coverage



Sources: Calculations based on "Financial impact of the Managed Competition Act"; "Lewin Analysis of the Health Security Act"; The Dole Plan; CBO April 1994.

DOLE PLAN

Hidden Tax On Manufacturers



Sources: Calculations Based On Data from Lewin, VHI report for National Association of Manufacturers, 1993;
The Dole Plan

Non-Universal Reforms Fail Other Key Tests

► Portability:

"I have great trouble seeing how you get portability without universal coverage."
- *Sen. John Chafee (R-RI)*

► Eliminating Pre-existing Condition Exclusions:

"[I]t will be nearly impossible without universal coverage."
- *The Wall Street Journal*

► Incentives to Work:

The Cooper plan would create "devastating disincentives to work," resulting in a "near poverty trap."
- *Henry Aaron, Brookings Institution*

The Dole plan would "make working irrational."
- *David Super, Center on Budget and Policy Priorities*

Abortion talking points - Sunday, July 17, 1994

* As the President said during an editorial board meeting on Friday, most plans cover abortion now. There are some interesting ideas floating around in the Congress and they are trying to work something out that satisfies all concerned.

* The Administration stands by its plan and as Leon Panetta said today women should have the ability to choose. Under the President's plan, abortion, like other procedures, is covered when a doctor deems it medically necessary or appropriate. There is a conscience clause that would permit doctors and health care institutions to choose not to perform abortions for religious or moral reasons. As is true under most plans today, plans would cover abortion services, but women would have the ability to choose whether to use these services and doctors and hospitals would have the ability to choose not to perform these services.

Was Mr. Panetta signalling that the Administration is backing away from its position?

Again, as the President said, most plans cover it today, but this is an issue that will be debated in the House and the Senate. The Administration stands by its plan. We will work with members of Congress as they debate this contentious issue.

Will the President sign a bill that does not include abortion coverage?

The President has put pregnancy-related services in his plan and the Administration will fight for it. It's an issue that will be played out on the House and Senate floors.

ABORTION

As you know your remarks in response to a question about abortion at the League of Women Voters were misrepresented in media reports. It's possible that you will get a question based on those erroneous reports. The most difficult abortion question is when it is posed as restricting choice: we deny people who wish to join plans not covering abortion the option to do so. A suggested answer is below.

Question: Many people think abortion is morally wrong. Why should their tax dollars go to pay for covering abortion on demand?

Answer: One of the major goals of our reform is to guarantee people health benefits as good or better than they have today. Most private health care plans cover the full range of reproductive services today, and our plan will cover abortion when a doctor determines it is medically necessary or appropriate.

A conscience clause ensures that doctors and health institutions - such as religious hospitals - will not be required to provide any services against their moral or religious beliefs.

The President has always said he feels abortion should be safe, legal, and *rare*. That is why we are doing everything we can -- through health care reform, through welfare reform, and through other school-based prevention initiatives -- to dramatically reduce the number of unintended pregnancies.

Q: But shouldn't people be given the option to join plans that don't provide a service they have such personal and moral objection to?

Answer: We think comprehensive benefits should be spelled out in law, and for security, portability, and simplicity reasons, that every insurance plan should cover the same things. There will no doubt be plans that are organized by religious hospitals and are staffed by providers who would not themselves be required to perform services they thought were wrong. If a plan didn't provide a service directly, and someone in that plan had a medical need for that service, the plan would have to arrange for that service outside their plan.

Q: You indicated earlier this week that you would be willing to give up abortion coverage in order to get health care reform? Is that the case?

Actually what I said was quite the opposite -- I said that now is no time to compromise. I said we should be focusing all our efforts on fighting for universal coverage. Most women with private insurance have coverage for abortion services today, it is part of our comprehensive benefits package, and we will fight for comprehensive benefits.

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Administration Official Suggests Compromise On Abortion

Eds: INSERTS 4 grafts, Democratic senators meet Clinton at White House, after 12th pvs, 'a Time-CNN...'

By JIM ABRAMS= Associated Press Writer=

WASHINGTON (AP) The administration indicated support Sunday for a compromise that would give care providers an option on whether to provide abortion services under a national health care reform plan.

Incoming White House Chief of Staff Leon Panetta said the administration hopes to work with the House and the Senate to arrive at a compromise stressing the rights of people to a choice on the abortion issue.

The government, Panetta said on NBC's "Meet the Press," shouldn't "necessarily impose one approach or the other."

The offering of abortion benefits has become a major sticking point in congressional debate over the final shape of health care reform bills.

Anti-abortion lawmakers have voiced strong opposition to using taxpayer money for abortion benefits, but some 70 members of the House said last week they will reject any plan that does not treat abortion the same as any other medically necessary procedure.

All four health bills that emerged from House and Senate committees contain abortion coverage, although one, approved by the Senate Finance Committee would let any employer or health plan refuse for religious or moral reasons to buy or provide abortion coverage.

It was that approach that Panetta appeared to be endorsing when he said that people should have a choice on abortion issues and "if we provide any kind of major health care reform in this country, people ought to continue to have that choice."

President Clinton in an interview with The Philadelphia Inquirer last week, said three-fourths of private insurers now cover abortion and it wouldn't be right to remove that benefit in a national plan. He said he hoped a compromise could be worked out and noted "there are some interesting ideas floating around in the Congress."

Senate Minority Leader Bob Dole, R-Kan., speaking on CBS' "Face the Nation," said he would not favor the inclusion of abortion benefits in a health care package.

"If there's going to be a health care bill, we can't fight every battle. We're so divided now," he said. "My view is it's going to be a quagmire. Nobody has the votes to pass anything right now."

A Time-CNN poll of 600 people released Sunday found that only 41 percent favored federal payments for abortions, against 52 percent who were against the idea. That was a reversal from a May 1993 poll that found 50 percent favoring abortion benefits and 44 percent against.

Clinton exchanged ideas on health reform strategy with a small group of Democratic senators in the Oval Office on Sunday.

One of them, Sen. Dennis DeConcini, D-Ariz., said that in the end, the fate of the reform effort "depends on the Republicans, whether they want to kill this or fund a compromise."

Another, Sen. Howell Heflin, D-Ala., said compromise remains possible.

"Everyone says there's going to be a bill passed," Heflin said. "What's in it hasn't been written yet. We're looking at everything, trying to come up with something that accommodates the purposes" of health insurance reform.

Rep. Kweisi Mfume of Maryland, a liberal Democrat and head of the Congressional Black Caucus, said the president faces a "difficult balancing act" in satisfying all those with interests in specific health care issues.

He said on NBC that "as long as the president does not abandon his major commitment to have a comprehensive health care reform package, then the party ought to at least be with their president."

Clinton defends health-care plan, seeks a compromise on abortion

A/ In Philadelphia, the President tried to stem a clash with Catholic bishops over the hot issue.

By Vanessa Williams
and Roger Smith
INQUIRER STAFF WRITER

President Clinton yesterday defended his proposed health-care plan, including abortion services, but stopped short of declaring war on the nation's Catholic bishops who have vowed to work to defeat any national insurance plan that covers abortion.

Instead, the President said, he was confident that Congress could work out a compromise that would be acceptable to all parties in the volatile debate that has threatened to kill what is currently Clinton's most important domestic initiative.

Clinton said his dilemma was that three-quarters of the nation's private insurance companies covered abortion, and his proposal called for fold-

ing the uninsured into the current system.

"I didn't feel that ... we should go in and change three-fourths of the health-insurance policies in the country. That wouldn't be right, either," he said on a trip to Philadelphia.

"It's a difficult issue because of how we're trying to do this, but there are some interesting ideas floating

See **CLINTON** on A7

Democratic lawmakers accuse the fast-food giants of hypocrisy in the health-care debate. **A2.**



The Philadelphia Inquirer / WILLIAM F. STEINMETZ

At Philadelphia International Airport yesterday, the President was welcomed by Dawn Yost (left) and Jan Gottenberg, who wrote to the White House to support Clinton's health-care proposal. Mayor Rendell stands behind them.

A7

Clinton visits city, defends health plan

CLINTON from A1
around in the Congress, and my latest information is that they think it can be worked out," Clinton said. "The bishops may not like exactly what comes out, but they may feel more comfortable about it."

Clinton's comments came during an hour-long session with The Inquirer editorial board at the Public Ledger Building near Independence Hall, during which the President focused mainly on national health care and foreign policy.

The President was in Philadelphia to act as host for a fund-raising event for Pennsylvania Democratic candidates Harris Wofford, who is running for re-election to the U.S. Senate; Lt. Gov. Mark S. Singel, who is running for governor, and Thomas Foley, who is running for lieutenant governor. Clinton also pushed his plan at a town-square rally in Western Pennsylvania, where the warm reception he received was exceeded only by the 90-plus-degree temperatures.

Clinton's defense of his health-care proposal was his first public response to an announcement earlier this week by the bishops of the 60-million-member Catholic Church that they intended to fight to the death any health-care plan that included abortion as part of its benefits. Several members of the House immediately retorted that they would defeat any plan that removed abortion. This month, the Senate Finance Committee voted to further restrict abortion coverage in the proposed health-care bill.

The President's proposed bill includes a "conscience clause" that would exempt doctors and medical facilities who object to abortion from having to perform the service. But all health-insurance plans would have to guarantee access to abortion.

"We tried to bend over backwards to have all the conscience exemptions we could and to still preserve the rights of the people that the Supreme Court has articulated and [that are] in their own insurance policies," Clinton said.

Abortion opponents are not the only potential sources of trouble for the President's plan. Medical groups, businesses and some taxpayers are wary of the plan, fearing it would drive up costs and limit benefits.

"The forges of change are more

diffuse and not as well-organized and, therefore, not as able to manifest intense pressure as forces against change," Clinton said. But he insisted that his plan had support. He talked about the enthusiastic response he received from 10,000 people in Greensburg, Pa., who cheered his call for universal coverage.

Still, there were naysayers in the crowd gathered in the Westmoreland Courthouse square. At one point, Clinton broke from his script to challenge signs that called his plan "socialism" and "rationing."

Clinton shot back that health care of 600,000 Pennsylvanians "has been rationed."

"They are not on welfare, they are working, and they do not have it," he said. "They're not poor, they're not rich, they're not politicians, and they're not in jail, so they can lose their health insurance."

Upon arriving at Philadelphia International Airport, Clinton was greeted by two area women who had written to the White House, encouraging the President to push forward on a health-care plan.

Dawn Yost and Jan Gottenberg were thrilled and encouraged by their brief meeting with the President.

"He said he was very moved by my letter," said Yost, a 44-year-old elevator operator from Blandon, Pa.

Yost had written a letter, discussing the difficulties she has had since being diagnosed with breast cancer in the summer of 1992. During the last two years, she was forced to change insurance companies and fired from her job with a Blandon snack-food company.

Gottenberg, a first-grade teacher in North Philadelphia, said she was so nervous that she "couldn't remember much of anything [Clinton] said."

Clinton signed Gottenberg's copy of *The President's Health Security Plan*, the White House book on American health care.

Her letter to Clinton, which is reprinted on page 71 of the book, discussed the problems of unnecessary emergency-room use and the lack of preventive care in low-income communities.

Both women left the brief encounter impressed. "He seems like a very nice man, very down to earth," Yost said. "I believe he really is trying hard."

HEALTH REFORM UPDATE

I. IMPROVEMENTS IN OUR PROPOSAL

We are on the verge of making history. Committees in both houses of Congress have approved bills that guarantee health coverage to every American family. Improvements to the original proposal are underway: cutbacks in bureaucracy and regulation; greater protection for small businesses; greater choice for consumers and businesses. Individuals will be able keep the insurance they have, and Congress is looking to provide added protection against rising costs for families.

Some suggest that our goals can be met by piecemeal reform. But the evidence shows that non-universal reform will not work, and will leave every American at risk.

II. WHY WE NEED UNIVERSAL COVERAGE

1) If we don't achieve universal coverage, we fail the hard working middle-class.

Partial solutions will protect the wealthy and help the poor, but stick it to the middle-class. These half-measures and quick fixes would leave every American at risk of losing their insurance. And at least 24 million Americans who work for a living would have no coverage at all. The best non-universal alternative would only help less than 20% of middle-class Americans without insurance, while helping 73% of the uninsured Americans in poverty. (CBO analysis, 5/94, p. 20)

Non-universal solutions would leave out people like Jim Bryant and his family. Jim Bryant works 70 hours a week, juggling two jobs, but can't afford health insurance for his family. The Congressional Budget Office predicts that under a 91% proposal, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." (CBO analysis, 5/94, p. 17)

2) Those who oppose universal coverage are denying working Americans the guarantee that they will never lose health coverage.

Those who urge Band-Aid solutions say they're reforming the health care system. But they fail to provide every American with the ironclad guarantee that they'll have private health insurance that can never be taken away. According to a recent analysis by Lewin-VHI, a partial solution will cause over one million Americans a month to lose their insurance. (Families USA Special Report, 6/94, p.1) While universal coverage encourages all employers to take responsibility for their employees, non-universal reforms encourage them to drop coverage.

3) We must have universal coverage in order to reward work.

Think of the message that non-universal reform would send to literally millions and millions of working Americans: "If you are lucky enough to work for someone who

will help you with your insurance, or if you are poor enough and down on your luck enough to qualify for government assistance, then you'll have health security. But, if you're in the middle and you get up every day and work for a living, your health coverage is always at risk."

It is wrong for people who work to have no health care; it is wrong for people who work to be forced to pay for the health care of people who aren't insured. Universal coverage rights these wrongs; non-universal reforms don't.

Non-universal reforms discourage work. Henry Aaron of the Brookings Institute and former Reagan CEA chair Martin Feldstein agree: the Cooper/Senate Finance subsidy scheme would create "devastating disincentives to work," resulting in a "near poverty trap." [Aaron op-ed in NYT] And one analyst said that the Dole plan would "make working irrational."

4) Insurance reforms without universal coverage won't work.

More than 45 states have passed non-universal health reform. The result: middle-class Americans are paying more for health care as the number of working people without insurance continues to grow. But in Hawaii, which has achieved near-universal care, more workers have coverage, and costs are under control.

Portability. Without universal coverage, portability is like saying: you get to keep the company car after you lose your job -- as long as you buy it. As John Chafee pointed out, "I have great trouble seeing how you get portability without universal coverage."

Pre-existing conditions. The Wall Street Journal says that "[i]t will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with...pre-existing conditions."

III. NON-UNIVERSAL REFORMS ARE PARTICULARLY DEVASTATING FOR SENIORS, RURAL AMERICANS, AND STATES

Hurt Seniors. The Dole plan takes money from Medicare and uses it to pay for health coverage for poor people.

No Help For Rural Americans. The Dole plan would leave every rural American at risk of losing their insurance, while helping less than 20% of the rural Americans who have no coverage today. And it would mean less doctors and nurses than with universal coverage.

Cripple State Budgets. The Dole plan would cap Federal payments to the states for Medicaid, while leaving the Medicaid program intact. This would place an undue burden on states and state taxpayers to come up with additional revenue.

WHAT WILL HAPPEN IF WE PASS BOB DOLE'S PLAN, INSTEAD OF A UNIVERSAL COVERAGE PLAN ?

- **Middle Class Americans Will Be Left Out**
- **Small Businesses Will Pay More**
- **Government Costs Will Rise**
- **Insurance Reforms Won't Work**
- **Cost Shifting Will Continue**
- **The Number Of Uninsured Will Continue To Increase**

1. Middle Class Americans Will Be Left Out

- Without universal coverage, **"health insurance coverage would probably be more limited for middle income people than the rich or poor."** [CBO, 5/94, pp.17, 20]
- **Partial solutions will leave 24 million Americans, more than two thirds of them in middle class working families, without coverage.** Their taxes will pay for health care for millions of others who do not work, but they won't be able to get coverage for themselves. [Based on CBO, 7/93; CBO 5/94; Alain Enthoven, Health Affairs, 1993]
- "Already, the fraction of **adults who work but have no public or private insurance has risen to 17.5%** in 1992 from 15.3% in 1988, the Census Bureau says. And employment is growing fastest in industries that tend not to offer health insurance." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

2. Small Businesses Will Pay More

- The **high cost of insurance** is expected to **cause 30% of small businesses** currently providing insurance to **drop coverage** in the years ahead. This will further raise premiums for the smallest companies that do provide. [Health Affairs, Spring 1992]
- "By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. But they also stop helping hospitals care for those with no insurance or with government insurance. Those costs won't disappear, however. **As big companies shed them, insurance premiums for smaller employers will be forced up.**" [*"Health care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

3. Government Costs Will Rise

- "Today, many who lack insurance still get health care if they get sick enough, either through federal or local government programs or through charity. But as employers squeeze the health system harder and the number of uninsured grows, free care probably will be harder to find, and the quality is likely to deteriorate. And the **government's costs**, from the Medicaid program for the poor to emergency rooms at municipal hospitals, **will climb.**" [*"Health care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]
- "Most of the pending health-reform plans would [require **government to**] **spend tens of billions of dollars a year** so low-income families or their employers can afford insurance." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]
- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear**: more uninsured Americans and **higher costs for the government.**" [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

4. Insurance Reforms Won't Work

- "**Universal coverage** is not only a fair and noble objective, consistent with America's values: it is also **essential if health care markets are to work** well." [Editorial Page, *The Washington Post*, 6/16/94]
- "It will be nearly **impossible without universal coverage ... to outlaw** the common industry **practice of refusing to cover people with** known medical problems, so-called **pre-existing conditions.**" [*Wall Street Journal*, 6/15/94]
- According to a new study by Families USA, **under a partial solution over one million Americans a month will still lose their insurance.** [Families USA Special Report, 6/94, p.1]

5. Cost Shifting Will Continue

- "Economically, universal coverage is essential to bringing health care cost increases under control; **so long as millions of Americans remain underinsured and uninsured, cost shifting will continue**, leaving a mechanism for unwarranted price inflation in health care." [*Star Tribune*, 6/16/94]
- "**Lack of full coverage leads to cost shifting** from those who do not pay and those who provide free care, to those who do pay for health insurance ..." [Alain Enthoven, *Health Affairs*, 1993]
- When the uninsured can't pay their bills, **hospitals shift** these **costs** onto people with private insurance -- **at a rate of approximately \$25 billion a year**. [*CBO*, 5/93]
- "**We cannot have real savings and real cost containment without universal enrollment**. Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medial costs of those without it." [Rashi Fein, *Medical Economics*, Harvard University]
- "It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder... that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. **Universalism and cost control go hand in hand**." [Ted Marmor and Jerry Mashaw, Yale University, *L.A. Times*, 10/7/93]

6. The Number Of Uninsured Will Continue To Increase

- "As big companies shed [costs], insurance premiums for **smaller employers** will be forced up. This probably **will** lead more of them to **stop offering insurance**, to **limit coverage for workers' families** or to **rely more on part-timers and temporary workers who often don't get health insurance**." [*Health-Care Inaction Can Carry a High Cost*, "The Wall Street Journal, 6/27/94]
- "By putting market pressure on providers to cut costs, **market reforms promoting competition -- absent universal coverage -- could exacerbate access problems**." [Alain Enthoven]
- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear: more uninsured Americans** and higher costs for the government." [*Health-Care Inaction Can Carry a High Cost*, "The Wall Street Journal, 6/27/94]

DRAFT

7/15/94

UNIVERSAL VS. NON-UNIVERSAL REFORM

1) Improving On a Universal Coverage Bill

- We are on the verge of making history. Committees in both houses of Congress have approved bills that guarantee health coverage to every American family. Improvements to the original proposal are underway: cutbacks in bureaucracy, and regulation; greater protection for small businesses; greater choice for consumers and businesses. Individuals can keep what they have, and Congress is looking to provide added protection against rising costs for families.
- One final stumbling block. Some are suggesting that our goals can be met by piecemeal reform. But the evidence shows that non-universal reform will not work, and will leave every American at risk.

2) Non-universal reforms don't deliver what they promise.

Experts agree: the Dole plan is "not likely to do much to expand access to health insurance. And it might make things worse for many who are now insured."
[Boston Globe]

3) Non-universal reforms actually hurt the middle-class.

- a. Less coverage. The Cooper plan would help 11 of the 15 million uninsured Americans in poverty, but only 2 of the 18 million middle-class Americans without insurance. And over one million Americans a month will lose their insurance. [CBO; Lewin-VHI for Families USA]
- b. Increased costs. The Wall Street Journal said that "the result (of insurance reforms)...is the start of an upward spiral in rates" for people with insurance.
- c. Work is not rewarded. Non-universal reforms tell workers that their health is less important than that of members of Congress, welfare families, and criminals.

4) State experience shows that non-universal reforms aren't enough.

- More than 45 states have passed incremental health reform. The result: tens of less working people with insurance, and massive increases in costs. But in

Hawaii, which has achieved near-universal care, more workers have coverage, and costs are under control.

5) Non-universal reforms leave hidden taxes on the middle class and businesses.

Costs for the remaining uninsured are shifted onto all families and businesses who do pay for insurance.

6) Non-universal reforms fail other key tests.

a. Portability. Without universal coverage, portability is like saying: you get to keep the company car after you lose your job -- as long as you buy it. As Senator John Chafee has pointed out, "I have great trouble seeing how you get portability without universal coverage."

b. Pre-existing conditions. The Wall Street Journal says that "[i]t will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with...pre-existing conditions."

c. Incentives to work. Health economist Henry Aaron of the Brookings Institute and former Reagan CEA chair Martin Feldstein agree: the subsidy scheme in the Cooper plan (which is much like Senate Finance's) would create "devastating disincentives to work," resulting in a "near poverty trap." [Aaron in NYT] Even worse, one analyst said that the Dole plan would "make working irrational."

