THE WHITE HOUSE

January 26, 1994

Congressman Matthew Martinez
U.S. House of Representatives
B-346-C Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Martinez:

Thank you for your letter. You raised a number of thoughtful questions that we would be happy to discuss with you. I have asked Judy Feder, Principal Deputy Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services, to arrange for a member of her staff to brief you or your staff on the questions you raised in your letter.

Please feel free to contact me with any further questions or concerns. I look forward to working with you in the coming months.

Sincerely,

Hillary

Hillary Rodham Clinton

CC: MELANNE CHRIS

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
B-346-C RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6106

SUBCOMMITTEE ON HUMAN RESOURCES

September 30, 1993

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Mrs. Hillary Rodham Clinton
The First Lady
Chair, President's Healthcare Reform Task Force
The White House
Washington, DC 20500

Dear Mrs. Clinton:

I am writing to commend you on your work as the leader of President Clinton's Healthcare Reform Task Force. Reforming our country's healthcare system is a difficult and complicated process, and under your leadership the Administration has developed what appears to be a sound plan. I certainly appreciate your candor and the evidence of your profound understanding of the issues raised at our Education and Labor Committee hearing on September 29.

The questions I am raising in this letter are among those I would have raised at the hearing, had time permitted. These issues are of concern to me and the Subcommittee on Human Resources, and which require further explanation before we can move forward together with this plan. In particular, the Subcommittee has jurisdiction over the areas of juvenile justice, runaways and at-risk youth, early childhood programs like Head Start, and programs within the Older Americans Act. My concerns center around the relationship between healthcare delivery as envisioned in the President's plan and the integration of the programs within our jurisdiction and health care under the President's proposal.

Our central concern is that the level of care now available to the poor and people at risk is not diminished in any way. Those who live at or below the poverty level cannot reasonably be required to pay for services to which they were previously entitled under these social service programs. Ideally, we will have an integration of services currently provided into improved and comprehensive care through the new healthcare program.

My first specific concern is the way in which the Runaway and Homeless Youth and Gang Prevention programs under the Juvenile Justice and Delinquency Prevention Act of 1974, as amended, will be integrated with healthcare delivery. Currently the Act provides for grants to public and private entities to establish and operate local runaway and homeless

youth centers. These centers provide direct health services and referrals so the youths can access other public services to ensure their well being. Healthcare is a crucial element in the welfare of runaways and other homeless youth. How will the healthcare system be integrated to ensure maintenance of these vital services?

Another aspect of the healthcare needs of runaway and at-risk youth is coverage for reproductive health care for adolescents, coverage of young people who are homeless and not in court custody, and coverage of youth in the juvenile justice system as wards or incarcerated inmates. A major issue with respect to those youngsters continues to be access to reproductive services and pre-natal care. I would like to know how the need for confidential reproductive services for minors will be met under the President's plan. Will the plan cover prescription contraceptives, including diaphragms and IUDs, which are crucial to reducing the rate of early, unintended pregnancy? Finally, how will the plan reduce barriers that face adolescents seeking reproductive health care?

In trying to ensure quality healthcare services to runaway and homeless youth, I am most interested in learning how we will provide both accessible and affordable care to at-risk young people. There are approximately 300,000 homeless youth in America and another 1,000,000 youth who run away from home each year. The loss of relationship between these young people and their families, and their uncertain legal status make their access to healthcare doubly precarious. When looking at healthcare reform, we must consider whether these youth should be required to pay deductibles or other types of payment that may block them out of the system.

Finally, there is the matter of the approximately 690,000 youth who were admitted to juvenile facilities in 1990. How will youth in the juvenile justice system be covered under the President's proposal? Of crucial importance to this population are mental health services and substance abuse treatment. How will these services be provided, and who will pay for them?

