

Spoke w/ Brad
Kane on her staff.
Questions have
been answered
informally.

THE WHITE HOUSE

WASHINGTON

DATE

9/22/93

MEMO FROM: PAM BARNETT

TO:

Milli
Alston

Diane
Limo

Anne
Bartley

Capricia
Marshall

Joyce
Bonnett

Alice
Pushkar

Lisa
Caputo

Patti
Solis

Karen
Finney

Ann
Stock

Sara
Grote

Marge
Tarmey

Gift
Unit

Kim
Tilley

Julie
Hopper

Usher's
Office

Carolyn
Huber

Melanne
Verveer

Neel
Lattimore

Maggie
Williams

Evelyn
Lieberman

The attached is
for your:

Information
Advice
Action

Comments: Marge - the attached letter
from Congresswoman Collins
must be answered in your
shop. Please let me know who
will handle.
Pam

CARDISS COLLINS, ILLINOIS, CHAIRWOMAN

JOLPHUS TOWNS, NEW YORK
 V. SLATTERY, KANSAS
 ROY ROWLAND, GEORGIA
 J. MANTON, NEW YORK
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 (EX OFFICIO)

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 BILL PAXON, NEW YORK
 JAMES C. GREENWOOD, PENNSYLVANIA
 CARLOS J. MOORHEAD, CALIFORNIA
 (EX OFFICIO)

cc: Maggie, Patti,
 Howard

H2-181
 FORD HOUSE OFFICE BUILDING
 PHONE 226-3180

DAVID SCHOOLER
 STAFF DIRECTOR/CHIEF COUNSEL

U.S. House of Representatives

Committee on Energy and Commerce

SUBCOMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND COMPETITIVENESS

Washington, DC 20515-6120

September 10, 1993

Ms. Hillary Rodham Clinton
 Office of the First Lady
 The White House
 Room 100, Old Executive Office Bldg.
 Washington, D.C. 20500

PAM SEP 20 1993
 Yash Health Care TF
 To do R

Dear Mrs. Clinton:

Thank you for the offer to answer our questions concerning the President's health care reform proposal that you extended on Thursday to those of us from the Democratic Congressional health care reform leadership who met with you. As Chairwoman of the Energy and Commerce Subcommittee on Commerce, Consumer Protection and Competitiveness, which has jurisdiction over the regulation of insurance and is one of the subcommittees to which the proposal is expected to be referred, I have several questions.

1. The period of transition from the current system to the new system will inevitably witness numerous insurers, particularly the smaller companies, exiting the health insurance market. In anticipation of this occurrence, how will the President's proposal protect those individuals and families who will be losing their insurance in the short term? Will there be a mechanism to locate alternative insurance for them so as to prevent a substantial gap in coverage?

2. Under the new system, it would be acceptable for health plans to sell supplementary insurance coverage within health alliance areas where they are participating. Since this could foster problems of targeting certain enrollees through marketing of the supplementary products, and leaving other health plans with "adverse selection" problems, what protections against such activities do you envision for the proposal? Would health plans be allowed to offer supplementary insurance of the type that would pay the copayments that are expected of enrollees, and if so, would there be a risk of over-utilization of the health system and, hence, risks to the overall globalized health spending budgets?

Mrs. Hillary Rodham Clinton
September 10, 1993
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3. With regard to financial regulation of health plans, in addition to capitalization standards, specifically what type of actuarial and/or accounting evaluations will be required of health plans for early detection of solvency problems? At what intervals and in response to what circumstances will such evaluations be required? In what respects do your proposals for the regulation of health insurer solvency and the reliance upon state guaranty funds differ from current practices?

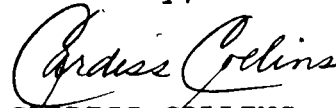
4. The proposal includes standards for the regulation of long-term care insurance that appear to be similar to those contained in H.R. 132, the Long-Term Care Insurance Standards and Consumer Protection Act of 1993, which I introduced. Please identify any provisions in my bill that would be inconsistent with the President's proposed legislation, and why you would find them incompatible.

5. In the case of many areas throughout the country, including parts of Illinois' 7th Congressional District, which I represent, there are sure to be many Americans who simply do not become part of the new health care system for many years, if at all, due to combined factors such as their employment status and income level. Thus, providers in their geographical area will continued to be utilized on an ad hoc basis, resulting in uncompensated care for these hospitals and health professionals. If the President's proposal were to eliminate "disproportionate share hospital" payments, as has been discussed, how will such hospitals be insulated from financial hardship?

Your responses to these questions will be of great interest, and I appreciate your willingness to offer such clarity. Of course, there are sure to be additional matters of concern to the Subcommittee in the coming weeks, and I will also appreciate your illumination of those issues when such inquiries are submitted.

Thank you again for the concern and attention that you and President Clinton have displayed toward these vital needs.

Sincerely,



CARDISS COLLINS
Chairwoman

CC:brk