7) Non-universal reforms are particularly bad for seniors, farmers, and state budgets.

1) Bad for Seniors. The Dole plan takes money from Medicare and uses it to pay for health coverage for poor people.

2) Doesn't Help Farmers. The Dole plan would leave every farmer at risk of losing their insurance, while helping less than 20% of the rural Americans who have no coverage today.

3) Devastates State Budgets. The Dole plan would cap Federal payments to the states for Medicaid, while leaving the Medicaid program intact. This would place an undue burden on states and state taxpayers to come up with additional revenue.

Why is the DNC running these particular ads?

We understand that Americans overwhelmingly support universal coverage. These ads were designed to illustrate what is at stake -- especially for the middle class -- if we do not achieve it. It's not about the rich, they can afford the best; it's not about the people on welfare, they get guaranteed coverage; it's about the hard working middle class, who will remain at risk.

Why are you targeting democrats?

The ads are designed to create an environment that makes it easier for democrats to stand up to the pressure of republicans who don't want to do what's right by the middle class and vote for a bill which achieves universal coverage. When the voters understand the stakes, they will be less likely to be taken in by misleading arguments presented by opponents to universal coverage.

Why are democrats, who you want to influence, so upset about these ads? Aren't they going to backfire?

We're trying to ensure that voters -- especially the middle class -- understand what's at stake if we fall short on universal coverage. Four out of five Americans support universal coverage. These ads were designed to make it easier for members to resist pressure from the opposition and vote for a bill which achieves universal coverage and protects the middle class..

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SUMMARY

*Response to mandated
group's proposal
Sent to Finance*

1. Overview:

No mandate

Phased-in individual based subsidies

tax on high cost health plans

Hard cap on Federal health spending

Pros	Cons
Starting small allows time to learn about how to manage insurance reforms	Won't get universal coverage
Solid fail-safe protection for the Federal budget	Very little private sector cost-containment
Subsidies are targeted very well to low income households	Premiums in the community rating pool are likely to be high due to adverse selection; subsidies might not be large enough to cover these higher premiums.
Minimizes job losses	Medicare program savings and no expansion of benefits to the elderly
Incentives are improved for insurers and patients	

2. Coverage/Insurance Reforms:

No mandate, but firms of 100+ must offer plans.

2 kinds of groups: age adjusted community rated (limited to firms of < 100 and individuals) and experience rated (for all other groups).

Voluntary purchasing pools for individuals and small businesses with 100 or fewer employees with community rating.

Individuals and small groups could also join FEHB plans but would pay the community rate.

Groups of firms under 100, (MEWAs), are grandfathered into their right to receive experience rating.

Firms with more than 100 workers will be experience rated or self-insured.

Guaranteed renewability and limits on pre-existing condition exclusions.

If 95% not covered by 2002, National Health Commission meets to make (nonbinding) recommendations to Congress on achieving universal coverage.

3. Subsidies:

Once eligible, those below 100% of poverty receive a voucher equal to the average premium price in a geographic area.

Once eligible, those between 100-240% receive a sliding percentage of the average premium price.

Subsidy eligibility phased-in -- from 90% of poverty in 1997 to 240% in 2002, IF financing allows.

No cost-sharing subsidies.

4. Benefit package:

One standard (equal to FEHB's BCBS standard) and one basic (catastrophic)

Under 200% of poverty cannot use subsidies for basic plan

5. High cost plan assessment:

Within each group of plans (community rated and experience rated/self-insured) the highest priced 40% are taxed.

Tax rate is 25 percent of difference between the average premium in that group and the plan's premium.

6. Medicaid:

Preserved as a separate program and beneficiaries are not part of the community rating pool.

State option to enroll limited numbers of Medicaid cash (AFDC & SSI) into private health plans.

Growth in Federal payments is capped.

Disproportionate share payments are phased out by 2000.

7. Medicare:

Program savings smaller than HSA, but most of same proposals.

Includes Durenberger bill proposals that push harder for greater HMO enrollment.

No Medicare drug benefit or new long term care program.

8. Other Federal Programs

FEHB remains as is, but those eligible for community rating pool are allowed to join.

Indian Health Service, Veterans' health care, and DoD apparently unaffected.

Outline refers to initiative to improved access in underserved areas through increased resources for community health centers. Specific proposals are unclear, however.

9. Tax incentives:

Phased in deduction of health insurance premium payments for individuals.

Deduction limited to average premium in each group.

10. Financing:

Fail-safe mechanism funds subsidies only as other Federal health savings become available

Medicaid and Medicare savings

Cigarette tax increased \$1 per pack

Assessment on high cost plans

Postal Service savings

Medicare HI tax levied on State and local workers

Long Term Care tax advantages and inheritance taxes are made more generous

Fiscal Summary
Changes from Baselines
(\$ Billions)

	1995-1999	1995-2004
Outlays		
Low Income Voucher Program	+ 217.3	+ 613.6
Medicaid	- 72.4	- 268.9
Medicare	- 77.3	- 252.3
Other Federal Health (1)	- 13.0	- 13+
Revenues		
Tobacco tax (2)		
High Cost Plan Assessment		
Tax Expenditures		
Other Revenues		
Net Deficit Effect	54.6*	79.4*

STAFF ESTIMATES. PRELIMINARY AND UNOFFICIAL.

- (1) This includes FEHB and Postal Service Effects included in the proposal. Because of insufficient information, it does not include an estimate of the proposal's effects on the PHS or the cost of administering the vouchers. The proposal does not appear to affect VA, DOD, or the IHS, so no spending change is estimated.
- (2) This assumes a \$1 per pack cigarette tax starting in 1995.

Year by Year Analysis of Low Income Voucher Program (\$ Billions)

6

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Baseline										
Medicaid	96.4	108.2	121.5	136.3	152.2	170.4	190.8	213.6	239.1	267.6
Medicare	158.1	176.0	194.0	213.1	235.5	260.8	289.1	321.1	357.0	397.9
Tax Expenditures										
Baseline Total										
Reform										
Low Income Voucher Program	0	0	30.2	49.5	62.4	75.2	87.0	96.3	103.2	109.9
Medicaid	96.4	105.6	114.0	123.0	132.0	141.6	155.2	170.0	186.0	203.4
Medicare	157.7	172.8	186.3	202.1	214.5	226.8	256.4	281.4	309.6	342.7
Tax expenditures										
Reform Total										
New revenues Tobacco High Cost Plans										
Net Expected Surplus or Shortfall	-0.4*	-5.8*	15.0*	25.2*	21.2*	12.4*	18.7*	13.0*	2.7*	-9.6*
Total Uninsured (mil.) (% insured)	40.9 (84.5%)	41.4 (84.4%)	32.9 (87.7%)	30.3 (88.8%)	29.3 (89.3%)	29.4 (89.3%)	29.9 (89.2%)	30.4 (89.1%)	31.0 (89.0%)	31.4 (88.9%)

STAFF ESTIMATES. PRELIMINARY AND UNOFFICIAL.

9370

ISSUES AND POSSIBLE SOLUTIONS

1. Coverage:

Issues	Possible Solutions
Many remain without coverage, perpetuating uncompensated care and cost-shifting to the privately insured.	Add a triggered employer and/or individual mandate.
Premiums will be high in the community rating pool due to adverse selection.	Enlarge the community rating pool to include firms with less than or equal to 1000 workers. Can still preserve voluntary nature of purchasing cooperatives.
Some moderate-sized firms will be vulnerable to bad experience rating.	Enlarge the community rating pool to include firms with less than or equal to 1000 workers.

2. Subsidies:

Issues	Possible Solutions
Subsidy schedule produces very high marginal tax rates.	Smooth it out by having the poor pay something.
Pegging the vouchers to the overall average (experience rated pool plus community rated pool) in a geographic area means that very low income individuals will have difficulty affording plans in the community rating area.	Tie the subsidies for each type of pool to the average premium in that type of pool.

3. Benefit Package:

Issues	Possible Solutions
Offering a basic and a standard package will lead to adverse selection and uncompensated care.	Limit access to basic plan to those above specified income levels (250% of poverty, for example).

4. High Cost Plan Assessment

Issues	Possible Solutions
Assessment is likely to fall on plans with a sicker than average enrollment.	Enlarge the community rating pool to include firms with less than or equal to 1000 workers.
Little revenue will be raised from the assessment.	Enlarge the community rating pool to include firms with less than or equal to 1000 workers. Also, have assessment rate apply to a larger base, for example, to the difference between the premium and a target, where the target is set below the mean.
Assessment is unlikely to lead to significant cost containment in the private sector.	Have assessment rate apply to a larger base, for example, to the difference between the premium and a target, where the target is set below the mean.

5. Medicaid:

Issues	Possible Solutions
Limitation of Federal payments while leaving Medicaid program and obligations largely as in current system, places states at risk.	Integration of Medicaid program into larger reform. For example, non-cash assistance recipients could be treated as other low income families.
Disproportionate Share Hospital payments phased out faster than uncompensated care is eliminated, which could have adverse impacts on teaching hospitals.	Tie DSH phase-out to decrease in the number of uninsured.

6. Medicare:

Issues	Possible Solutions
Proposal includes Medicare program reductions, but no benefit expansions.	Phase-in Medicare drug benefit as savings allow.
7% growth target could lead to across-the-board reductions. Unclear if included in final proposal. This could lead to increased cost-shifting to the private sector.	Develop specific policies for reduction in spending.

7. Tax Incentives:

Issues	Possible Solutions
Tax deductibility for individuals tied to the average priced plan in a geographic area penalizes those in plans with adverse selection.	Tie tax deductibility limits to average of plans in that individual's particular pool.

8. Financing:

Issues	Possible Solutions
Financing will be insufficient to fully fund subsidies on a year by year basis, limiting the expansion of subsidies to more income groups.	Broaden the measure of full financing from a year by year metric to a multi-year (3, for example) metric. Alternatively, other sources of increased revenue could be introduced.

H#

INTRODUCTION

Making History. We are on the verge of an historic step forward for the American people. Since Franklin Roosevelt, Presidents have been trying to pass health care reform. Three years ago the issue was not on the political radar screen. All that has changed. Amidst polls showing overwhelming popular support for reform, committees in both houses of Congress have approved bills that guarantee health coverage to every American family.

Improvements in the Proposal. The legislative process has transformed our original proposal. We have listened to the ideas and apprehensions of the American people. With Congressional help, many important improvements have been incorporated into the bills now under consideration. While different committees have taken varying approaches, these bills contain a number of features that will ultimately be included in a better and more effective reform plan. Among the improvements under consideration are: cutbacks in bureaucracy and regulation; the transformation of mandatory alliances into smaller voluntary purchasing cooperatives; greater protection for small businesses; and greater choice for consumers and businesses. A stronger fail-safe budget protection device is under consideration, to ensure that the program does indeed pay for itself.

Congressional Challenge Ahead. We have made dramatic progress in our effort to guarantee lifetime health security for every American. But there remains one major stumbling block to overcome. Opponents of true reform would have us believe that our goals can be met by incremental, piecemeal reform. Having bought the land, surveyed the site, and designed the structure, they would have us build the bridge only half way across the river. That approach won't work, and will leave millions at risk.

The coming weeks will be marked by House and Senate consideration of their respective reforms. As the nation watches, they will choose either true reform -- true security for every single American -- or an unfortunate, piecemeal reform that may actually leave working families worse off.

The Administration's position is clear: universal coverage is imperative if we are to deliver on our promise to guarantee true health security to every American.

Today, we want to talk to you about why non-universal reforms just don't work.

NON-UNIVERSAL REFORMS: What They Claim, What They Deliver

There are several non-universal reform alternatives floating around Washington. They claim to be less filling than universal coverage but taste just as great. These alternatives fall short of what they promise.

DOLE PLAN

CLAIMS: The Dole plan claims that insurance market reforms alone will enable more people to get coverage and that -- according to GOP strategist Bill Kristol -- it will "bring more people into the system and provide more security and flexibility for those already in it."

DELIVERS: The Boston Globe said that "a number of health policy analysts from all parts of the ideological spectrum" have reached a "remarkably congruent verdict: It's not likely to do much to expand access to health insurance. And it might make things worse for many who are now insured." [Boston Globe, 7/3/94]

A conservative health economist, Mark Pauley at the University of Pennsylvania, predicts that such measures would "probably do almost nothing, or maybe even make things worse" for the millions of people who aren't poor enough to get subsidies. [Boston Globe, 7/3/94]

OTHER INCREMENTAL REFORMS:

CLAIM: That they will eventually cover as many as 95% of Americans.

DELIVER: The Wall Street Journal says that the Senate Finance plan "doesn't raise enough money to achieve that goal." [Wall Street Journal, 7/8/94] And the Congressional Budget Office points out that the Cooper plan -- a plan with a similar subsidy scheme -- would leave 24 million people uninsured, most of them middle class working people.

Even Bush's OMB director for health, Thomas Scully, said that "without additional funding, I don't think there's any way the bill (Senate Finance) will lead to 95% coverage."

NON-UNIVERSAL REFORM: Hurts The Middle Class

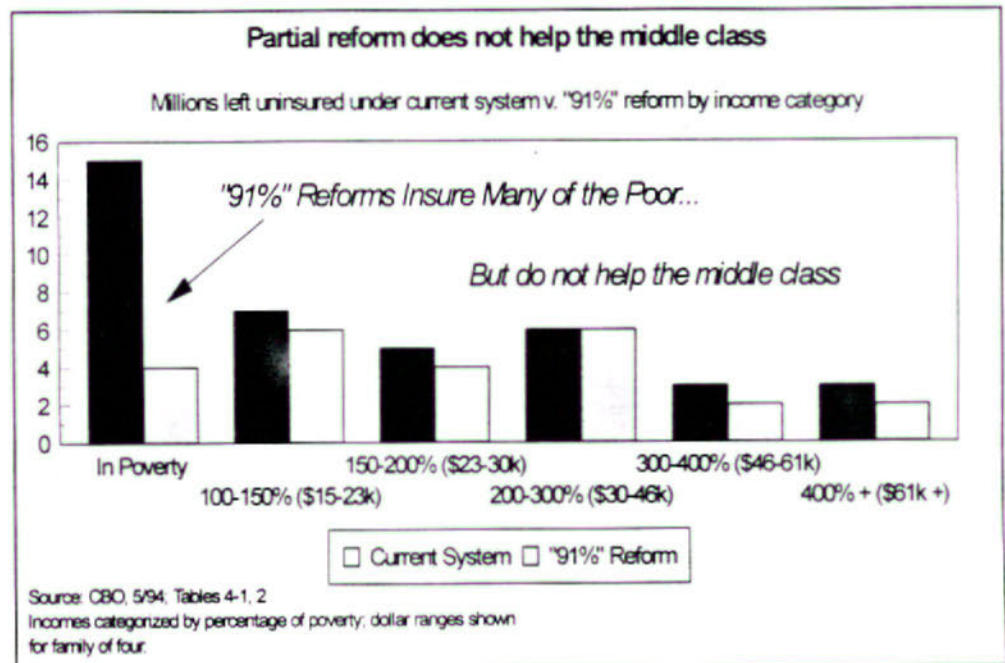
"I'll tell you why I'm fighting so hard for real health care reform...People like Jim Bryant, who told the Boston Globe he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his sons' soccer games to go to his Saturday job while people who depend on welfare have health benefits. In a moment of frustration, he even suggested to his wife that they might be better off if they broke up, so that she and their sons could get the benefits that working families like theirs can't afford." -- PRESIDENT BILL CLINTON

"I guess I'm a little bitter. It is harder for working people to make ends meet, pay for their own medical, get jobs." -- JIM BRYANT, SOMERVILLE, MASSACHUSETTS.

1) Non-universal reforms cover the poor, but not the middle class.

Half-measures and quick fixes would leave every American at risk of losing their insurance. And at least 24 million Americans, most of whom work for a living, would have no coverage at all. [CBO analysis, 5/94, p. 20]

The Congressional Budget Office also says that under a 91% proposal, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." [CBO analysis, 5/94, p. 17]



A 91% solution would help 11 of the 15 million uninsured Americans in poverty get health coverage, but would leave 16 of the 18 million middle-class Americans without insurance.

According to a new study by Families USA, over one million Americans a month will lose their insurance under a partial solution. [Families USA Special Report, 6/94, p. 1] We need universal coverage because all families -- including the middle-class -- must be protected.

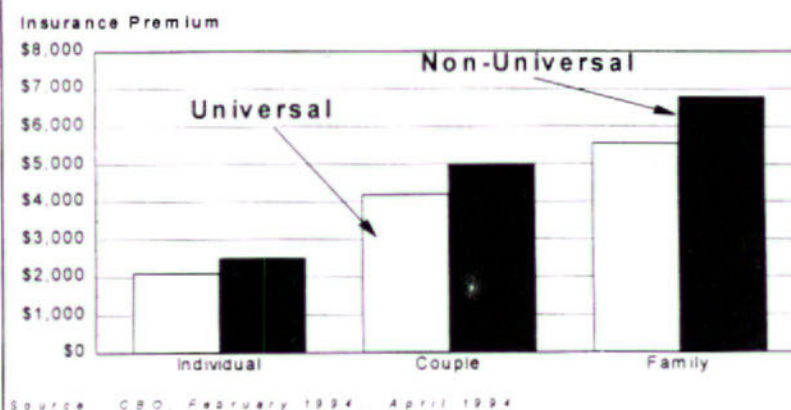
While the U.S. population as a whole grew by only 1.3 million between 1988 and 1993, the number of uninsured Americans grew by 6.4 million people. Of the newly uninsured, nearly 4.8 million of them - more than 75% -- work. [1988 and 1993 March CPS, Bureau of the Census]

2) Non-universal reforms increase insurance premiums.

"With a portion of the population uninsured, per capita insurance costs for the insured population would be higher, compared to universal coverage." [CBO, April 1994, p. 9]

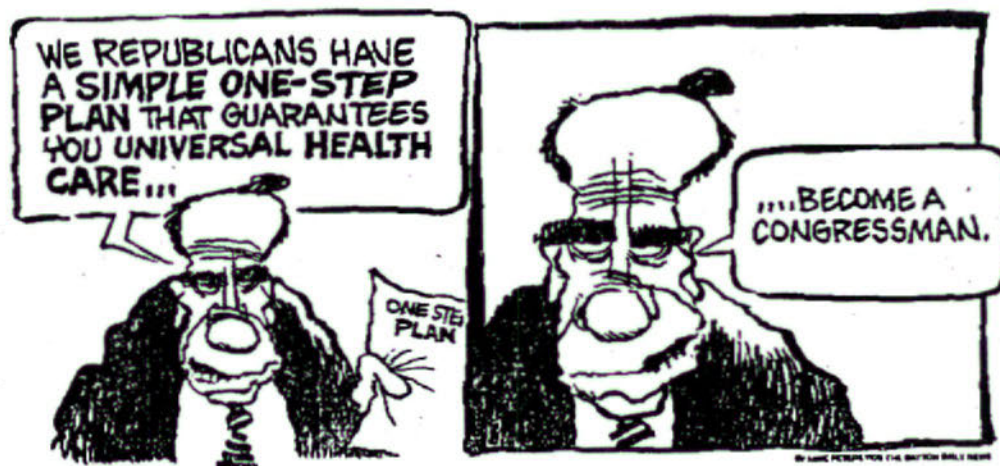
And The Wall Street Journal says: "The result...is the start of an upward spiral in rates" for those who still have insurance. [Wall Street Journal, May 27, 1994]

Without Universal Coverage Everybody Pays More



3) Non-universal reforms tell working Americans that their health is less important than the health of Members of Congress, federal employees, welfare families, and jailed felons.

Think of the message that non-universal reform would send to literally millions and millions of working Americans: If you are very poor, we'll guarantee your health care. If you get elected to Congress, we'll guarantee your health care. If you are employed by the federal government, we'll guarantee your health care. If you get thrown in jail, we'll guarantee your health care. If you are rich, you can guarantee your own health care. But, if you get up every day and work for a living, your health coverage is always at risk.



Mike Peters, Dayton Daily News, in the Washington Post, July 9

NON-UNIVERSAL REFORMS: State Experience Shows It's Not Enough

"At least 37 states have enacted insurance reforms essentially identical to the [non-universal] reforms proposed in Congress. I think any insurance commissioner would say these reforms are a necessary but not sufficient way to decrease the number of uninsured. To say they're going to improve access is a bit misguided." -- PATRICIA BUTLER, HEALTH CARE CONSULTANT, BOSTON GLOBE 7/3/94

Many federal health reform proposals, such as the Dole plan, reject the goal of universal coverage and focus instead on expanding "access" through a patchwork of incremental reforms including small group market reforms, insurance reforms, low-income subsidies, community rating, medical savings accounts, voluntary alliances, tax credits and malpractice reforms. All told, more than 45 states have passed many of the reforms proposed in the Cooper and Dole bills.