With respect to an even younger population of at-risk citizens, I am interested in your thoughts on the integration of the healthcare plan and the administration of Head Start and other early childhood programs in place for those at or below poverty. It is a tragedy that many young children currently go without the preventive services and immunizations necessary to ensure a healthy childhood. I know that you have time and again expressed the importance of protecting and caring for future generations. As we consider the universal availability of healthcare services to families, we have an exciting opportunity to streamline the systems of delivery and more effectively reach the children most in need of care. We must be cautious about making radical changes to the delivery systems that are currently providing these children with free services. Healthcare reform gives us the opportunity to strengthen the delivery of these services, while continuing to serve families as part of our social services safety net.

As you know, another population of great concern when considering our healthcare system is the growing number of older Americans. Many of the programs withing our jurisdiction are designed to ensure a high quality of life for seniors. Among my concerns is the level of relationship between healthcare and the State Units on Aging and Area Agencies on Aging, who now provide or secure some of the needed services. Other concerns that have been brought to my attention by the senior community include the level at which long term care would be provided for the elderly under the new plan, and whether the plan would include respite care for those who must give primary care to elderly and infirm relatives, especially those afflicted with Alzheimers.

When considering the delivery of healthcare to the elderly, the obvious questions arise around the Medicare program. The way in which the Administration's healthcare program is integrated with existing Medicare programs will determine how successfully the system will protect the well-being of the country's fastest-growing population. One of the ways to reach older Americans is through existing programs like the Retired and Senior Volunteer Program (RSVP), and the National and Community Service Programs. The RSVP is a unique opportunity for older Americans to enrich their lives, interact with younger generations, and contribute to the well-being of their communities.

As you know, the National Service Program as a whole provides opportunities to Americans of all generations, whether they be struggling college students or retired seniors. One of the key factors that makes these programs a viable option for citizens is the provision of healthcare to their participants. Healthcare reform gives us the opportunity to strengthen the benefits associated with volunteerism. Alternatively, we are at risk at reducing one of the incentives for students and older Americans to take advantage of the opportunity to become more involved with their communities. I would be interested in learning how the Administration envisions the interaction between health benefits within existing volunteer programs and the distribution of those benefits within the new plan.

I would appreciate responses to these questions as soon as possible for the record of the September 29, 1993 Education and Labor hearing. Again, I would like to compliment you on all of the hard work you and the other members of the task force have contributed to this very important issue. The passage of strong and sound healthcare reform will mark a new era of security for current and future generations. I look forward to hearing your ideas on the questions raised above.

Sincerely,

Matthew G. Martinez
Chairman

SERVICES TO LOW-INCOME WOMEN

QUESTION: Several states have expanded coverage of pregnant and postpartum women beyond the 133% of poverty requirement. Under the Clinton plan subsidies will be available to families whose incomes are below 150% of poverty. Does this mean that many low-income pregnant and postpartum women will have to pay for health care that currently is provided by federal and state governments?

ANSWER: Low-income women with family incomes below 150% of poverty would receive discounts on the family share of the premium and the employer share if applicable. Nonetheless, most of the maternity coverage currently under Medicaid is included in the comprehensive benefit plan and prenatal care is among those preventive care services for which there is no co-pay. Furthermore, states will continue to have the option of providing additional services to their citizens.

QUESTION: Under the Plan, would supplemental services such as transportation continue only for AFDC/SSI cash recipients?

ANSWER: No. There would also be coverage for non-cash children for wrap-around services. States have the option of covering these services for adults and the elderly, although there only would be federal match for the elderly who are also eligible for Medicare.

COST-SHARING AND CO-PAYMENT SUBSIDIES

QUESTION: How will the President's plan accommodate individuals who will be unable to make co-payments and deductibles?

ANSWER: People with low incomes would be eligible for discounts for the family share of the premium, the employer share if they are unemployed, and the out-of-pocket spending. There are also caps on out-of-pocket spending, so that in a given year, a person would not be required to spend more than is affordable. There would be no deductibles in low cost-sharing plans.

QUESTION: How does the plan accommodate individuals and families who have greater medical needs than the caps allow?