However, state-level experience with non-universal reforms, implemented in recent years, has demonstrated no appreciable effect on total coverage levels or costs. Since the late 1980s, state-level health care reform activity has significantly increased, with more than 32 states passing incremental health reform measures between 1989 and 1992, and more than a dozen more acting in 1993 and 1994. [Intergovernmental Health Policy Project, George Washington University]

- The recent experience of one state, where community rating was implemented without universal coverage, bears out the unfortunate forecasts. A Wall Street Journal analysis noted that almost one year after this state had *"adopted stiff insurance reforms, fewer people have health coverage than under the old system."* [Wall Street Journal, 5/27/94] The reason: young people dropped coverage as rates went up, causing rates to rise further: between 20-35% for some insurers.
- In Hawaii, however, where reforms include universal employer/employee contributions, coverage approaches universal and, *"health insurance premiums are about 30 percent cheaper, while almost everything else in Hawaii is more expensive than on the mainland."* [New York Times 5/6/94.]

Nor has the promise of better rates or cheaper benefits brought non-insuring small businesses into the system.

- Beginning in 1986, 11 states and non-profit groups began a demonstration program specifically aimed at increasing coverage by making health insurance more affordable and available to uninsured small businesses and individuals. Of the 11 demonstration projects, all used voluntary measures: 10 developed new, less expensive insurance products or subsidized existing insurance products, and one developed a health insurance information and referral service.

These demonstrations reached relatively few of the small businesses and individuals previously uninsured, leading the study to conclude that *"there is little evidence that voluntary efforts alone will close the gap on the uninsured problem."* [testimony of W. David Helms, Ph.D., before the U.S. Senate Committee on Finance]

States Have Already Tried Non-Universal Reforms

Reform Measure	Number of States
Guarantee Issue	35
Guarantee Renewal	42
Portability	37
Community Rating	19
Rating Bands	34
Voluntary Alliances	20
Tax Incentives	13
Medical Savings Accounts	7
Low-Income Subsidies/Medicaid Expansions	46

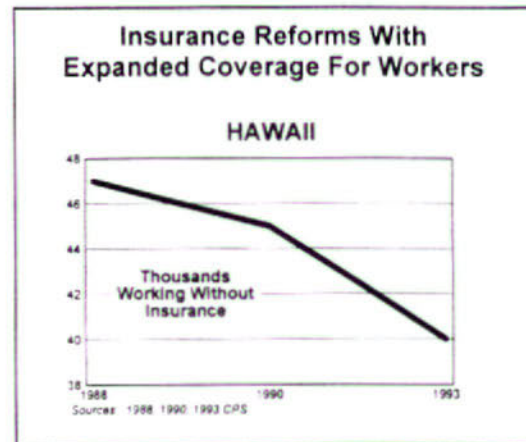
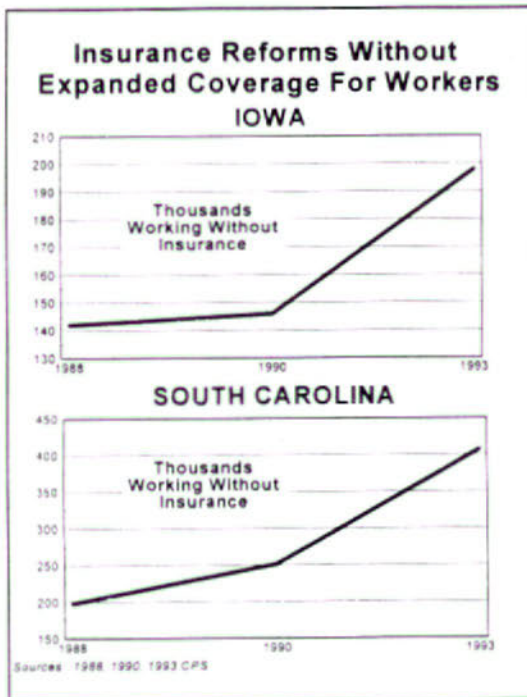
Source: Intergovernmental Health Policy Project, George Washington University, June 1994

The results of these reforms are illuminating: tens of thousands more working people left uninsured, and massive increases in insurance costs. Even in the states that successfully increased the total number of individuals covered from 1988 to 1993, half had a decrease in coverage among working people

[March CPS, 1988 and 1993, Bureau of the Census].

A brief examination of representative states gives a taste of the differing outcomes that follow universal and non-universal reforms. Iowa's reforms resemble those suggested by the Dole plan. South Carolina's resemble the Cooper/Finance Committee plans. Hawaii is the state that has come closest to providing universal care.

1) Non-universal reforms leave more working people uncovered.



2) Non-universal reforms have hurt state budgets -- and raised working people's taxes.

Iowa and South Carolina -- states that most closely resemble the Dole and Cooper/Senate Finance plans -- enacted insurance market reforms with subsidies for poor people five years ago. Since reform, state spending on health care has continued to increase, forcing state officials to reduce funding for education and crime prevention. In these states, income taxes on working people continue to rise, even as more working people go without insurance. The message is clear: non-universal reform means that working people pay more for insurance and in taxes for the poor -- even as they lose health coverage themselves. [Sources: 1988, 1993 CPS. *State Government Finances* 1988, 1992. U. S. Bureau of Census, *State Government Tax Collection*, 1988, 1992]

NON-UNIVERSAL REFORM IS A HIDDEN TAX ON THE MIDDLE CLASS AND ON BUSINESS

"[S]o long as millions of Americans remain underinsured and uninsured, cost shifting will continue, leaving a mechanism for unwarranted price inflation in health care." -- MINNEAPOLIS STAR TRIBUNE, 6/16/94.

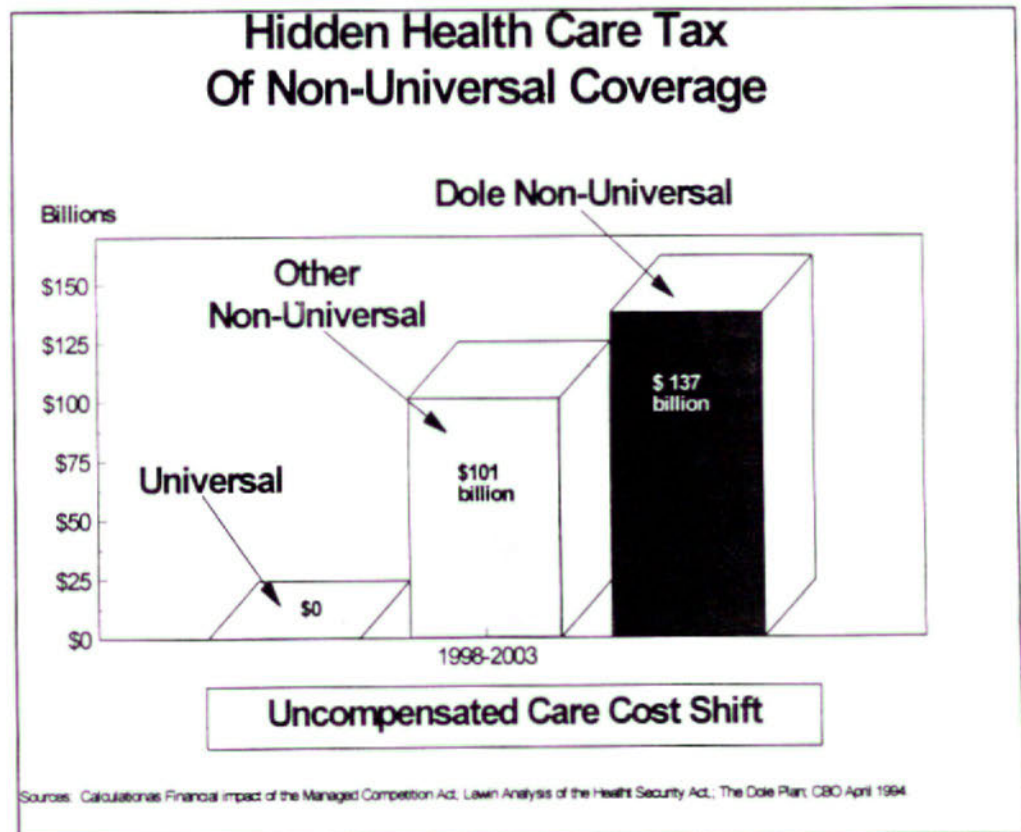
1) Non-universal reform leaves a hidden tax on working families.

People without health care coverage still get health care. But many of them don't pay for it. Their costs are shifted onto everyone who does pay an insurance premium. And their costs are higher because the uninsured often seek treatment after a problem has become a crisis, in a hospital emergency room.

A recent Department of Health and Human Services Study found that of the 90 million emergency room visits in 1992, fifty million were for ailments that could have been treated in a doctor's office -- at one-third the cost. [Source: National Hospital Ambulatory Care Survey; 1992 Emergency Department Summary; HHS, National Center for Health Statistics]

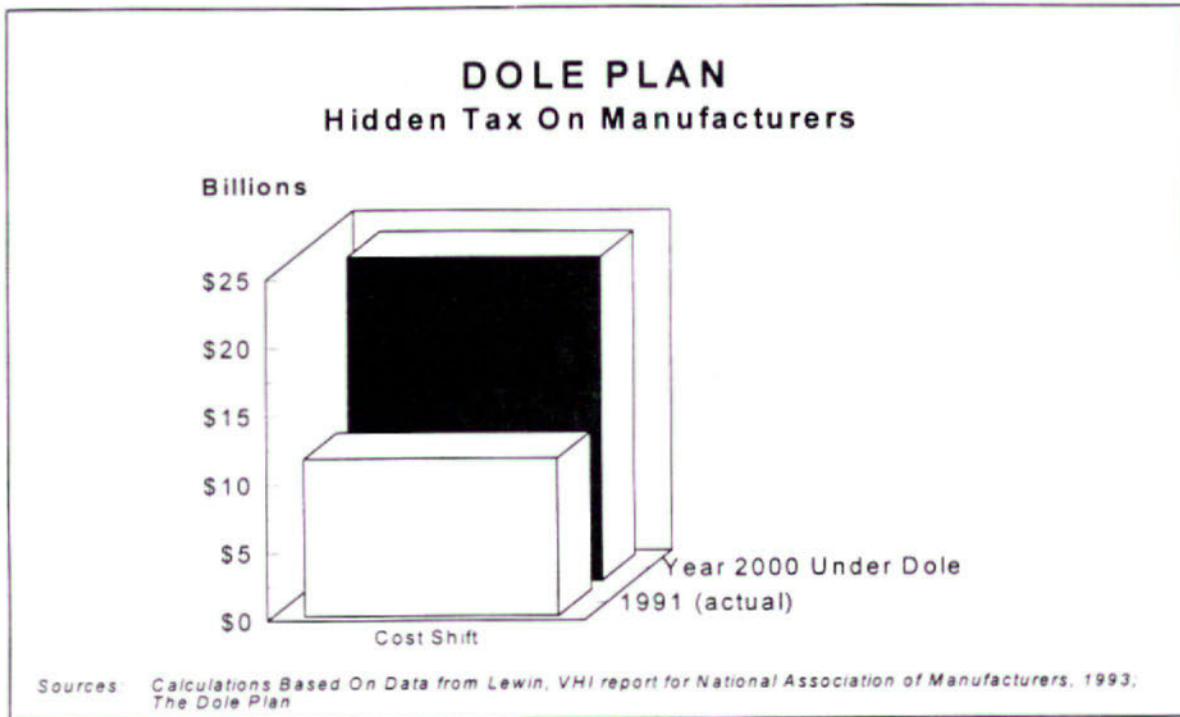
The methodology used by the Congressional Budget Office to analyze a similar plan indicates that the Dole plan would cover only 1 in 5 uninsured.

With 80% still uninsured, uncompensated care will remain at \$18 billion in 1998 alone. So the Dole plan leaves \$18 billion to be paid by working people who do have insurance.



2) Incremental reform is a hidden tax on businesses that provide coverage.

Another way to think of this Dole cost-shift is as a tax on businesses who provide coverage. Since most Americans get their insurance through work, businesses are forced to cut dividends, divert money from needed R&D, and cut back on hiring.



The middle class gets squeezed coming and going -- either paying higher premiums themselves, or seeing jobs lost as employers cut back to cover costs shifted onto them by businesses that don't insure their employees.

INCREMENTAL REFORM FAILS OTHER KEY TESTS

1) Half-measures perpetuate "job-lock" by failing to ensure portability.

"I have great trouble seeing how you get portability without universal coverage." --U.S. SENATOR JOHN CHAFEE

- If you move to a new job and your new employer doesn't contribute, all incremental reforms give you is the right to assume the full burden by yourself -- whether or not your family can afford it. Incremental reform means millions could still lose coverage when they change jobs, be dropped if they can't afford their premium, or forced to wait six months for new coverage. That's not portability.
- Until we have *true* portability, we will never eliminate "job lock". Surveys suggest that as many as one in three working Americans are trapped in their current jobs because they fear losing the health insurance their families depend on. The CBO concluded that incremental reforms can "*reduce*" -- but not solve -- this problem. [*"Health Benefits Found to Deter Switches in Jobs," The New York Times*, 9/26/91; CBO, 4/94, p. 28]

2) Non-universal reform cannot eliminate pre-existing condition exclusions.

"It will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with known medical problems, so called pre-existing conditions."
-- THE WALL STREET JOURNAL 6/15/94

- Without universal coverage, pre-existing exclusions would mean many healthy people would choose to "ride free" and go without insurance, knowing they could buy it when they get sick. This would drive up costs for all the people in the system. (*Wall Street Journal* 6/15/94)

3) Incremental reforms perpetuate welfare lock and discourage work.

"At least one million adults and children are on welfare because it's the only way their families can get health care coverage" -- MOFFIT AND WOLFE, 1/90. "[an incremental approach] would produce devastating disincentives to work . . . the creation of a near poverty trap . . . would result." -- AARON IN NEW YORK TIMES, 2/13/94

- Even if the Dole proposal were fully funded -- which it is not -- it would only subsidize a portion of the premium for those families and individuals well below the poverty line. Welfare mothers going back to work would not only pay their own premiums, their taxes would pay for health care for those still on welfare. One expert says that the Dole plan would "make working irrational." On the other hand, an analysis of the effects of a universal proposal estimates that at least 840,000 people -- 15% of welfare rolls -- will seek jobs if the President's reform passes. [*Wolfe, University of Wisconsin, L.A. Times*, 11/18/93; *Boston Globe*, 7/3/94]

MEMORANDUM

To: Members of the Cabinet
Fr: Vic Fazio
Via: Harold Ickes
Re: Health Care and the 94 Election

June, 1994

Minority Whip Gingrich's activities over the past several days -- backed up by other Republican leaders -- have made it clear: they are approaching the legislative debate over health care from a harshly partisan perspective. Health Care will indeed define this fall's elections -- and Republicans are embarking on a political strategy that may cost them dearly. Once again, they are ignoring or even betraying the interests of the middle class, even in their own districts. Once again, they are arguing for perpetuating a system that does not value or reward work.

On Monday, HHS released data showing that the percentage of uninsured Americans rose to 17% during the 80s. 85% of the uninsured are in working families. Here, good policy and good politics are in alignment. **Universal coverage is a middle class issue; the people who are left at risk by the move to non-universal health insurance proposals are middle income working families -- families that will continue to have to pay for others' insurance when they cannot afford their own.** These facts are even more striking when viewed from a local electoral perspective. A simple, but important fact: *Likely Republican districts have large numbers of working uninsured people. These districts each have, on average, an estimated 56,166 working people who lack health insurance.*

Republicans who oppose workplace health insurance also pride themselves for opposing the President's economic program because it contained a tax rate increase on the rich. Yet, in the very districts they represent, *working uninsured people outnumber people who faced an income tax rate increase by substantially more than 10 - 1.*

In 1990, President Bush's budget policies raised taxes on the middle class and protected the wealthy. This strategy cost Republicans at the ballot box in the fall. In 1994, Republicans' health care policies are hurting the middle class and protecting employers and insurance companies. Thus, what we are fighting for legislatively -- because it is good policy -- will also be good politics, if we stick with it clearly and consistently.

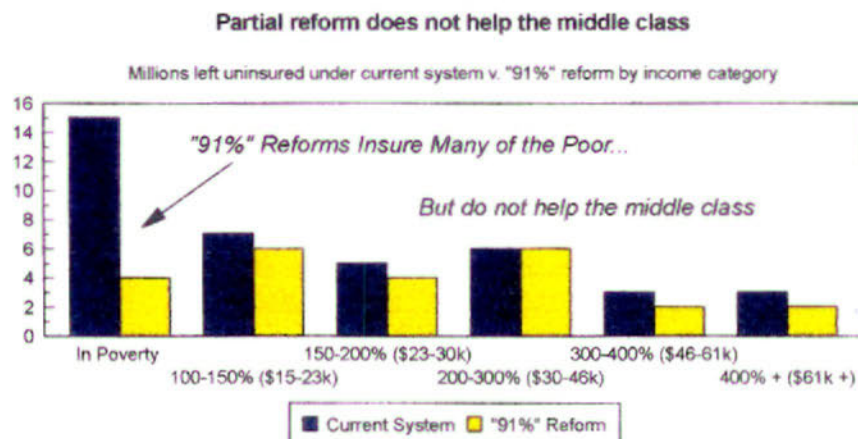
Overview

Health Care will be key to the 94 elections; it will play to our advantage if and only if we use every aspect of the debate to reinforce our key overall political/economic message -- Democrats believe in linking work and reward; we're on the side of the hard working middle class.

We know that the President's policy is right on the merits -- our argument is that the politics of the key health care issues work strongly in our favor for this fall. Let Republicans argue against universal coverage. They still haven't found an answer to Wofford's dictum: "Everyone has the right to a doctor." Then let them tell voters they want an individual mandate or just provide extra COBRA coverage. Dole is right on this -- he pointed out to the Post that we will clean their clocks if Republicans persist in supporting a policy that would push all health care costs onto individuals. As he said, "I can already see the 30-second television spots which would say: 'Well, the Republicans didn't want your boss to pay for it, they want you to pay for it.'" Universal, work based health care that can't be taken away -- we win on this when we stay on the offense.

We need to stand firm on universal coverage in the workplace -- the most powerful idea that drives health care reform. We must not let the Republicans off the mat. Two strategies are crucial from a political perspective, one factual, one thematic.

First, the debate over universality is a debate about the middle class. **"Incremental" (non-universal) solutions represent a desertion of the middle class.** Even plans which claim "91%" coverage leave every working American at risk of losing their insurance and millions of working Americans without coverage



Source: CBO, 5/94, Tables 4-1, 2
Incomes categorized by percentage of poverty; dollar ranges shown for family of four.

altogether. Those left uncovered won't be the poor, but will be working, middle class families.

Republicans, once again, are selling out the middle class in a show down, election-year vote. As in the Budget Deal of 1990, some elites may praise marginalism and moderation in the summer and September. But also as in 1990 (when the tax fairness issue added 9 Democratic seats to the House of Representatives), voters will be keeping a keen eye on their actual interests when they go to the polls in November.

Second, we need to discuss universality and overall reform in the context of work and reward: everyone who works hard and plays by the rules deserves to have health care that can never be taken away. It is wrong for people who work to have no health care; it is wrong for people who work to be forced to pay for the health care of people who aren't insured. Our system rights these wrongs -- their proposals don't.

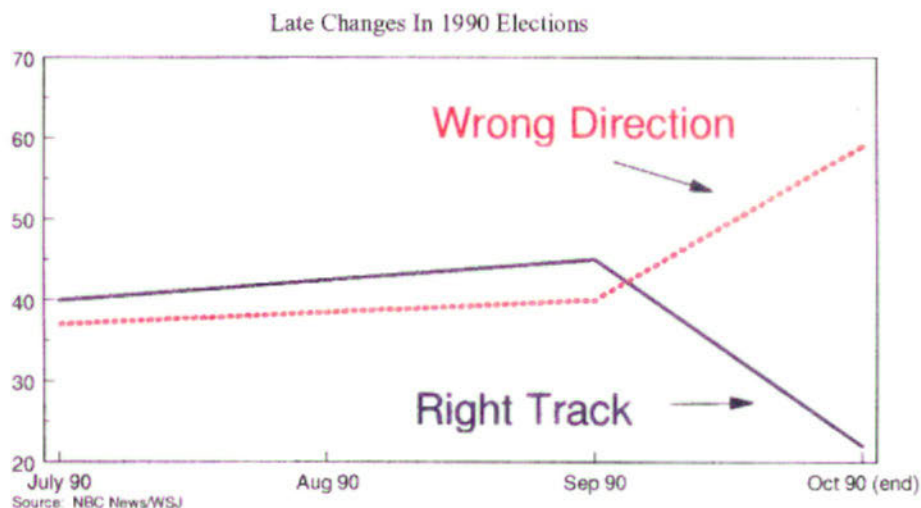
Indeed, turning the health care debate into a debate about the values of work and reward is going to be the key to passing real health care reform and turning late breaking 94 elections our way. Exposing incremental solutions as anti-middle class is the first step. Simply stated:

	DEMS	REPS
Universality	Everyone guaranteed HC that can't be taken away	Wealthy held harmless, some gain for poor: millions of working families still w/o insurance and all middle class left at risk of losing coverage.
Employer Mandate	Anyone who works gets Health Care	Employers are protected: individuals have to pay more

We are just twenty weeks away from election day for every House seat and 34 Senate seats -- 21 of them Democratic. We must keep our message clear and on point.

The 94 Elections and Middle Class Concerns

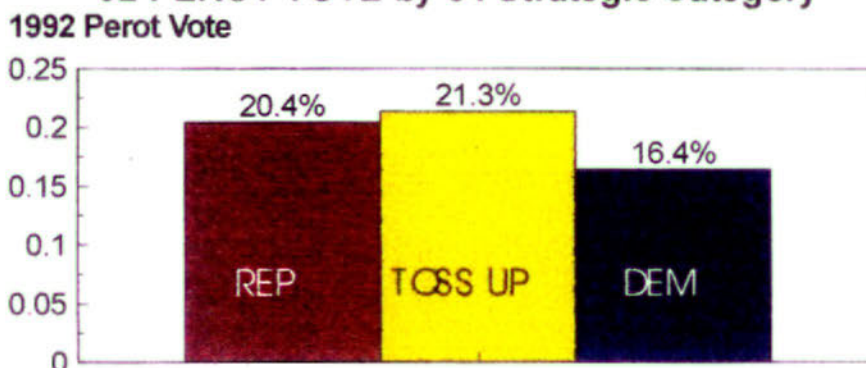
Health care is the make-or-break issue -- the centerpiece of Congressional activity. It will dominate the news from July through October, and leave the dominant impression in voters' minds about what their member of Congress is doing in Washington. In sheer magnitude terms, it will be to 1994 what the Budget debate was to 1990. Swing voters are thus likely to break late, as they did in 1990. If anyone had forgotten how quickly political weather can change around off-year election time, they need only look at graph one -- voters' opinion on "Right Track" v. "Wrong Direction" switched 43 points net in five weeks!



All the reviews of the fall campaign schedules point out that the members in tight races will be trying to persuade an audience whose central concerns remain focused on the value of work and playing by the rules.

For example, key tight House races are more heavily weighted toward the Midwest and, as can be seen in the graph at right, more heavily toward the middle class and the 92 Perot voter than safe districts. These voters want the sense that work is going to be rewarded.

92 PEROT VOTE by 94 Strategic Category



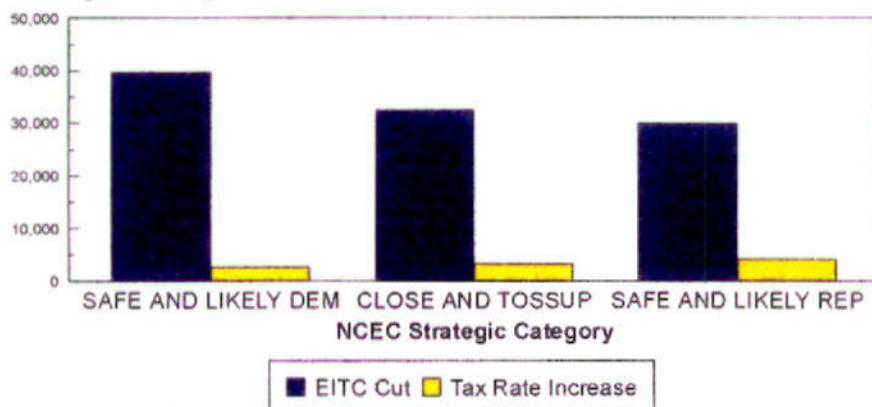
NCEC House Rankings

Universal, work based health care is one big step in the right direction -- it will provide tangible and direct benefit to everyday working families.

This will fit into the overall message that returned us to the White House and will continue to succeed for Democrats. This Administration is building a solid record of delivering for the middle class and strengthening the link between work and reward. The Earned Income Tax Credit, which rewards work over welfare, has helped millions of middle class voters -- particularly strongly in Democratic and toss up districts. (see below) At the same time, the tax

EITC Tax Cut v. Income tax rate increase

Average number per district



Source: Department of Treasury analysis of 1993 Economic Plan

increase on the wealthy has hit an order of magnitude fewer people -- and hit people in Democratic and tossup districts the least. Besides these issues, in each district there are people who have benefited from 3 million new jobs, Family and Medical Leave, and college loans.

Localizing the message of accomplishment for the middle class will be a key challenge for the Democratic Party this fall -- and ensuring members use the most up to date local statistics on our economic progress will be an important tool. But the key decision variable -- this fall's key piece of "new information" in Popkin's terms -- will be Health Care. This will be true no matter

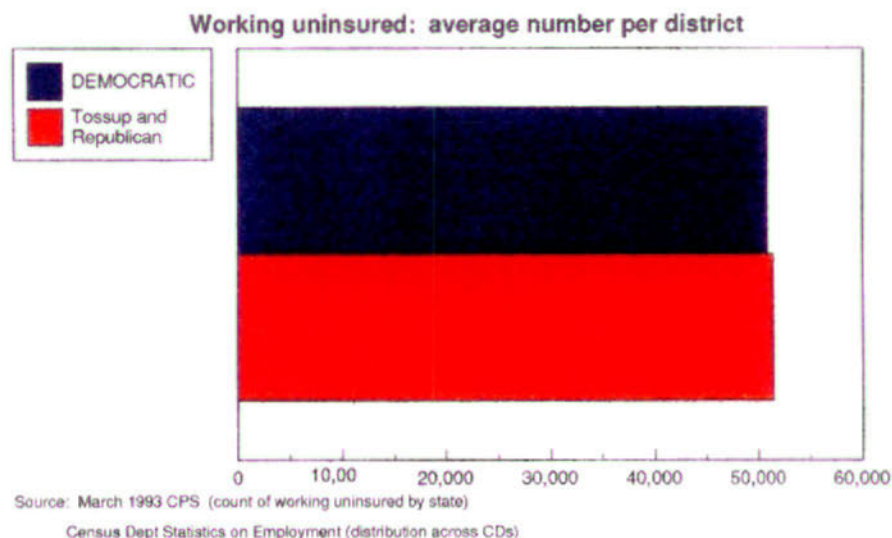
what the legislative outcome. A "no action" outcome will confirm many of voters' worst suspicions about Washington; passing and signing comprehensive reform that values work will, alternatively, yield strong gains.

Health Care as a Middle Class/Work reward issue

The conventional wisdom has much of the health care debate wrong, particularly when it comes to the politics (as wrong, we might add, as these same pundits had the 1990 Budget debate). Some even argue that the politics of our proposal are working against our own interests in these key fall races -- that universality will be seen as a debate about people who aren't in the middle class and that the employer mandate will be seen as being about big government. Thus, the punditocracy argues, we at least ought to be quiet about all this or, better yet, cut a quick deal. They have it EXACTLY wrong:

85% of uninsured people in this country are in working families -- and the working and uninsured are strongly present in Republican districts. This fact benefits us on both universality and the employer mandate -- if Republicans try to walk away from guaranteed health care for every American, they will have to answer to working people in their own districts. Again, "likely Republican" house seats have, on average, an estimated

56,166 working uninsured people, as many -- or in some cases more -- than many safe Democratic seats. For example, Newt Gingrich has an estimated 83,700 working people in his Cobb County district who do not have health insurance, compared to only 7,500 who faced higher taxes because of the economic plan's tax increases on the wealthy.



This means that, as the attached chart shows, making health care a work issue is as powerful in Republican as in Democratic districts.

The American people know how critical universality is as a test of seriousness of any plan. Indeed, a late May Harris poll found that 42% of independent voters consider universal coverage the most important goal for health reform, with no other goal

receiving more than 16%. And in the same poll, 77% of all voters called universal coverage "absolutely essential" or "very important" for reform. This is confirmed by many private and public polls: the Wall Street Journal and NBC News found -- in an open ended question -- that universality is offered by people as the most important goal of health care reform -- mentioned nearly twice as often as lower rates and nearly three times as often as the ability to choose your own doctor.

Non-universal reform -- the "91% strategy" -- has the potential for a serious political backlash because it hurts the middle class. Recent New York state insurance reforms without universal coverage raised rates by as much as 35% for the insured. **According to the Congressional Budget Office more than eighty percent of the people who would remain uninsured are working families.** (See graph on page two). Even those low risk individuals who kept coverage would -- according to CBO -- face higher premiums and greater threats to the security of their coverage.

Note the similarity to 1990: the sitting President's most remembered promise (Bush: no new taxes; Clinton: universal health care) becomes the showdown issue in fall campaigns -- with the middle class on the chopping block.

As we noted above, once we establish that reform must be universal, the key question becomes who pays. And in the absence of a broad-based tax, it's either the employer and employees together or an individual without help. On this issue, Democrats are on strong ground. Democrats think all jobs should come with benefits. Why? Because it reflects a core Democratic value -- that people that work hard and play by the rules should be rewarded. Democrats should be proud to go out there and say: no matter what you do or where you work or how much you make, we believe in the simple premise that every job should have health benefits.

Meanwhile, on this critical question of who should pay for health insurance -- you or your boss, the Republicans give the wrong answer. By favoring an individual mandate, they take their traditional position: protecting businesses at the expense of families. A recent Citizen Action analysis indicates that the individual mandate could shift the burden of over \$1.4 trillion from businesses to individuals -- including \$168.6 billion in California alone.

Middle class voters know which approach works in their favor. Data from a leading Democratic pollster shows that a majority of Perot voters (54 to 35 percent) oppose health care reform with an individual mandate, while a majority favors it with an employer mandate (50 to 39 percent). Overall, voters support the employer mandate 54-35, and oppose the individual mandate 49-38.

Message Strategy

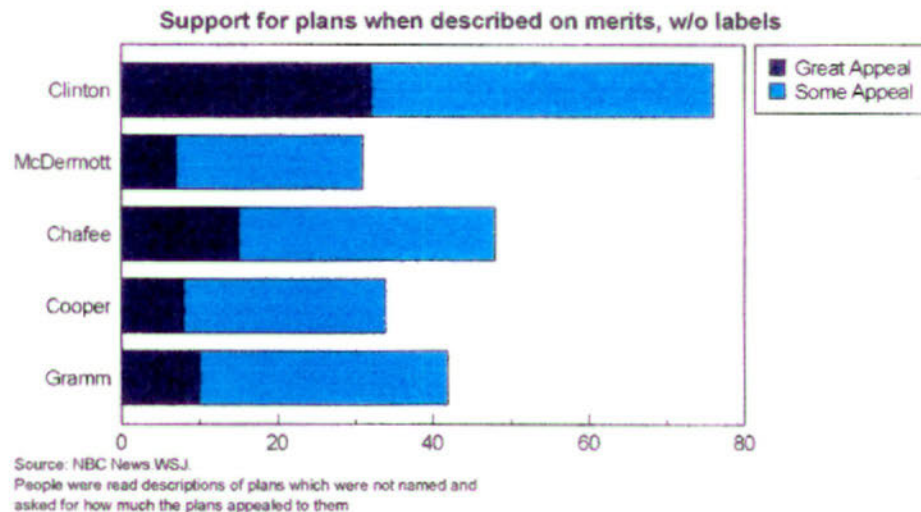
We need to let our candidates know what they can do in practical, campaign oriented terms to advance this message. Particularly as the fall campaign takes shape, turning

events to our advantage will require fewer new analyses and ed-board events, and more clear message guidelines. Our priorities should be clear:

1) Be aggressive on universality. Republicans who oppose universal coverage should be confronted on their stance directly. Their "I'll gladly consider insuring you Tuesday, for marginal reform today" approach puts them on their weakest (and most broadly defining) ground -- they are the party of the status quo. They are promoting a plan that sticks it to the middle class to protect their well financed interests. You cannot stay in the middle of the road by taking nothing but tiny steps -- incremental reform will continue the crisis. The degree of "populist" oratory needed may vary district to district -- but whether it is in a showdown midwest race or in a sunbelt satellite city, the face of the people left at risk by incremental reform must be made vivid. **These are the faces of hard working people, like Jim Bryant, who the President mentioned in his radio address -- two jobs, 70 hours a week, and less security than a Medicaid recipient.**

2) Be aggressive on the employer mandate. (Listen to Bob Dole) Fight for health benefits guaranteed at work. Dole's analysis of our party advantage in this debate is all the more potent because this debate highlights the trends of both parties in terms of policies and values. It

continues the Republican trend of the 80's -- sticking it to the middle-class -- the strategy that lost the 1992 election. It continues the Democratic trend of the 1990's -- rewarding work and helping the middle-class.



We win on the merits and on the politics. But we must remember the results of the March Wall Street Journal survey, presented in the article "Many Don't Realize It's Clinton Plan They Like." This poll -- which offered descriptions of the competing reform proposals without identifying them as Clinton, Chafee, etc. -- reported a 76% approval rating for Clinton's bill, 48% for Chafee's, 34% for Cooper's, 42% for Gramm's, and 31% for single-payer. In other words, support for a universal, employer mandate reform is still overwhelming. **The only way for Democrats to lose on health care is to shy away.**

7/11/97

MEMORANDUM

To: Distribution

Fr: The Health Care Delivery Room

RE: Editorial Board breifing materials

Attached are the materials that have been prepared for upcoming editorial board breifings. We are planning to distribute this information for tomorrow's Cabinet breifing.

Comments must be given to the Delivery Room before 5pm today.

INTRODUCTION

Making History. We are on the verge of an historic step forward for the American people. Since Franklin Roosevelt, Presidents have been trying to pass health care reform. Three years ago the issue was not on the political radar screen. Until recently conventional wisdom held that health care was too complex and abstract to be of much concern to the American public. All that has changed. Amidst polls showing overwhelming popular support for reform, committees in both houses of Congress have approved bills that guarantee health coverage to every American family.

Improvements in the Proposal. The legislative process has transformed our original proposal. We have listened to the ideas and apprehensions of the American people. With Congressional help, many important improvements have been incorporated into the bills now under consideration. While different committees have taken varying approaches, these bills contain a number of features that will ultimately be included in a better and more effective reform plan. Among the improvements under consideration are: cutbacks in bureaucracy and regulation; the transformation of mandatory alliances into smaller voluntary purchasing cooperatives; greater protection for small businesses; and greater choice for consumers and businesses. A stronger fail-safe budget protection device is under consideration, to ensure that the program does indeed pay for itself.

Congressional Challenge Ahead. We have made dramatic progress in our effort to guarantee lifetime health security for every American. But there remains one major stumbling block to overcome. Opponents of true reform would have us believe that our goals can be met by incremental, piecemeal reform. Having bought the land, surveyed the site, and designed the structure, they would have us build the bridge only half way across the river. That approach won't work, and will leave millions at risk..

The coming weeks will be marked by House and Senate consideration of their respective reforms. As the nation watches, they will choose either true reform -- true security for every single American -- or an unfortunate compromise that may actually leave working families worse off.

The Administration's position is clear: universal coverage is imperative if we are to deliver on our promise to guarantee true health security to every American.

Today, we want to talk to you about why non-universal reforms just don't work.

NON-UNIVERSAL REFORMS: What They Claim, What They Deliver

There are several non-universal reform alternatives floating around Washington. They claim to be less filling than universal coverage but taste just as great. These alternatives fall short of what they promise.

DOLE PLAN

WHAT IT CLAIMS: The Dole plan claims that insurance market reforms alone will enable more people to get coverage and that -- according to GOP strategist Bill Kristol -- it will "bring more people into the system and provide more security and flexibility for those already in it."

WHAT IT DELIVERS: The Boston Globe said that "a number of health policy analysts from all parts of the ideological spectrum" have reached a "remarkably congruent verdict: It's not likely to do much to expand access to health insurance. And it might make things worse for many who are now insured." [Boston Globe, 7/3/94]

A conservative health economist, Mark Pauley at the University of Pennsylvania, predicts that such measures would "probably do almost nothing, or maybe even make things worse" for the millions of people who aren't poor enough to get subsidies. [Boston Globe, 7/3/94]

COOPER/SENATE FINANCE PLAN:

WHAT IT CLAIMS: That it will eventually cover as many as 95% of Americans.

WHAT IT DELIVERS: The Wall Street Journal says that the Senate Finance plan "doesn't raise enough money to achieve that goal." [Wall Street Journal, 7/8/94] And the Congressional Budget Office points out that the Cooper plan -- a plan with a similar subsidy scheme -- would leave 24 million people uninsured, most of them middle class working people.

Even Bush's OMB director for health, Thomas Scully, said that "without additional funding, I don't think there's any way the bill will lead to 95% coverage."

And Senator Bill Bradley, who voted for the bill, said "he was concerned that this bill is short on funding."

NON-UNIVERSAL REFORM: Hurts The Middle Class

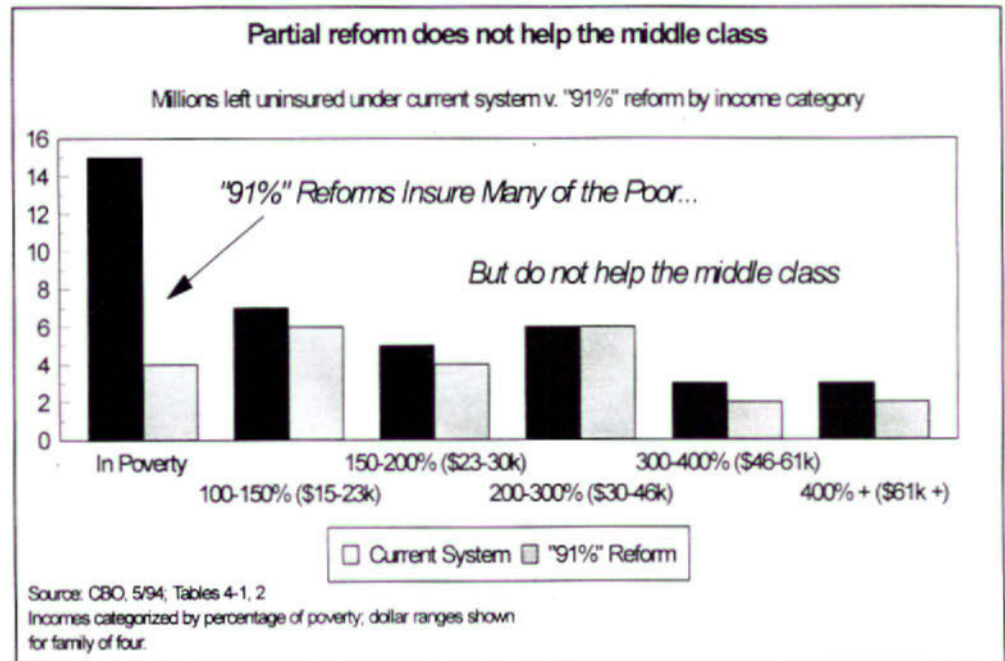
"I'll tell you why I'm fighting so hard for real health care reform...People like Jim Bryant, who told the Boston Globe he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his sons' soccer games to go to his Saturday job while people who depend on welfare have health benefits. In a moment of frustration, he even suggested to his wife that they might be better off if they broke up, so that she and their sons could get the benefits that working families like theirs can't afford." -- PRESIDENT BILL CLINTON

"I guess I'm a little bitter. It is harder for working people to make ends meet, pay for their own medical, get jobs." -- JIM BRYANT, SOMERVILLE, MASSACHUSETTS.

1) Non-universal reforms cover the poor, but not the middle class.

Half-measures and quick fixes would leave every American at risk of losing their insurance. And at least 24 million Americans, most of whom work for a living, would have no coverage at all. [CBO analysis, 5/94, p. 20]

The Congressional Budget Office also says that under a 91% proposal, "health insurance coverage would probably be more limited for middle-income people than the rich or poor." [CBO analysis, 5/94, p. 17]



The non-universal Cooper-Breaux bill would help 11 of the 15 million uninsured Americans in poverty gain coverage, but only 2 of the 18 million middle-class Americans without insurance.

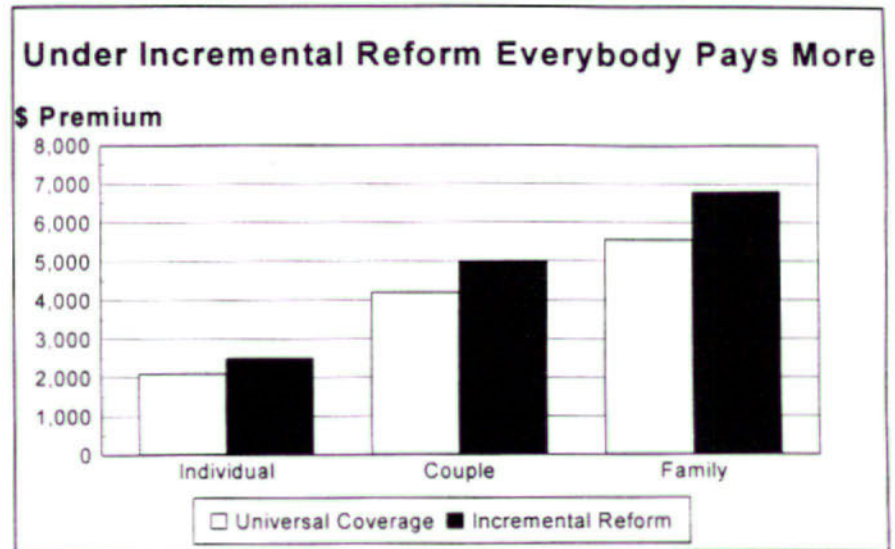
According to a new study by Families USA, a partial solution will cause over one million Americans a month to lose their insurance. [Families USA Special Report, 6/94, p.1] We need universal coverage because all families -- including the middle-class -- must be protected.

While the U.S. population as a whole grew by only 1.3 million between 1988 and 1993, the number of uninsured Americans grew by 6.4 million people. Of the 6.4 million newly uninsured, nearly 4.8 million of them -- more than 75% -- work. [1988 and 1993 March CPS, Bureau of the Census]

2) Non-universal reforms increase insurance premiums.

"With a portion of the population uninsured, per capita insurance costs for the insured population would be higher, compared to universal coverage." [CBO, April 1994, p. 9]

The Wall Street Journal concurs: "The result...is the start of an upward spiral in rates" for those who still have insurance. [Wall Street Journal, May 27, 1994]



3) Non-universal reforms tell working Americans that their health is less important than the health of Members of Congress, welfare families, and jailed felons.

Think of the message that non-universal reform would send to literally millions and millions of working Americans: If you are very poor, we'll guarantee your health care. If you get elected to Congress, we'll guarantee your health care. If you get thrown in jail, we'll guarantee you health care. If you are rich, you can guarantee your own health care. But, if you get up every day and work for a living, your health coverage is always at risk."



NON-UNIVERSAL REFORMS: State Experience Shows It's Not Enough

"At least 37 states have enacted insurance reforms essentially identical to the [non-universal] reforms proposed in Congress. I think any insurance commissioner would say these reforms are a necessary but not sufficient way to decrease the number of uninsured. To say they're going to improve access are a bit misguided." -- PATRICIA BUTLER, HEALTH CARE CONSULTANT, BOSTON GLOBE 7/3/94

Many federal health reform proposals, such as the Dole plan, reject the goal of universal coverage and focus instead on expanding "access" through a patchwork of incremental reforms including small group market reforms, insurance reforms, low-income subsidies, community rating, medical savings accounts, voluntary alliances, tax credits and malpractice reforms. All told, more than 45 states have passed many of the incremental health reforms proposed in the Cooper and Dole bills.

However, state-level experience with non-universal/incremental reforms, implemented in recent years, has demonstrated no appreciable effect on total coverage levels or costs. Since the late 1980s, state-level health care reform activity has significantly increased, with more than 32 states passing incremental health reform measures between 1989 and 1992, and more than a dozen more acting in 1993 and 1994. [Intergovernmental Health Policy Project, George Washington University]

- The recent experience in New York State, where community rating was implemented without universal coverage, bears out the unfortunate forecasts. A Wall Street Journal analysis noted that *"almost one year after New York State adopted stiff insurance reforms, fewer people have health care coverage than under the old system."* [Wall Street Journal, 5/27/94] The reason: young people dropped coverage as rates went up, causing rates to rise further: between 20-35% for some insurers.
- In Hawaii, however, reforms include universal employer/employee contributions, coverage approaches universal and, *"health insurance premiums are about 30 percent cheaper, while almost everything else in Hawaii is more expensive than on the mainland."* [Wall Street Journal, 6/15/94, and New York Times, 5/6/94; Dr. Rashi Fein, Harvard Medical School, 10/28/93]

Nor has the promise of better rates or cheaper benefits brought non-insuring small businesses into the system.

- Beginning in 1986, 11 states and non-profit groups began a demonstration program specifically aimed at increasing coverage by making health insurance more affordable and available to uninsured small businesses and individuals. Of the 11 demonstration projects, all used voluntary measures: 10 developed new, less expensive insurance products or subsidized existing insurance products, and one developed a health insurance information and referral service.

These demonstrations reached relatively few of the small businesses and individuals previously uninsured, leading the study to conclude that *"there is little evidence that voluntary efforts alone will close the gap on the uninsured problem."* [testimony of W.David Helms, Ph.D., before the U.S. Senate Committee on Finance]

States Have Already Tried Non-Universal Reforms

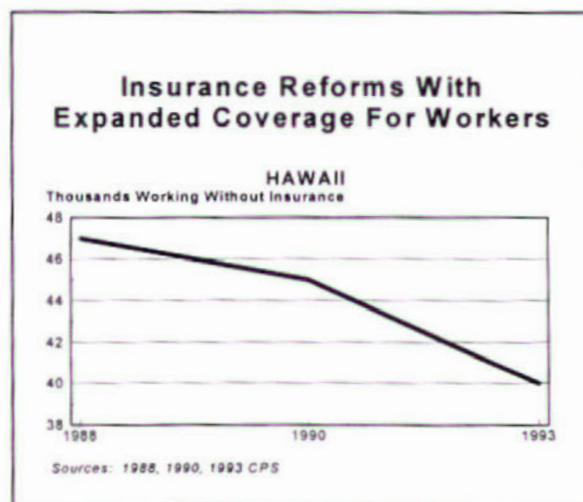
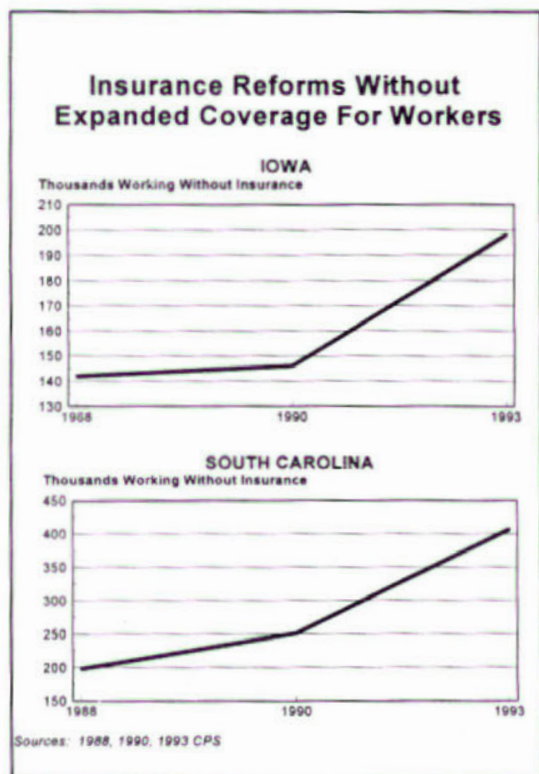
Reform Measure	Number of States
Guarantee Issue	35
Guarantee Renewal	42
Portability	37
Community Rating	19
Rating Bands	34
Voluntary Alliances	20
Tax Incentives	13
Medical Savings Accounts	12
Low-Income Subsidies/Medicaid Expansions	46

Source: Intergovernmental Health Policy Project, George Washington University, June 1994

The results of these reforms are illuminating: tens of thousands more working people left uninsured, and massive increases in insurance costs. Even in the 14 states that successfully increased the total number of individuals covered from 1988 to 1993, half had a decrease in coverage among working people [March CPS, 1988 and 1993, Bureau of the Census].

A brief examination of representative states gives a taste of the differing outcomes that follow universal and non-universal reforms. Iowa's reforms resemble those suggested by the Dole plan. South Carolina's resemble the Cooper/Finance Committee plans. Hawaii is the state that has come closest to providing universal care.

1) Non-universal reforms leave more working people uncovered.



2) Non-universal reforms have not curbed premium increases for people with insurance.

[insert chart]

3) Non-universal reforms have hurt state budgets -- and raised working people's taxes.

Iowa and South Carolina -- states that most closely resemble the Dole and Cooper/Senate Finance plans -- enacted insurance market reforms with subsidies for poor people five years ago. Since reform, state spending on health care has continued to increase, forcing state officials to reduce funding for education and crime prevention. State income taxes on working people continue to rise, even as more working people go without insurance. The message is clear: non-universal reform means that working people pay more for insurance and in taxes for the poor -- even as they lose health coverage themselves.

[Sources: 1988, 1993 CPS. *State Government Finances* 1988, 1992. U. S. Bureau of Census, *State Government Tax Collection*, 1988, 1992]

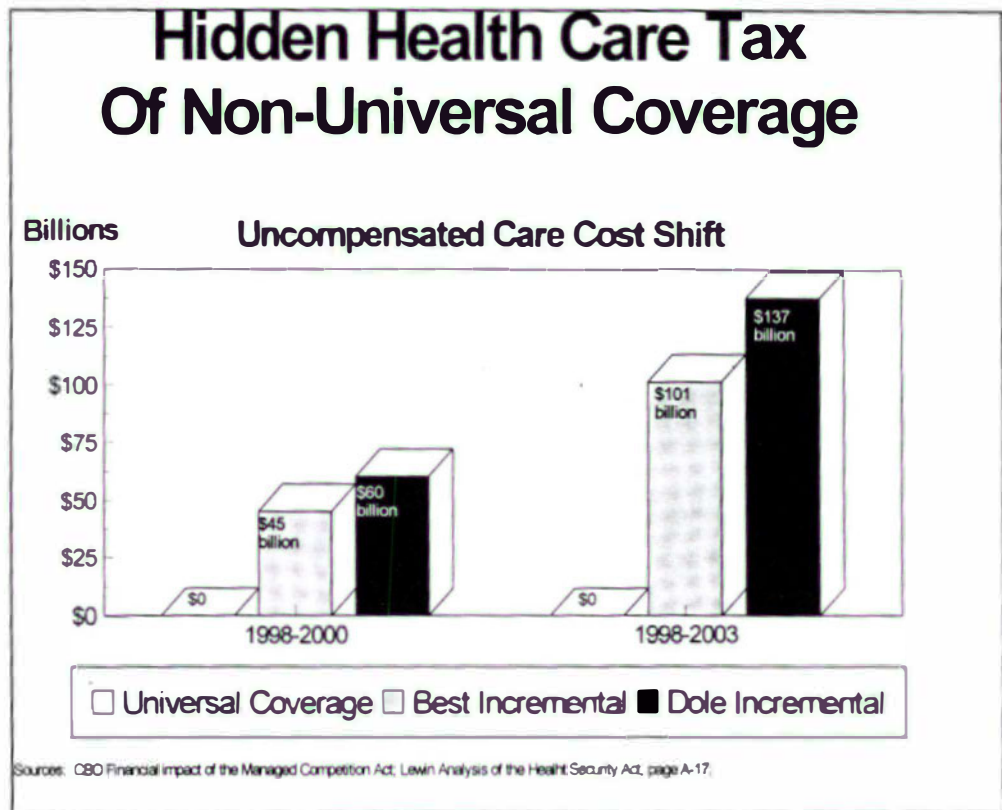
NON-UNIVERSAL REFORM IS A HIDDEN TAX ON THE MIDDLE CLASS AND ON BUSINESS

"[S]o long as millions of Americans remain underinsured and uninsured, cost shifting will continue, leaving a mechanism for unwarranted price inflation in health care." -- MINNEAPOLIS STAR TRIBUNE, 6/16/94.

1) Non-universal reform leaves a hidden tax on working families.

People without health care coverage still get health care. They just don't pay for it. Their costs are shifted onto everyone who does pay an insurance premium. And their costs are higher because the uninsured seek treatment after a problem has become a crisis, in a hospital emergency room.

A recent Department of Health and Human Services Study found that of 90 million emergency room visits in 1992, fifty million were for ailments that could have been treated in a doctor's office -- at one-third the cost.



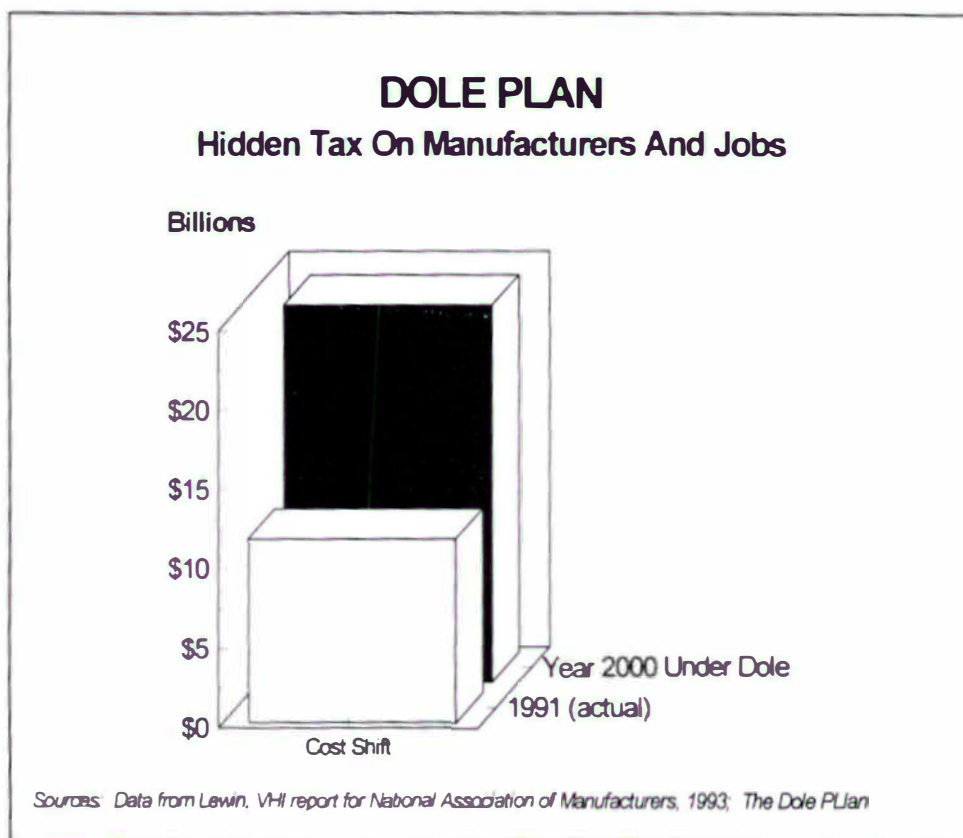
The methodology developed by Lewin-VHI to analyze a similar plan, predicts that the Dole plan would cover only 1 in 5 uninsured.

With 80% still uninsured, uncompensated care will remain at about 80% of current levels -- \$23 billion. So the Dole plan leaves \$18 billion to be paid by working people who do have insurance.

2) Incremental reform is a hidden tax on business and on new jobs.

Another way to think of this Dole cost-shift is as a tax on businesses who provide coverage. Since most Americans get their insurance through work, businesses are forced to cut dividends, divert money from needed R&D, and cut back on hiring.

The middle class gets squeezed coming and going -- either paying higher premiums themselves, or seeing jobs lost as employers cut back to cover costs shifted onto them by businesses that don't insure their employees.



INCREMENTAL REFORM FAILS OTHER KEY TESTS

1) Half-measures perpetuate "job-lock" by failing to ensure portability.

"I have great trouble seeing how you get portability without universal coverage." --U.S. SENATOR JOHN CHAFEE

If you move to a new job and your new employer doesn't contribute, all incremental reforms give you is the right to assume the full burden by yourself -- whether or not your family can afford it. Incremental reform means millions could still lose coverage when they change jobs, dropped if they can't afford their premium, or forced to wait six months for new coverage. That's not portability.

Until we have *true* portability, we will never eliminate "job lock". Surveys suggest that almost one in three working Americans are trapped in their current jobs because they fear losing the health insurance their families depend on. The CBO concluded that incremental reforms can "*reduce*" -- but not solve -- this problem. [*Health Benefits Found to Deter Switches in Jobs*, "The New York Times" 9/26/91; CBO, 4/94, p. 28]

2) Non-universal reform cannot eliminate pre-existing condition exclusions.

"It will be nearly impossible without universal coverage . . . to outlaw the common industry practice of refusing to cover people with known medical problems, so called pre-existing conditions." -- THE WALL STREET JOURNAL 6/15/94

Without universal coverage, many healthy people would choose to "ride free" and go without insurance, knowing they could buy it when they get sick. This would drive up costs for all the people in the system. (Wall Street Journal 6/15/94)

3) Incremental reforms perpetuate welfare lock and discourage work.

"At least one million adults and children are on welfare because it's the only way their families can get health care coverage...[an incremental approach] would produce devastating disincentives to work . . . the creation of a near poverty trap . . . would result." -- MOFFIT AND WOLFE, 1/90; AARON IN NEW YORK TIMES, 2/13/94

Even if the Dole proposal were fully funded -- which it is not -- it would only subsidize a portion of the premium for those families and individuals well below the poverty line. Welfare mothers going back to work would not only pay their own premiums, their taxes would pay for health care for those still on welfare. One expert says that the Dole plan would "make working irrational." On the other hand, an analysis of the effects of a universal proposal estimate that at least 840,000 people -- 15% of welfare rolls -- will seek jobs if the President's reform passes. [*Wolfe, University of Wisconsin*, L.A. Times, 11/18/93; *Boston Globe*, 7/3/94]

The more data are analyzed, the more obvious it becomes that reform without universal coverage is reform in name only. Hard data from states, analysis from partisan and non-partisan political sources; independent studies; even common sense combine to demonstrate that true reform is predicated upon universal coverage.

(1)

Community Builders - 7/11/94

1. Strategy:

2. Historical:

- More progress toward achieving serious health care reform than ever in history of republic
- 7 presidents have tried
- 4 of 5 committees reported bills
- 3 committees reported bills for universal coverage

3. Presidential agenda:

- health care reform
- universal coverage
- controlling costs in economic imperative
 - . individual families
 - . national spending

4. Broad support for President's goals:

- large majorities for universal coverage
- for price controls
- for the President and Congress to continue reform efforts

E. B. B. B.
on
Committee

5. Critical phase:

Finishes Committee

- Next month - bills being written
- Senate then House

6. Why universal coverage:

a) Partial solutions don't work

b) Uninsured increased from 15.3% in 1988 to 17.5% in 1992 HHS

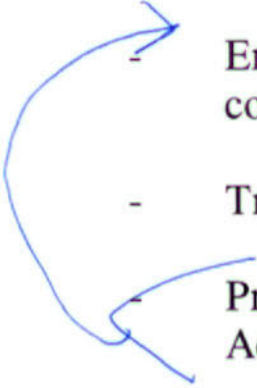
DOLE *c)* See Dole's proposals ^{*latest*} ~~latest~~ case of sick and poor but leaves working middle class in same position

- 25-40 million Americans left uninsured
 - . 85% of uninsured in working families
- No security for those now insured
- Leaves insurance companies in charge
- No cost controls
 - . small firms continue to pay more
- Creates incentives for bare bones coverage
- Cuts medicare to pay for subsidies for poor
 - . with no coverage for prescription drugs or long term care

7. Failure to act is unacceptable:

- Millions of middle class Americans at risk
- No controls on spending

8. What can you do:

- 
- Energy and commitment to achieve universal coverage this year
 - Tremendous progress to date
 - President, First Lady, Secretary Cisneros and the Administration committed
 - Can't do it without you and those in leadership positions

Bob Dole's "Alternative" Plan: No Alternative for Middle Class Families

- **No Universal Coverage**
- **Insurance Companies Remain In Charge**
- **Small Firms Continue To Pay More**
- **Creates Incentives For Bare-Bones Coverage**
- **Medicare Cuts With No New Benefits For Seniors**
- **Discourages Work-Based Insurance, Encourages Welfare Dependency**

NO UNIVERSAL COVERAGE:

- This plan provides no means for achieving universal coverage, no specific target for increased coverage, and provides no help with insurance costs for middle class families.
- Analysis of similar, non-universal alternatives predict 24-40 million Americans, most of them working, will remain uninsured. Once again, the middle class are left out in the cold.
- Without Universal Coverage, *"health insurance coverage would probably be more limited for middle income people than the rich or poor."* [CBO, 5/94, pp. 17, 20]

INSURANCE COMPANIES REMAIN IN CHARGE:

- Insurance companies can still deny coverage of pre-existing conditions for up to six months, or in some cases up to a full year.[Dole Plan, p. 2] If illness strikes a family when their insurance plan denies them coverage, they could lose everything paying medical bills.
- *"Most health bills that stop short of universal coverage ... allow insurance companies to exclude coverage of a pre-existing condition for up to six months."* [Wall Street Journal, 06/15/94]
- Older workers can still be charged three to four times more than younger workers. [Dole Plan, p. 3]
- Insurance companies can still decide what benefits to cover and which to deny. [Dole Plan, p. 3]

SMALL FIRMS CONTINUE TO PAY MORE:

- Unlike the Clinton plan, which provides more than \$100 billion in discounts to small businesses, this plan would offer no discounts to small businesses. Small firms would continue to pay higher rates than large, self-insured firms.
- Small firms who provide coverage for their workers will continue to pay extra to pick up the costs for "free riders".
- Self-employed individuals are denied 100% tax deductibility until the year 2000. [Dole Plan, p. 6]
- Small firms can continue to see more of their health care dollar going to paperwork and bureaucracy [Dole Plan, p.2]
- *"By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. Those costs won't disappear, however. As big companies shed them, insurance premiums for smaller employers will be forced up. This probably will lead more of them to stop offering insurance, to limit coverage for workers' families or rely more on part-timers and temporary workers who often don't get health insurance."*
[Health-Care Inaction Can Carry a High Cost," The Wall Street Journal, 6/27/94]

CREATES INCENTIVES FOR BARE-BONES COVERAGE:

- This plan creates incentives for employers to offer only catastrophic coverage to their workers, with high deductibles. This so called "Medical Savings Account" approach discourages patients from seeking cost-effective preventive care, prompting the American Medical News to warn that *"Medical Savings Accounts threaten quality."* [American Medical News]
- It repeals existing state laws guaranteeing insurance coverage for certain services, for example mammograms. [Dole Plan, p. 14]

MEDICARE CUTS WITH NO NEW BENEFITS FOR SENIORS:

- Money from Medicare is taken to pay for subsidies for the poor, instead of new benefits and a strengthened Medicare program. Medicare recipients will continue to go without coverage for prescriptions, and middle class seniors will get no help with home and community-based long-term care. [Dole Plan, p. 25]
- Medicare recipients who entered managed care plans could be forced to wait if they want to return to regular Medicare coverage. [Dole Plan, p. 24]

DISCOURAGES WORK-BASED INSURANCE, ENCOURAGES WELFARE DEPENDENCY

- Many workers who want to get coverage for their families would be forced to give up the employer-based coverage they have now in order to qualify for government subsidies. [Dole Plan, p. 8]
- Subsidies would only be available for people with very low incomes, and would phase out as family income increases. Health economist Henry Aaron said about a similar subsidy plan: *"This means that millions of workers would have no incentive to increase their earnings."* [NYT, Sunday Feb. 13]
- Millions on welfare would continue to face the choice between staying on welfare and getting health benefits or leaving for a job with no benefits. This would encourage welfare dependency, and threaten any attempt at welfare reform.

WHY UNIVERSAL COVERAGE:

Fighting For The Health Security Of America's Middle Class

- I. Why We're Fighting For Universal Coverage
- II. Personal Stories
- III. The Pivotal Point is Universal Coverage
- IV. Progress That Won't Be Stopped
- V. The Bottom Line
- VI. Speech Text

I. WHY WE'RE FIGHTING FOR UNIVERSAL COVERAGE

- **The Universal Coverage debate is not about the wealthy: they'll be able to afford care under any plan.**

The Universal Coverage debate is not about low income Americans: They get care through Medicaid.

UNIVERSAL COVERAGE IS ABOUT HEALTH SECURITY FOR HARD WORKING MIDDLE-CLASS AMERICANS

- This Administration was founded on the principle of Putting People First. From the beginning, President Clinton has made a strong commitment to hard working middle-class Americans. In the Clinton Presidency, the concerns of hard working Americans -- not the special interests -- guide public policy.
- Why is Universal Coverage so important? Because, without Universal coverage, the middle class is hit hardest. The fight for Universal Coverage is truly the fight for health security for hard working, middle-class Americans. The President is deeply committed to this battle.

- *Some people say, "Why does the President insist on Universal Coverage?"*

The President's bottom line remains Universal Coverage, because the middle class is hit hardest if every American isn't covered.

- *Some people say, "91%, 92%, 99%, what's the difference?"*

The difference is dramatic, especially for hard working middle class Americans. Without Universal Coverage, 24-40 million Americans, more than 80% of them in middle class working families, would remain uninsured. Millions more would go through each day with the fear of losing their insurance. Lower income Americans will get more help, the rich remain secure and the middle class will pay the price.

- **If we fail to cover every American, we don't fail the wealthy, who will get covered anyway; we don't fail people with lower incomes, who will receive more help; we fail the hard working middle-class who will either remain uninsured, or have to live in fear of losing thier insurance-- and that is wrong.**

REAL Health Care Reform will include hard working middle-class Americans, and not exclude them.

II. PERSONAL STORIES

- I'll tell you why we're fighting so hard for Universal Coverage. Every day, the President, the First Lady, and people in our Administration -- we all hear about hard working Americans whose lives are being torn apart by uncertainties about their health care -- Americans like Jim Esbenshade who lives outside of Oklahoma City. Last winter, Jim's son got sick, and their family's health coverage was dropped by their insurer. But in spite of these fears, Jim continued working for a living because he does not believe in welfare. Jim could have divorced his wife and put his son on Medicaid, but he chose to keep working, and try to make ends meet.
- Americans like Jim Bryant, who told the *Boston Globe* that he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his son's soccer games on Saturdays to go to his second job while people who are on welfare have health benefits he and his middle-class family don't have. In a moment of frustration, he pointed out to his wife that if they broke up she and their sons could get benefits that working families like theirs can't afford.
- It's middle-class families like the Bryants and the Esbenshades who will get no help at all from half-measures, quick fixes, and band-aid style reforms. They represent the 8-10% of Americans that will have to go on welfare to get health coverage. That's not real reform! That's not right! For the sake of these hard working families, let's not leave anyone out. Let's cover everyone. Let's get the job done this year. And let's do it right!

III. THE PIVOTAL POINT IS UNIVERSAL COVERAGE

- This isn't just about the uninsured, although their numbers are growing and nearing 40 million. More-so, the debate is about the tens of millions of hard working middle-class Americans who live with the uncertainty of never knowing whether their health care will be there when they need it. After all, they could have a member of their family get sick, or they could lose their jobs, or they could change jobs and they couldn't get insurance on the new one. The only way all of our people will be secure is when every American knows that whether they lose their job, change jobs, move their home, get sick, get insured, or just grow old, their health care will be there.

"Health Care Reform just isn't the real thing unless middle-class working people are guaranteed coverage, and after 60 years of delay, the American people deserve the real thing."

IV. PROGRESS THAT WON'T BE STOPPED

- The American people want and need health care reform. They want the security of health benefits that can't be taken away. For the sake of America's middle class, we can't allow the partisan naysayers to stand in the way of change. We simply cannot afford to play politics with the lives of hard working Americans.
- Momentum in Congress demonstrates that we are well on the way to guaranteeing private insurance for every American that can never be taken away. Most Members of Congress have heard the urgent call from the American people who want health care reform. **There should be no turning back, we must finish the job.**

V. THE BOTTOM LINE

- The President's bottom line remains Universal Coverage. This is not a time to give up on the health security of America's hard working middle-class.
- Today, an historic window of opportunity for health care reform remains open. But, without action, this window will slam shut on the health security of hard working middle-class Americans. All over America, there are millions of children whose parents work hard but can't afford insurance. The thought of leaving these children out in the cold is unacceptable.

Why Universal Coverage: Fighting For The Health Security Of America's Middle Class

This Administration was founded on the principle of Putting People First. From the beginning, President Clinton has made a strong commitment to hard working middle class Americans. Under the Clinton Presidency, the concerns of hard working Americans -- not the special interests -- guides public policy.

Part of the Administration's commitment to America's middle-class is manifested in President Clinton's fight for health care reform. In the past year, we have made enormous progress towards real health care reform. And now, we're almost there.

After 60 years of fits and starts, roadblocks and dead ends, we are finally making progress towards real health care reform. For the first time in United States history, the relevant Committees in both houses of Congress are seriously moving forward on health care reform. There have been twists and turns along the way -- and no doubt more ahead -- but we are steadily moving closer to our goal: passage of major health care reform this year.

On June 9, the Senate Labor and Human Resources Committee became the first full Congressional Committee, to report out a health care reform bill. With bi-partisan support, the Committee adopted a bill which preserves all the fundamental principles of the President's plan.

And now, as the four remaining Congressional Committees finish their deliberations -- as we get down to crunch time in the health care reform debate -- one issue has risen to the forefront of the debate: **UNIVERSAL COVERAGE.**

On one side of the aisle, there are those, like the President, who support guaranteed private insurance for *every* American. On the other side, there are those who support private insurance with no guarantee.

The President's bottom line remains: Only a health care reform bill that contains Universal Coverage will make it past his desk.

Why is Universal Coverage so important? Because, without Universal Coverage, 24-40 million Americans, more than 80% of them in middle class working families, would remain uninsured. Millions more would go through each day with the fear of losing their insurance. Lower income Americans will get more help, the rich remain secure and the middle class will pay the price.

Universal Coverage is not about the poor: They get care through Medicaid. Universal Coverage is not about the wealthy: They'll be able to afford care under any plan. UNIVERSAL COVERAGE IS ABOUT HEALTH SECURITY FOR HARD WORKING MIDDLE-CLASS AMERICANS

This isn't just about the uninsured, although their numbers are growing and nearing 40 million. More-so, the debate is about the tens of millions of hard working middle-class Americans who live with the uncertainty of never knowing whether their health care will be there when they need it. After all, they could have a member of their family get sick, or they could lose their jobs, or they could change jobs and they couldn't get insurance on the new one. The only way all of our people will be secure is when every American knows that whether they lose their job, change jobs, move their home, get sick, get insured, or just grow old, their health care will be there.

Everyday, the President, the First Lady, the Vice President, and people in our Administration -- we all hear about hard-working Americans whose lives are being torn apart by uncertainties about their health care. People like Jim Bryant, who told the *Boston Globe* that he works 70 hours a week but has no health insurance for his family. He wonders if it's fair that he misses his son's soccer games on Saturdays to go to his second job while people who are on welfare have health benefits he and his middle-class family don't have. In a moment of frustration, he pointed out to his wife that if they broke up she and their sons could get benefits that working families like theirs can't afford.

That's just not right! No one who works should have to go on welfare to get health insurance. It's middle-class families like the Bryants who will get no help at all from half-measures, quick fixes, and band-aid style reforms. In many states, more than 400,000 middle-class workers will not be insured under a non-Universal Coverage plan. For the sake of these hard working families, let's not leave anyone out. Let's cover everyone. Let's get the job done this year. And let's do it right.

Health care reform just isn't the *real* thing unless middle-class working people are guaranteed coverage, and after 60 years of delay, the American people deserve the *real* thing.

Today, an historic window of opportunity for health care reform remains open. But, without action, this window will slam shut on the health security of hard working middle-class Americans. Outside this window, I see millions of children whose parents work hard but can't afford insurance. The thought of leaving these children out in the cold frightens me.

The fight for Universal Coverage is truly the fight for health security for hard working, middle-class Americans. It is fight we cannot afford to lose. We just can't let these people down. The President is deeply committed to this battle.

	House			Senate		
	Ways and Means	Education and Labor	Leadership	Finance	Labor and Human Resources	Leadership
Overview	universal coverage by 1998; employer mandate public coverage for poor and uninsured; firms with ≤ 100 may provide through public coverage (Part C) firms with 100+ workers experience rated; can self-insure; price controls to enforce cost growth targets on public program trigger for private sector cost containment	universal coverage by 1998; employer mandate private coverage for all; HSA-like alliance coverage for firms with ≤ 1000; premium caps to enforce HSA-like cost growth;	universal coverage by 2000; employer mandate public coverage option for poor and uninsured through Medicare Part C; firms with ≤ 100 community rated immediately; FEHB kept separate until 2000, then merged with ≤ 100; firms with 100+ experience rated. premium caps on public program always; on ≤ 100 in 2000; on 100+ in 2003/2004.	NO universal coverage goal of 95% by 2002; No employer mandate private voluntary coverage; firms with ≤ 100 community rated; firms with 100+ experience rated; Federal spending constraints; no private sector cost containment;	universal coverage by 1998; employer mandate private coverage for all; firms with ≤ 500 community rated; firms with 500 - 1000 have option of community or experience rated; firms with 1000+ experience rated; premium caps enforce HSA-like cost growth;	Considering options: 1. Optimal targeting to maximize coverage without mandates; 2. #1 with a hard trigger to a 50% employer mandate in 1999; 3. gives states flexibility to reach Federal goals with standards and cap subsidies to target levels;

	House			Senate		
	Ways and Means	Education and Labor	Leadership	Finance	Labor and Human Resources	Leadership
Coverage	Employer and Individual mandates in 1998; Medicaid (non-SSI) integrated into new Medicare Part C.	HSA-like state-by-state phase-in of employer and individual mandates by 1998. Medicaid integrated in alliance coverage as in HSA;	Employer mandate for firms with 100+ in 1998; Firms ≤ 100 and individuals mandated in 2000; Medicaid (non-SSI) integrated; eligible cash get free (target premium) policy forever; govt pays capitated rate; non-cash get free policy until 2000, when they are treated like all others, as in HSA;	NO mandates ever expected to reach 88-92% coverage by 2004 Medicaid (non-SSI) fully integrated and community rated, recipients treated like all others in subsidy eligibility. Pregnant women and children given larger subsidies quicker than all others.	HSA-like state-by-state phase-in of employer and individual mandates by 1998. Firms with ≤ 10 and average pay $\leq \\$24,000$ exempt from employer mandate, must pay payroll assessments if do not offer (1% 1-5; 2% 6-10). Medicaid integrated like HSA.	Will vary by option chosen.
Benefits	HSA $\pm$; higher cost sharing, better mental and dental; Medicare drug + HSA Long-term Care (LTC);	HSA + 6%; more services, lower cost-sharing for the poor; Medicare drug + HSA LTC;	HSA - 8%, equal to FEHBP's BCBS standard; Medicare drug;	HSA - 8%; HSA LTC;	HSA - 2%; Medicare drug + HSA LTC;	HSA - 8%; Medicare drug + HSA LTC;

	House			Senate		
	Ways and Means	Education and Labor	Leadership	Finance	Labor and Human Resources	Leadership
Cost Containment	Medicare Part C premium set to hit target growth rates, payment rates adjusted to guarantee federal cost control; Target by 2001 = per capita GDP private sector gets provider price controls in 2003 unless it hits target growth rates in 2001;	HSA-like premium caps;	Medicare Part C premium growth set at HSA target; private plans for firms with ≤ 100 must reach HSA target by 2003/2004; private plans for firms with 100+ must hit HSA target by 2004;	Commission to make recs to Congress every 2 years if private premium targets not met in 2000; Fail-safe federal deficit mechanism-causes either: delayed subsidy eligibility, lower individual deduction OR alternative deficit proposal if subsidies and tax expenditures exceed entitlement savings and new revenues in any year.	Fall Backs: 1) premium caps 2) NHB makes recs on scope of benefit package	Under discussion.
Insurance reform/Alliances	5 rating pools: individuals; firms 2-100; firms with 100+; association plans; voluntary community rated alliances;	community rating for ≤ 1000 and individuals; experience rating for 1000+; large firm opt-in allowed once and only in 11th yr.	community rating pool for ≤ 100 experience rating for 100+; experience rating for FEHB until 2000	community rating for firms with ≤ 100; experience rating for firms with 100+; NO opt-in allowed;	community rating for firms with ≤ 500; experience rating for firms with 1000+; 500-1000 opt-in allowed;	community rating for firms with ≤ 500; experience rating for 500+; NO opt-in allowed.

	House			Senate		
	Ways and Means	Education and Labor	Leadership	Finance	Labor and Human Resources	Leadership
Subsidies						
Household	≤ 100% of poverty pay zero, 100-240% of poverty pay sliding scale	≤ 200% of poverty pay sliding scale	HSA-like but pegged to target premium in ≤100 pool;	≤ 100% of poverty pay zero, 100-200% of poverty pay sliding scale;	HSA+ (more generous for nonworkers and workers in exempt firms);	HSA-like for individuals;
Regular firm	payroll based - if average pay ≤ \$26,000:	payroll based capped at 7.9% of payroll for firms ≤ 1000;	100+ subsidies pegged to the minimum of target in ≤100 pool and experience rate in that firm;	eligibility phased-in between 1997-2000;	12% individual wage cap for all firm sizes	8% individual wage cap for firms (50% mandate),
Small firm	firms with ≤ 25, pay only 50% of employer obligation for Part C premium firms with 26-50, pay only 62.5% of employer obligation for Part C premium Subsidy terminates 1/1/2005.	2%-7.9% of payroll, depending on average wage, except under 25 with 2% max	individual wage based: (pure) individual wage cap, depending on worker's wage, phased in at reduced levels, until mandates.	NO firm subsidies.	4%-12% individual wage cap, depending on average wage and firm size all firms offering wellness programs get premium reductions	

	House			Senate		
	Ways and Means	Education and Labor	Leadership	Finance	Labor and Human Resources	Leadership
Financing	no assessment on large firms. phased-in to 45 cents per cig. pack in 1999; 2% tax on private insurance premiums for GME, etc. Medicare and Medicaid savings; Part of secondary employer payments kept from 1998-2002, disbursed on a phase-in basis. (Collected from employers whose employee and their family are covered by an another employer in order to subsidize that covering employer.)	1% assessment on 1000+, otherwise HSA-like;	1% on 100+ beginning 2000. Firms under 100 not providing pay assessment until mandate. Medicare savings as in Ways and Means, Medicaid savings.	tobacco tax, high cost plan assessment Medicare savings and large Medicaid savings	1% on 1000+ 1% on 500-1000 if they do not opt into the community rating pool cig. tax to \$1.74	HSA tobacco tax Risk adjusted assessment of 500+
Net Deficit Effect	1995-1999 + 23 1995-2004 + 65 (CBO)	1995-1999 50+ 1995-2004 ++	1995-1999 - 10 1995-2004 - 200	1995-1999 +25 1995-2004 +90	1995-2000 + 40 1995-2004 ++	will achieve deficit reduction.

An Unpleasant Choice if Employers Won't Pay for Health Care

By ROBERT PEAR

Special to The New York Times

WASHINGTON, July 7 — President Clinton's goal of health insurance for all Americans is often described as a moral imperative or a political objective, but it is also a pocketbook issue.

In one sense, there is no mystery about how to reduce the number of uninsured: it just takes money. The question is who should pay.

In trying to achieve universal health insurance coverage, Mr. Clinton and Congress will confront an unpleasant choice in the next few weeks. If employers do not pay most of the cost, as Mr. Clinton has proposed, then the Government and consumers must pay more.

Many people describe Mr. Clinton's proposal for an "employer mandate" as an alternative to taxes. Still, the public would ultimately pay. Economists say that employers would pass on the costs to their workers by reducing the amount of money available for wages or future pay raises.

Guarantees, but Not for All

Members of Congress are skittish about requiring everyone to obtain insurance, and many flatly oppose Mr. Clinton's proposal to make employers pay most of the cost. Many lawmakers now suggest that the Government should initially try to guarantee coverage for some fraction of the population, perhaps 95 percent, as the Senate Finance Committee has proposed.

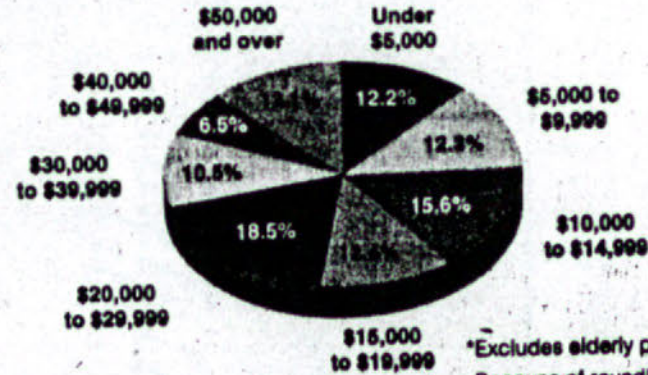
What difference does it make whether 95 percent or 100 percent of the people have insurance? And who is most likely to remain uninsured? Those questions are at the heart of the current debate over how to redesign the nation's health care system.

Currently, the Government estimates that 39 million Americans, accounting for 15 percent of the population, have no health insurance. But such numbers imply far more precision than is possible with any measuring tools now available. People's insurance status is continually changing as they change jobs, marry and divorce, move from one state to another and go on and off the rolls of

DEMOGRAPHICS

The Uninsured, by Income

The percentage of uninsured Americans in each family income category. 1992 figures.*



Source: Employee Benefit Research Institute

*Excludes elderly people. Because of rounding, figures do not add to 100 percent.

The New York Times

programs like Medicaid and Medicare.

Virtually all the major health care proposals now in Congress would make health insurance more available, prohibit insurers from denying coverage to people with a history of illness or disability and prevent insurers from charging extremely high premiums to people with high medical risks.

But such changes, by themselves, would not solve the problem, and experts warn that half measures could have unintended adverse effects. Alice F. Rosenblatt, an actuary at Coopers & Lybrand, the accounting firm, said that "a small proportion of the uninsured, probably less than 5 percent, have been denied coverage because of pre-existing conditions like cancer and cardiovascular problems."

Moreover, unless there is some mechanism for enrolling all people in health plans, millions of Americans are likely to remain uninsured be-

cause they do not want to be bothered, see no need for coverage or cannot afford their share of the cost.

"Many people may rationally choose not to purchase health insurance coverage, either because they have low income or because they believe they have a low risk of needing health care services," said William S. Custer, research director of the Employee Benefit Research Institute, a nonpartisan organization whose members include businesses and labor unions.

The Young May Go Without

If there is no requirement for people to have insurance, many who are young and healthy will probably go without it because they see no immediate need, given the cost. If significant numbers of healthy people go without insurance, the average risk of the policyholders rises, and their premiums increase as a result.

At least 11.6 million people 18 to 29 years old have no health insurance. They account for 30 percent of the

uninsured. It is desirable to have these people in the insurance pool because their medical costs are generally lower than those of older people, actuaries say.

Under most of the proposals in Congress, poor people would pay little or nothing for health insurance. The Government would pay the premiums for people with incomes below the official poverty level, now \$14,764 for a family of four. Lawmakers assume that affluent people can buy private health insurance, costing \$4,000 to \$6,000 a year for a family, if they do not receive coverage through employers.

So, health policy experts say, if employers are not required to provide insurance to their employees, the people most likely to be uninsured are people in the middle-income range, particularly those who work for small companies.

"All the major proposals would give full coverage to people below the poverty line," said Mr. Custer of the Employee Benefit Research Institute. "That's the first group that would pick up coverage. Uninsured people at the poor end of the middle class are least likely to pick up coverage as a result of these reforms."

Eleven million people without insurance, or 28 percent of the uninsured, have incomes below the poverty level. They could get coverage at little or no charge under most of the proposals pending in Congress.

If the Government provided coverage similar to what the average employer now offers, it would cost \$2,000 a year for each uninsured person. For every million people who received fully subsidized coverage, the Government would have to pay at least \$2 billion a year.

Nearly one-third of the uninsured — 12.5 million of the 39 million people without coverage — have incomes between the official poverty level and twice that amount. Under the major proposals, these people would get some financial assistance from the Government to help them buy insurance.

Whether such subsidies would be adequate depends on many questions: the amount of the assistance,

the cost of the insurance and its portion, if any, paid by employers.

Mr. Custer sounds a cautionary note. "It is extremely unlikely that simply lowering the costs of insurance will achieve universal coverage," he said.

Clinton Administration officials say that universal coverage is not only good health policy but also good politics. Health care is a pocketbook issue, they say, because people can be impoverished by medical bills.

"People who work should not be left behind when we reform the health care system," said Gregory E. Lawler, a lawyer coordinating the health care campaign at the White House. "They should have guaranteed private insurance."

More than half of the uninsured are working adults. Eighty-four percent of the uninsured live in families headed by workers. But in recent years, there has been a decline in coverage provided by companies with fewer than 25 employees. Such companies say they are often unable to obtain affordable health insurance for their workers because insurers charge them higher premiums, reflecting the risks and the administrative costs associated with small groups.

Concern for Children

Congress has for years shown special concern for the medical needs of children, and that impulse is clear in many proposals to overhaul the health care system. The Finance Committee, for example, accepted a proposal by Senator Donald W. Riegle Jr., Democrat of Michigan, to provide extra subsidies to help pay insurance premiums for children in families with incomes up to 2.4 times the poverty level.

Nearly 10 million children under 18 years old have no health insurance coverage, and most of them could obtain it under the bills now pending in Congress.

About one-third of the uninsured children are in poor families. Another third live in families with incomes between the poverty level and twice that amount. The remainder have family incomes exceeding twice the poverty level.

PHOTOCOPY
PRESERVATION

Long Rates at Highest Level Since Clinton Was Elected

By KENNETH N. GILPIN

Long-term interest rates rose yesterday to their highest level since just after President Clinton was elected, as the bond market sold off in the wake of a June employment report that was much stronger than expected.

The labor Department said the 379,000 rise in payroll employment reported for June might have overstated the growth by as many as 100,000 jobs. But analysts said the figures, coupled with upward revisions in the number of jobs created in April and May, were consistent with an economy showing considerable momentum.

In order to slow growth to a more sustainable pace, and thus keep inflation in check, analysts said the Federal Reserve Board would probably push up short-term interest rates for the fifth time this year.

"The numbers were undeniably strong," said David H. Resler, chief economist at Nomura Securities In-

ternational. "Even though the employment data and anything else that happened in June was too close to previous Fed moves to have had any impact, I don't think the markets will give the Fed the luxury of waiting much longer" to raise interest rates again.

And Paul Mastroddi, a managing director at J. P. Morgan & Company, said, "The employment numbers make us more confident that the economy is exhibiting extreme cyclical strength."

Morgan economists, who have been issuing economic growth forecasts far above consensus estimates for much of the year, are projecting that gross domestic product expanded at a 5 percent rate in the second quarter, well above the 2.5 percent to 3 percent rate the Fed has said is sustainable without pushing up inflation.

The Fed made its last move in early May, pushing up the Federal funds rate on overnight loans be-

Continued on Page 44

PHOTOCOPY
PRESERVATION

Long Rates at Highest Level Since Clinton Was Elected

Continued From First Business Page

tween banks, the interest rate it most closely controls, continuing a tightening process that began in early February.

No Move by Fed

Earlier this week, the central bank's policy-making Federal Open Market Committee met to consider whether the Federal funds rate should be raised again. No decision was reached at that time, and the Fed did nothing yesterday to indicate it had raised the funds rate, which currently is at 4.25 percent.

The effect of the employment report was reflected across the yield curve, but the biggest move in rates was seen in long-term notes and bonds, whose yields are particularly sensitive to shifts in inflation expectations.

By late yesterday, the Treasury's benchmark 6½ percent 30-year bonds were offered at a price of 83½, down more than ¾ point, or more than \$7.50 for each \$1,000 face amount of bonds.

Its yield, which moves in the opposite direction of the price, jumped to 7.69 percent, from 7.60 percent on Thursday.

At 7.69 percent, the 30-year bond is at its highest yield since Nov. 9, 1992, when bond yields stood at 7.74 percent.

Despite the surprisingly strong employment report, bond market traders and analysts said trading activity was fairly light yesterday. They added that the price drop would have been even more severe if the Fed had not already taken the steps it had, and that if belief it would do more was not so well entrenched.

"If we had gotten this number three months ago, we would have been hit much harder," one government-bond trader said. "Now, with real rates where they are, there is some buying. We might be due for one more wash-out, but we are getting to rate levels, particularly at the long end, where things are looking attractive."

Traders of medium- and short-term Treasury notes and Treasury bills took one look at the employment

Key Rates

In percent	Yesterday	Previous Day	Yoe Ag
PRIME RATE	7.25	7.25	6.00
DISCOUNT RATE	3.50	3.50	3.00
FEDERAL FUNDS*	4.25	4.36	2.90
3-MO. TREAS. BILLS	4.35	4.23	3.00
6-MO. TREAS. BILLS	4.81	4.70	3.10
10-YR. TREAS. NOTES	7.41	7.29	5.73
30-YR. TREAS. BONDS	7.69	7.60	6.63
TELEPHONE BONDS	8.47	8.36	7.37
MUNICIPAL BONDS**	6.48	6.44	5.71

*Estimated daily average, source Telerate
**Municipal Bond Index, The Bond Buyer
Salomon Brothers and Telerate for Treasury's bell-weather bonds, notes and bills

numbers and began selling securities, pushing prices to levels that would produce yields that analysts said would be consistent with a funds rate at least one-quarter, and perhaps as much as half a percentage point above its current level.

By late in the day, for example, the 6½ percent five-year notes were offered at a price of 98½, down more than half a point, to yield 7.02 percent. Two-year note prices fell by ¼ point, to 99½, to yield 6.22 percent. And rates on one-year Treasury bills rose by 11 basis points, to an offered rate of 5.24 percent.

In other fixed-income market activity, corporate and tax-exempt municipal bond prices sagged in sympathy with the decline in Treasury issues.

2:30 pm Today w/ Griffin
H1 office

Talking Points for New York Times Interview - Friday, July 8

Questions continue to revolve around what is the Administration's definition of universal coverage. Our definition is clear: universal coverage means that every American has a guarantee in law of health care coverage that can never be taken away.

Real debate - what happens if Congress adopts incremental reforms which do not achieve universal coverage. The answer: Hard working middle class Americans will be hardest hit. That's the message that we have been delivering and will continue to deliver to the American people and members of Congress.

I. Incremental Reforms Without Universal Coverage Will: Hurt Middle Class and Do Nothing to Control Costs

- * Hard working middle class Americans are left out in the cold without insurance. Estimates are that one million people will lose their insurance every month. The poor will be covered, the wealthy would continue to be able to afford coverage.

- * Every American remains at risk of losing their insurance.

- * Costs would not be controlled, leading to higher premiums for working families and a ballooning federal deficit.

- * Insurance reforms won't really work

- * Cost shifting will continue

II. Historic Progress

- * For the first time ever, bills guaranteeing universal coverage will be ready to go to the floor. Proving the naysayers wrong.

- * Washington Post/ABC News Poll- 78% support universal coverage; 72% support employer responsibility; and 75% support cost containment.

- * More than 100 big businesses, including 28 of the Fortune 100, have announced support for universal coverage and employer responsibility.

- * Small Business Coalition for Health Care Reform, whose membership now exceeds the NFIB, support universal coverage and employer responsibility.

- * The American Medical Association added its voice to that of other doctors, nurses and other providers in urging Congress to pass universal coverage and employer responsibility.

* Deans of more than 70 of our nation's most prestigious medical schools support universal coverage.

III. Dole Plan

Dole plan preserves the status quo. It leaves millions of hard-working middle class Americans out in the cold by refusing to provide for affordable, secure coverage. It protects the concerns of the special interests while hurting families and older Americans, forcing small businesses to pay higher rates, and doing nothing to control rising health care costs.

Dole's rallying cry is that he provides choice unlike the "government-run" plan being proposed by the President and leading Democrats. Every time he starts down this path he is delivering the message of the HIAA which has tried to mislead the American people. Health care reform is designed to build on the current system and increase choices.

* No Universal Coverage

- * Middle Class out in the cold.

* Insurance Companies Remain in Charge

- * Can still deny coverage of pre-existing conditions for up to six months.

- * Older workers can still be charged three to four times more than younger workers.

- * Insurance companies can still decide which benefits to cover and which to deny.

* Small Businesses Continue to Pay More

- * Offers no discounts to small businesses. Small firms would continue to pay higher rates than large, self-insured firms.

- * Small firms which provide coverage for their workers will continue to pay extra to pick up the costs for "free riders".

* Hurts Seniors

- * Medicare cuts go to paying subsidies for the poor instead of for new benefits for older Americans.

- * No prescription drug coverage.

- * No help for home and community-based long-term care.

6/30/94

update
alternating

The Dole Plan: No Alternative for Middle Class Families

Sadly Senator Dole's plan ignores millions of hard-working middle class Americans and their need for affordable, secure coverage. Senator Dole's piecemeal plan not only leaves tens of millions of Americans out in the cold, it leaves all American families at risk of losing the coverage they have now. It forces small businesses to pay higher rates, and does nothing to control rising health care costs.

Who does this plan hurt? It hurts middle class families, who would remain at risk. It hurts Medicare beneficiaries, who would pay more to get less. It hurts small businesses, who continue to pay the highest rates. It hurts states, as the federal government shifts the Medicaid burden onto their shoulders. It hurts hospitals, whose revenues are cut while their uninsured burden continues. And it hurts the uninsured, who remain locked out of a system that's stacked against them, and rates they can't afford.

1. Middle Class Families

- Between 27-40 million Americans remain uncovered, most of them middle class working people.
- No help with insurance costs for anyone but the very poor and those on Medicaid.
- No guarantee of employer-based coverage for working people (in fact, with no real cost control, trends of employers cutting back on coverage or dropping dependent coverage will continue).
- No protection against rising insurance premiums
- People with pre-existing conditions could be excluded for between six months and one year.

2. Medicare beneficiaries

- \$60 billion of Medicare cuts, with no new benefits for older Americans
- No prescription drug benefits for most Medicare beneficiaries
- No real long-term care improvements
- Older workers charged up to four times more than younger workers

3. Small businesses

- Exempts trade associations from community rating, a loophole that in effect permits discrimination in premiums based on industry/occupation

- Does not end cost shifting from businesses who don't provide coverage to businesses who do.
- Does not end cost shifting from big businesses to small businesses
- No discount off insurance premiums for small businesses
- Does nothing to protect small businesses with more than 50 employees, who still can see premiums rise dramatically if one of their employees gets sick
- Small business insurance rates would rise as small businesses are forced to share the cost of high cost Medicaid patients and other high cost individuals (up to 20% increase in some states).

States

- Caps federal funding for Medicaid, shifting the Medicaid burden to states and leaving state budgets at risk

Hospitals

- Cuts \$60 billion from Medicare -- most of it affecting hospitals, with no new revenue from increased coverage
- Does not eliminate the burden of uncompensated care
- Does not allow the true "level playing field" necessary for market competition since hospitals serving the uninsured remain at a disadvantage
- The AHA report suggests that absent other sources of new revenue, slowing the growth in Medicare payments could hurt hospitals. (*"with no accompanying reform steps such as expanding health care coverage, could cause significant financial losses for hospitals."*) Without universal coverage, Medicare savings could significantly hurt hospital revenues.

The Uninsured

- This plan helps no one but the very poorest American -- those below the poverty line -- with the cost of insurance.
- An individual making more than \$7,000 a year, and a family of four making more than \$15,000 would not be eligible for subsidies.
- Does nothing to make insurance more affordable for the middle class uninsured.

Talking Points for New York Times Interview - Friday, July 8

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What is the Administration's view of where things are?

We have had a truly historic month. We have come further in the fight for health care reform in the last month than we have in the past sixty years.

Three committees have passed bills that guarantee universal coverage. Chairman Moynihan worked very hard to get a bill to the floor to debate. Real progress is being made in spite of the naysayers.

Now that the bills are out of Committee, will the real horse trading begin?

As you know, the Administration has been fully engaged in the health care debate. We have been talking both directly to the American people and to members of Congress. Nonetheless, during the Committee debate, we have stayed away from micromanaging. And I think that has served us well.

Between now and when bills go to the floors, we will continue to provide technical assistance and data. I will also continue meeting with members to listen to their concerns and certainly talk directly to the American people.

As attention turns to actual bills on the House and Senate floors, we will certainly become more involved in the debate. We have to respect that it is still a legislative process, but we are going to fight to ensure that real health care reform with universal coverage is achieved.

Is it time to consider a summit to hash out health care reform?

As the Vice President said a few weeks ago, we've been involved in a summit.

We need to respect the legislative process. The House Rules Committee will fashion a bill. The Senate Leadership will do the same. Then, there will be full debate in both chambers. And I am sure that it is a debate that will be eagerly watched by the American people.

While three committees reported out bills with universal coverage and employer mandates, the Finance Committee rejected mandates both mandates and guaranteed universal coverage. Are mandates dead?

Shared employer-employee responsibility has been approved by three full Committees. There is overwhelming support for shared responsibility - just last week, a Washington Post/ABC poll indicated that 72% of the public preferred this approach. It builds on the current system where nine out of ten Americans get private insurance through the workplace. It's the simplest, least disruptive means of achieving universal coverage.

How do you define universal coverage? Is it 95%, 96%, 97%?

We define universal coverage as a guarantee in law that every American have health care coverage that can never be taken away. I am not going to engage in a percentage debate. I will say that if we fail to achieve universal coverage, we will leave millions of middle class working Americans out in the cold, cost shifting would continue, and we will pay more to cover less.

Would you consider a base closure type trigger?

As I have said before, I am not necessarily convinced that a soft trigger would achieve universal coverage. But we would first have to see the whole package.

Would you sign the bill as approved by the Finance Committee?

There is still a long way to go in this process. We have bills to go through both the House and the Senate. And, then, they will go to conference. As I have said before, I am firmly committed to achieving universal coverage.

Senator Dole has stated that he supports universal coverage as a goal. Why are you attacking his proposal?

Senator Dole's plan is merely politics as usual. It does nothing to change the status quo, preserves the special interests and harms the middle class. His piecemeal plan leaves millions of Americans out in the cold either without insurance or without real health security. It forces small businesses to pay more and permits health care costs to spiral out of control.

What do you think about Perot offering the Republicans a million dollars for a nationally televised health care program?

It's their business. I would, however, think that the people who support Mr. Perot would be interested in hearing how Senator Dole's plan leaves many middle class Americans out in the cold.



Bill Bradley

U.S. SENATOR
Democrat/New Jersey

731 Hart Senate Office Building • Washington, D.C. 20510 • 202/224-3224

Contact: Eric Hauser, Kristen Ludecke (D.C.)
Amy Toth (N.J.)

For immediate release: July 2, 1994

STATEMENT OF SENATOR BILL BRADLEY, D-NJ

RE: FINANCE COMMITTEE PASSAGE OF HEALTH CARE REFORM BILL

WASHINGTON, D.C. --- "The Finance Committee has taken a major step toward improving health care in America. Moving a bill out of this Committee crosses an important hurdle, and I am particularly pleased that we have overcome it in a bipartisan fashion.

I voted to send consideration of health care reform to the Senate floor to keep the process moving and because, while I have some concerns, there is much that is good in this package.

First and foremost, we have retained and strengthened the best aspects of the market. In combination with insurance reforms, assessments on high-cost plans, and billions of dollars in needed subsidies, the market-based approach approved by the Committee will bring affordable coverage to millions more Americans.

I hope we can build on this progress on the Senate floor and pass a bill that achieves universal coverage, and does so in an honest way.

I believe the Finance Committee bill falls short in those two important aspects. I am disappointed that the Committee did not move more aggressively to attain universal coverage through a mechanism of shared responsibility. Health care is a national problem. Everyone - employers, individuals, and government - needs to contribute to its solution. Without shared responsibility, universal coverage may be very difficult to realize.

Similarly, coverage may be very difficult to finance unless we are more honest about the need for revenue and its sources. I

am concerned that this bill is short on funding. The markup eliminated most corporate sources of revenue and left other financing questions unresolved. As we proceed to full Senate consideration, we must address these matters squarely. Absent honest accounting, we run the risk of short-changing taxpayers and undermining our own efforts to expand coverage."

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UNIVERSAL COVERAGE....why?

Universal coverage was the first and most fundamental principle defined by the Administration for Health Care Reform. Once "universal" is a given, most of the mechanisms favored by the Administration become prerequisites for successful reform -- employer mandates, cost controls, etc.

Unfortunately, two developments have shaken the commitment of Administration allies, and the belief of the elite media, that "universal" should be the predicate for the rest of reform. This has changed the debate from a struggle between "individual" and "employer" mandates into one of "non-universal" versus "universal" coverage.

Anti-reform factions have seized on the recent emergence of the so-called "91% non-universal" solutions and have made these approaches sound more reasonable and prudent than the hard-line "universal or nothing" approach of the Administration.

Allies have not been given a clear rationale for WHY universal is so essential to them or their voters. Now allies are asked to stick by universal coverage in order to avoid forcing a Presidential veto; in order to demonstrate loyalty to the Administration; and because without universal, some of the reform mechanisms (that they may not love anyway) will not work.

Universal must be linked to working, middle-class families and to the principle of rewarding work. Allies deserve and need to know that this is who and what they are holding the universal line for. They should be defending their own bedrock core constituency and the most fundamental principle of the Democratic party, not the Clinton "plan." [SEE ATTACHED MEMO]

If this crucial rationale for universal is not made quickly and forcefully, opponents will completely erode allies' support for the "universal" bottom line, AND elite media will increasingly point to an Administration controlled by unreasonable ideologues whose intransigence on this point is no less political than the intransigence of Newt Gingrich and company. Administration statements about a willingness to compromise and work with Republicans will be impeached as hypocritical and inconsistent.

The President, the economic agenda, and the Health Care plan are all in the same tank -- public approval is dropping, elite opposition is hardening, and the forces of vicious opposition are growing more bold. Turning this around will depend upon an aggressive and focused return to the themes that brought us back into power in the first place -- the fact that we stood ON THE SIDE OF HARD WORKING PEOPLE.

ALL MESSAGE MUST COME BACK TO THIS. That means:

NO MORE WHINING ABOUT WHY WE DON'T GET CREDIT FOR A RECOVERY THAT IS MODEST FOR PEOPLE OF MODEST MEANS... the Bob Rubin as Rodney Dangerfield shtick is growing more tired by the day. We won this on bus trips and hugging people who make almost no money -- their lives have not turned around. They may not have continued getting worse at the pace they used to, but it sure isn't a picnic yet. We CAN look at them and say -- we've done x, y, and z to support your lives and -- more important -- we've stood up for your values. But what they then want to hear is what is next. We can't expect a pat on the back or a cheery optimism.

HEALTH CARE IS A VALUES DEBATE. We want universal care so people who fall in and out of hard times (remember the shockingly high statistics about income mobility/volatility) always have care. We want employers not employees to have to pay for insurance. Republicans explicitly oppose making universal health care that can't be taken away a fact of American life. They do not want to help hard working people. THE NON UNIVERSAL PLANS ABANDON THE MIDDLE CLASS NOT THE POOR.

RETURN TO WORK AND VALUES AT EVERY CHANCE. The untold story of this administration is that when push comes to shove Bill Clinton has shown what he stands for time and time again. In fact, he has shown WHO he stands for... the hard working REAL middle class. Not the 60-90k media middle class. But the no-AC, cafeteria eating, coupon clipping, Jim Bryant, 20-40k crowd. Half the country earns less than 40k -- and the President has begun redeeming his pledges to them.

Make work pay: EITC (DONE); HEALTH CARE; WELFARE REFORM
FAMILY AND MEDICAL LEAVE

Make working at school, pay: COLLEGE LOANS, SCHOOL TO WORK

LOCALIZE THESE MESSAGES FOR THE FALL: Bill Clinton was never elected because of his winning good nature -- his overall (WSJ) character ratings are where they were the day of the election. We were given a chance to be hired hands for our electorate -- when reporting back to them, House members need only point to RESULTS (data by CD if we can ever get it) and PLANS to make more progress and real progress. The contrast is doing nothing or worse -- redoing the 80s.

THE DETAILS

The State of the Health Care Debate: Five Committees, Four Bills

When the Senate Finance Committee approved a health care bill on Saturday, it brought to an end the first round of Congressional action on the subject. Five committees considered the plan put forward last fall by

President Clinton. One, the House Energy and Commerce Committee, deadlocked and produced no bill. The bills approved by the four others will now go to the Democratic leadership to be melded into proposals that

will be presented on the House and Senate floors in late July or August. Below is a comparison of the major provisions of the Clinton plan and the bills that emerged from the committees.

CLINTON PLAN

BENEFITS Basic benefit package includes doctor, hospital and emergency services; some coverage for mental health and drug and alcohol abuse; prescription drugs; rehabilitation services; hospice, home health and extended nursing care services; preventive care, and lab and diagnostic services.

ALLIANCES Requires most Americans to obtain coverage through regional insurance purchasing alliances. All companies with 5,000 or fewer employees must buy coverage through an alliance.

FINANCING Requires employers to pay about 80 percent of the costs of the average health insurance plan in their areas for a single person and about 55 percent of the cost of the average family plan, but no more than 7.9 percent of their payrolls. Companies with 75 or fewer employees and average annual wages of less than \$24,000 are eligible for subsidies that limit employers' costs to 3.5 percent to 7.9 percent of the payroll. Individuals pay up to 20 percent of the premiums.

TAXES Requires a 1 percent payroll tax on companies with 5,000 or more workers. Raises the current 24 cents-a-pack cigarette tax by 75 cents, to 99 cents.

SENATE LABOR AND HUMAN RESOURCES

STATUS Approved by committee June 9.

BENEFITS Follows outlines of Clinton package but provides additional benefits for women, children, the disabled, low-income people and for mental health and drug and alcohol abuse. Provides increased coverage for preventive examinations and long-term nursing home care.

ALLIANCES Individuals have three options: 1. buying private insurance; 2. participating in states' consumer health purchasing cooperatives, or 3. participating in the Federal Employees Health Benefits Plan, which currently offers a variety of insurance options.

FINANCING As in Clinton plan, most companies pay 80 percent of the average premium for individuals and 55 percent for families. Businesses with a low average wage and fewer than six workers are exempt and instead pay a 2 percent payroll tax; their employees buy their own insurance but pay no more than 4 percent to 6 percent of their annual wages.

TAXES Requires companies with 1,000 or more employees to pay a 1 percent payroll tax. Increases the cigarette tax to \$1.49.

SENATE FINANCE

STATUS Approved Saturday.

BENEFITS Provides a standard package of benefits, comparable to those provided now to Federal workers. Includes a new home health care benefit for the disabled.

ALLIANCES Creates voluntary insurance purchasing pools open to individuals and small businesses.

FINANCING No mandate for employers: If changes in insurance rules, subsidies and voluntary measures do not produce coverage of 95 percent of Americans by 2002, a national commission makes recommendations to Congress on how to go further.

TAXES Increases the cigarette tax to \$1.24. A 1.75 percent tax on insurance premiums supports academic medical centers. Raises \$14 billion to \$17 billion over five years through a tax on high-cost insurance plans. Affluent Medicare recipients face higher premiums and co-payments.

HOUSE EDUCATION AND LABOR

STATUS Approved June 23.

BENEFITS Follows outlines of Clinton package, but expands benefits for mental illness, dental coverage and women's and children's care.

ALLIANCES Eliminates mandatory alliances, replacing them with consumer purchasing cooperatives established by the states on either a voluntary or a mandatory basis. Companies with 1,000 or more employees are excluded from the cooperatives and are permitted to establish their own plans.

FINANCING Retains the Clinton provision but provides greater subsidies for the smallest employers, who are not required to pay more than 2 percent of their payrolls.

TAXES Requires a 1 percent assessment of employers of more than 1,000 workers. Retains the tax recommendations in the Clinton package.

HOUSE WAYS AND MEANS

STATUS Approved Thursday.

BENEFITS Less generous than the Clinton plan. The basic package would include everything covered under the current Medicare program, plus coverage of prescription drugs, improved mental health and drug and alcohol abuse benefits, pregnancy-related services and preventive services for children.

ALLIANCES Expands Medicare to allow individuals not covered elsewhere to enroll in a new Part C. States have the option of creating mandatory alliances.

FINANCING Retains the requirement in the Clinton package that employers pay up to 80 percent of premiums for their employees. Allows employers with more than 100 employees to insure themselves. Provides tax credits to small businesses: in the case of companies with 25 or fewer employees, the maximum credit reduces the employer share to 40 percent of premium costs; for companies with 26 to 50 employees, employers could pay as little as 50 percent of premium costs.

TAXES Increases the tobacco tax by 45 cents by 1999. Imposes a 2 percent tax on premiums.

Bob Dole's "Alternative" Plan: No Alternative for Middle Class Families

- No Universal Coverage
- Insurance Companies Remain In Charge
- Small Firms Continue To Pay More
- Creates Incentives For Bare-Bones Coverage
- Medicare Cuts With No New Benefits For Seniors
- Discourages Work-Based Insurance, Encourages Welfare Dependency

NO UNIVERSAL COVERAGE:

- This plan provides no means for achieving universal coverage, no specific target for increased coverage, and provides no help with insurance costs for middle class families.
- Analysis of similar, non-universal alternatives predict 24-40 million Americans, most of them working, will remain uninsured. Once again, the middle class are left out in the cold.
- Without Universal Coverage, *"health insurance coverage would probably be more limited for middle income people than the rich or poor."* [CBO, 5/94, pp. 17, 20]

INSURANCE COMPANIES REMAIN IN CHARGE:

- Insurance companies can still deny coverage of pre-existing conditions for up to six months, or in some cases up to a full year. [Dole Plan, p. 2] If illness strikes a family when their insurance plan denies them coverage, they could lose everything paying medical bills.
- *"Most health bills that stop short of universal coverage ... allow insurance companies to exclude coverage of a pre-existing condition for up to six months."* [Wall Street Journal, 06/15/94]
- Older workers can still be charged three to four times more than younger workers. [Dole Plan, p. 3]
- Insurance companies can still decide what benefits to cover and which to deny. [Dole Plan, p. 3]

SMALL FIRMS CONTINUE TO PAY MORE:

- Unlike the Clinton plan, which provides more than \$100 billion in discounts to small businesses, this plan would offer no discounts to small businesses. Small firms would continue to pay higher rates than large, self-insured firms.
- Small firms who provide coverage for their workers will continue to pay extra to pick up the costs for "free riders".
- Self-employed individuals are denied 100% tax deductibility until the year 2000. [Dole Plan, p. 6]
- Small firms can continue to see more of their health care dollar going to paperwork and bureaucracy [Dole Plan, p.2]
- *"By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. Those costs won't disappear, however. As big companies shed them, insurance premiums for smaller employers will be forced up. This probably will lead more of them to stop offering insurance, to limit coverage for workers' families or rely more on part-timers and temporary workers who often don't get health insurance."* [Health-Care Inaction Can Carry a High Cost." The Wall Street Journal, 6/27/94]

CREATES INCENTIVES FOR BARE-BONES COVERAGE:

- This plan creates incentives for employers to offer only catastrophic coverage to their workers, with high deductibles. This so called "Medical Savings Account" approach discourages patients from seeking cost-effective preventive care, prompting the American Medical News to warn that *"Medical Savings Accounts threaten quality."* [American Medical News]
- It repeals existing state laws guaranteeing insurance coverage for certain services, for example mammograms. [Dole Plan, p. 14]

MEDICARE CUTS WITH NO NEW BENEFITS FOR SENIORS:

- Money from Medicare is taken to pay for subsidies for the poor, instead of new benefits and a strengthened Medicare program. Medicare recipients will continue to go without coverage for prescriptions, and middle class seniors will get no help with home and community-based long-term care. [Dole Plan, p. 25]
- Medicare recipients who entered managed care plans could be forced to wait if they want to return to regular Medicare coverage. [Dole Plan, p. 24]

DISCOURAGES WORK-BASED INSURANCE, ENCOURAGES WELFARE DEPENDENCY

- Many workers who want to get coverage for their families would be forced to give up the employer-based coverage they have now in order to qualify for government subsidies. [Dole Plan, p. 8]
- Subsidies would only be available for people with very low incomes, and would phase out as family income increases. Health economist Henry Aaron said about a similar subsidy plan: *"This means that millions of workers would have no incentive to increase their earnings."* [NYT, Sunday Feb. 13]
- Millions on welfare would continue to face the choice between staying on welfare and getting health benefits or leaving for a job with no benefits. This would encourage welfare dependency, and threaten any attempt at welfare reform.

WHAT WILL HAPPEN IF WE PASS BOB DOLE'S PLAN, INSTEAD OF A UNIVERSAL COVERAGE PLAN ?

- **Middle Class Americans Will Be Left Out**
- **Small Businesses Will Pay More**
- **Government Costs Will Rise**
- **Insurance Reforms Won't Work**
- **Cost Shifting Will Continue**
- **The Number Of Uninsured Will Continue To Increase**

1. Middle Class Americans Will Be Left Out

- Without universal coverage, **"health insurance coverage would probably be more limited for middle income people than the rich or poor."** [CBO, 5/94, pp.17, 20]
- **Partial solutions will leave 24 million Americans, more than two thirds of them in middle class working families, without coverage.** Their taxes will pay for health care for millions of others who do not work, but they won't be able to get coverage for themselves. [Based on CBO, 7/93; CBO 5/94; Alain Enthoven, Health Affairs, 1993]
- **"Already, the fraction of adults who work but have no public or private insurance has risen to 17.5% in 1992 from 15.3% in 1988, the Census Bureau says. And employment is growing fastest in industries that tend not to offer health insurance."** [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

2. Small Businesses Will Pay More

- The **high cost of insurance** is expected to **cause 30% of small businesses** currently providing insurance to **drop coverage** in the years ahead. This will further raise premiums for the smallest companies that do provide. [Health Affairs, Spring 1992]
- **"By using their clout with health care providers to demand lower costs, big employers help squeeze out inefficiencies. But they also stop helping hospitals care for those with no insurance or with government insurance. Those costs won't disappear, however. As big companies shed them, insurance premiums for smaller employers will be forced up."** [*"Health care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

3. Government Costs Will Rise

- "Today, many who lack insurance still get health care if they get sick enough, either through federal or local government programs or through charity. But as employers squeeze the health system harder and the number of uninsured grows, free care probably will be harder to find, and the quality is likely to deteriorate. And the **government's costs**, from the Medicaid program for the poor to emergency rooms at municipal hospitals, **will climb**." [*"Health care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]
- "Most of the pending health-reform plans would [require **government to**] **spend tens of billions of dollars a year** so low-income families or their employers can afford insurance." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]
- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear**: more uninsured Americans and **higher costs for the government**." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

4. Insurance Reforms Won't Work

- "**Universal coverage** is not only a fair and noble objective, consistent with America's values: it is also **essential if health care markets are to work well**." [Editorial Page, *The Washington Post*, 6/16/94]
- "It will be nearly **impossible without universal coverage ... to outlaw** the common industry **practice of refusing to cover people with known medical problems**, so-called **pre-existing conditions**." [*Wall Street Journal*, 6/15/94]
- According to a new study by Families USA, **under a partial solution over one million Americans a month will still lose their insurance**. [Families USA Special Report, 6/94, p.1]

5. Cost Shifting Will Continue

- "Economically, universal coverage is essential to bringing health care cost increases under control; **so long as millions of Americans remain underinsured and uninsured, cost shifting will continue**, leaving a mechanism for unwarranted price inflation in health care." [*Star Tribune*, 6/16/94]
- "**Lack of full coverage leads to cost shifting** from those who do not pay and those who provide free care, to those who do pay for health insurance ..." [Alain Enthoven, *Health Affairs*, 1993]
- When the uninsured can't pay their bills, **hospitals shift these costs** onto people with private insurance -- **at a rate of approximately \$25 billion a year**. [*CBO*, 5/93]
- "**We cannot have real savings and real cost containment without universal enrollment**. Such enrollment is not a welcome bonus delivered with cost containment dollars; it is what makes cost containment possible. Only with universality can we eliminate the practice of making patients with insurance pay the medial costs of those without it." [Rashi Fein, *Medical Economics*, Harvard University]
- "It is the experience of every industrialized democracy with a universal health insurance program that cost control becomes easier when the plan is universal, not harder... that counsel currently offered by critics -- go slow in adding new benefits until we can assure everyone that the savings are real -- is advice that is likely to doom the plan to failure. **Universalism and cost control go hand in hand**." [Ted Marmor and Jerry Mashaw, Yale University, *L.A. Times*, 10/7/93]

6. The Number Of Uninsured Will Continue To Increase

- "As big companies shed [costs], insurance premiums for **smaller employers** will be forced up. This probably **will** lead more of them to **stop offering insurance**, to **limit coverage for workers' families** or to **rely more on part-timers and temporary workers who often don't get health insurance**." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]
- "By putting market pressure on providers to cut costs, **market reforms promoting competition -- absent universal coverage -- could exacerbate access problems**." [Alain Enthoven]
- "The social and economic **consequences** of once again retreating from far-reaching reform are **clear: more uninsured Americans** and higher costs for the government." [*"Health-Care Inaction Can Carry a High Cost," The Wall Street Journal*, 6/27/94]

The Dole Plan: No Alternative for Middle Class Families

Sadly Senator Dole's plan ignores millions of hard-working middle class Americans and their need for affordable, secure coverage. Senator Dole's piecemeal plan not only leaves tens of millions of Americans out in the cold, it leaves all American families at risk of losing the coverage they have now. It forces small businesses to pay higher rates, and does nothing to control rising health care costs.

Who does this plan hurt? It hurts middle class families, who would remain at risk. It hurts Medicare beneficiaries, who would pay more to get less. It hurts small businesses, who continue to pay the highest rates. It hurts states, as the federal government shifts the Medicaid burden onto their shoulders. It hurts hospitals, whose revenues are cut while their uninsured burden continues. And it hurts the uninsured, who remain locked out of a system that's stacked against them, and rates they can't afford.

1. Middle Class Families

- Between 27-40 million Americans remain uncovered, most of them middle class working people.
- No help with insurance costs for anyone but the very poor and those on Medicaid.
- No guarantee of employer-based coverage for working people (in fact, with no real cost control, trends of employers cutting back on coverage or dropping dependent coverage will continue).
- No protection against rising insurance premiums
- People with pre-existing conditions could be excluded for between six months and one year.

2. Medicare beneficiaries

- \$60 billion of Medicare cuts, with no new benefits for older Americans
- No prescription drug benefits for most Medicare beneficiaries
- No real long-term care improvements
- Older workers charged up to four times more than younger workers

3. Small businesses

- Exempts trade associations from community rating, a loophole that in effect permits discrimination in premiums based on industry/occupation

- Does not end cost shifting from businesses who don't provide coverage to businesses who do.
- Does not end cost shifting from big businesses to small businesses
- No discount off insurance premiums for small businesses
- Does nothing to protect small businesses with more than 50 employees, who still can see premiums rise dramatically if one of their employees gets sick
- Small business insurance rates would rise as small businesses are forced to share the cost of high cost Medicaid patients and other high cost individuals (up to 20% increase in some states).

States

- Caps federal funding for Medicaid, shifting the Medicaid burden to states and leaving state budgets at risk

Hospitals

- Cuts \$100 billion from Medicare and Medicaid which will significantly impact hospitals, particularly rural and inner city hospitals with high uncompensated care burdens.
- Does not eliminate the burden of uncompensated care
- Does not allow the true "level playing field" necessary for market competition since hospitals serving the uninsured remain at a disadvantage
- The AHA report suggests that absent other sources of new revenue, slowing the growth in Medicare payments could hurt hospitals. (*"with no accompanying reform steps such as expanding health care coverage, could cause significant financial losses for hospitals."*) Without universal coverage, Medicare savings could significantly hurt hospital revenues.

The Uninsured

- This plan helps no one but the very poorest American -- those below the poverty line -- with the cost of insurance.
- An individual making more than \$7,000 a year, and a family of four making more than \$15,000 would not be eligible for subsidies.
- Does nothing to make insurance more affordable for the middle class uninsured.

Dear Senator:

We write to express our strong opposition to Senator Dole's new health reform proposal and to urge you not to support or co-sponsor this package. If you have already signed on, we ask you to withdraw your support.

In our collective view, the Dole plan not only falls far short of guaranteeing Americans universal, secure coverage like Members of Congress now have, but it also would have serious, adverse impacts on millions of Americans.

Most importantly, the Dole plan would not guarantee universal coverage or provide security to Americans who are now covered. The plan would leave anywhere from 24-40 million Americans, many of them working, without health insurance, which will continue to drive up health care costs and shift the burden onto the backs of businesses and families that pay for coverage.

Several other provisions in the Dole plan (or excluded) would hurt working families.

- The plan creates incentives for employers to offer only catastrophic coverage with high deductibles. This Medical Savings Account approach discourages patients from seeking cost-effective preventive care, and has been criticized by the American Medical News which warned that these accounts "threaten quality" in our health care system.
- The plan does not include any cost containment for individuals and businesses that pay for insurance, and by capping federal spending, the plan will actually shift more costs onto the private sector and families.
- The plan also invites employers to stop providing health insurance at work to low wage employees by linking employer coverage with eligibility for subsidies. Under the plan, employers would make their employees ineligible for subsidies by paying for 50% of their health insurance.

The Dole plan also would hurt small businesses that provide insurance by continuing to force them to subsidize the costs for businesses that don't. Further, unlike many other health plans, the Dole plan does not include any subsidies to help small, low wage firms that pay for insurance. And, it would delay the 100% tax deduction for self-employed individuals until the year 2000.

Senator Dole's plan would hurt older Americans by making cuts in Medicare without providing prescription drug coverage or any other needed benefits in return. The only long term care included in the plan is a tax deduction which only helps those who can afford such care in the first place. Further, the Dole plan allows insurers to charge older Americans four times more for premiums than younger people, even where "community rating" is applied.

Finally, the Dole plan even limits the insurance reforms which are at the heart of his plan. Insurers could deny coverage for pre-existing conditions for 6 months under group policies and for up to one year for individuals who do not maintain continuous coverage. Community rating provisions apply only to small employers, 50 and under, and even this provision permits discrimination against older Americans. Lastly, as The Washington Post recently editorialized, universal coverage is essential to make these insurance reforms work.

In closing, we believe that the Dole plan is seriously out of touch with the desires of Americans for health care reform. Perhaps the best example is the provision of the Dole plan that would deny Members of Congress and the President employer-provided health care. Americans do not want to take away good health care coverage from anyone, nor force families to face the health insurance system on their own. Instead, they want a guarantee of affordable coverage for every American, and health insurance at work, just like Members of Congress have now.

Thank you for your consideration.

Sincerely,

AIDS Action Council
Amalgamated Clothing and Textile Workers Union
Alzheimer's Association
American Association for Partial Hospitalization, Inc.
American Academy of Family Physicians
American Association of Respiratory Care
American Association of Retired Persons (AARP)
American Association of University Women
American College of Nurses-Midwives
American College of Physicians
American College of Obstetricians and Gynecologists
American College of Preventive Medicine
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers

American Health Planning Association
American Institute of Architects
American Medical Women's Association (AMWA)
American Postal Workers Union (APWU)
American Public Health Association
American Psychological Association
A. Philip Randolph Institute
Asian & Pacific Islander American Health Forum
Association of Asian Pacific Community Health Organizations
Association of Black Cardiologists
Association of Maternal and Child Health Programs
Bazelon Center for Mental Health Law
Bakery, Confectionery & Tobacco Workers
Business and Professional Women
Campaign for Women's Health
Catholic Health Association of the United States (CHA)
Children's Defense Fund
Child Welfare League of America
Citizen Action
Center for Community Change
Communications Workers of America
Conservation Services Group
Consumers Union
D.C. Center for Independent Living
Epilepsy Foundation of America
Families USA
Family Service America
Friends Committee on National Legislation
Human Rights Campaign Fund
INTERFAITH IMPACT for Justice and Peace
Interreligious Health Care Access Campaign
International Association of Machinists
International Association of Psychosocial Rehabilitation Services
International Brotherhood of Electrical Workers (IBEW)
International Ladies Garment Workers Union
International Union of Electronic, Electrical Salaried, Machine and Furniture Workers
Jewish Labor Committee
Grey Panthers
League of Women Voters of the United States
Legal Action Center
National Air Traffic Controllers Association
National Association for the Advancement of Colored People (NAACP)
National Association for Community Health Centers
National Association of Chain Drug Stores
National Association for Music Therapy
National Association of Letter Carriers
National Association of People with AIDS
National Association of RV Parks and Camp Grounds
National Association of Public Hospitals

National Association of Social Workers
National Association of State Mental Health Directors
National Association of Working Women
National Black Caucus of State Legislators
National Breast Cancer Coalition
National Caucus and Center on the Black Aged, Inc.
National Community Action Foundation
National Community Mental Healthcare Council
National Consumers League
National Council on Aging
National Council on Independent Living
National Council of Churches of Christ in the USA
National Council of Negro Women
National Council of Non-Profit Associations
National Council of Senior Citizens
National Education Association
National Family Farm Coalition
National Family Planning and Reproductive Health Association
National Farmers Union
National Federation of the Blind
National Gay and Lesbian Task Force
National Head Injury Foundation
National Health Care for the Homeless, Inc.
National Health Policy Council
National Hispanic Council on Aging
National Hispanic Medical Association
National Jewish Community Relations Advisory Council
National Medical Association
National Medical Political Action Committee
National Minority AIDS Council
National Multiple Sclerosis Society
National Osteoporosis Foundation
National Women's Health Network
National Women's Law Center
NETWORK - National Catholic Social Justice Lobby
Neighbor to Neighbor
Pain Net, Inc.
Physician Leadership Committee for Healthcare Reform
Protestant Health Alliance - a Division of InterHealth
Older Women's League
Real Health Care for All
Service Employees International Union (SEIU)
Summit '93 Health Coalition
The Episcopal Church
Union of American Hebrew Congregations
Unitarian Universalist Association of Congregations
United Auto Workers
United Mine Workers
United Steelworkers of America

United Transportation Union
Voice of the Retarded
Women of Reform Judaism
Women Strike for Peace