ANSWER: Individuals would not be obligated to pay additional costs above the premiums and co-payments which apply to everyone. Payment is never based on health status. The out-of-pocket limits are calculated in the premium structure, caps which may apply to the premium levels will be calculated to cover expected costs. If costs to the insurers exceed these projections, the risk will be adjusted and the insured will be held harmless.

QUESTION: Could you clarify whether, under the Plan, subsidies for low-income individuals cover all cost sharing?

ANSWER: "Cost sharing" in its broadest definition encompasses any payment by individuals for health care, including insurance. There are under the plan discounts for the family share of premiums; for the employer share for the unemployed or self-employed; and for the out-of-pocket spending (e.g., the $10 co-payment for physician visits). These discounts are dependent on income.

CONFIDENTIALITY

QUESTION: Could you specify how the privacy of individuals who obtain health coverage through a spouse, parent or other family member will be protected?

ANSWER: Privacy protections are provided for enrollees, however both enrollees and enrollee representatives would, under the act, have access to an enrollee's health care records. "Enrollee representative" is proposed to be defined as "any individual legally empowered to make decisions concerning the provision of health care to an enrollee." Any spouse or parent so empowered would have access to an enrollee's health care information.

SERVICES TO CHILDREN IN THE CHILD WELFARE SYSTEM/LIMITATION ON SERVICES

QUESTION: How does the President's Plan guarantee uninterrupted access to health care for foster children?

ANSWER: Despite the often unstable circumstances of children in the child welfare system, the President's plan seeks to assure that their health care coverage would be both comprehensive and seamless. To achieve these ends, the proposal provides for integration of these children

into the alliance system, and coordination among the alliances to address boundary issues.

Not all of the unique issues associated with children in the child welfare system are addressed adequately by the legislation, and the Administration is continuing to refine policies in these areas.

QUESTION: Children with congenital and chronic conditions in many Federal programs, like Head Start, rely on services such as hearing aids, case management, and respiratory therapy. How is the plan going to meet the needs of these children?

ANSWER:

- Coverage through the alliance system. Under the President's plan, all children, including those in the child welfare system, would be enrolled in alliance plans.

- Wrap-around services. Children who would have been eligible for Medicaid would be eligible for a package of "wrap-around" services that supplement the alliance benefits.

- Improved access to care. The problem of low provider participation in Medicaid, due largely to low payment rates, would disappear when everyone is enrolled in alliance plans. Thus, access to care for low-income children would be greatly improved.

- Prompt enrollment by alliances. Alliances would be responsible for immediate enrollment of any child (or other individual) newly entering its area. For persons who seek health care but are not enrolled in a health plan, alliances must establish a mechanism to enroll them at the "point-of-service."

- Coordination among alliances. Various forms of coordination among the alliances are required to prevent gaps in coverage and service delivery.

    + If a person living in one alliance area receives care from a plan in a different area, the alliances must coordinate to arrange for payment to the plan and assure prompt enrollment of the individual who is not enrolled.

+ Alliances must coordinate and collect premium amounts from each other when appropriate to account for movement of individuals across alliance boundaries during a year.

SERVICES TO RUNAWAY AND HOMELESS YOUTH

QUESTION: How will young people who are homeless and not in court custody be included in the health care plan? Will they be expected to make co-payments and pay deductibles?

ANSWER: Everyone who can pay would be expected to pay both co-payments and deductibles. Young people who present themselves for health care would be enrolled in the health care alliance. They may receive subsidies if they are eligible.

SERVICES TO JUVENILES IN THE JUVENILE JUSTICE SYSTEM

QUESTION: How will youth in the juvenile justice system be covered under the Clinton proposal?

ANSWER: Currently health care services for persons in juvenile facilities are the responsibility of the juvenile justice system. No change is proposed.

COMMUNITY PROVIDERS

QUESTION: How does the President's plan meet the needs of undocumented individuals?

ANSWER: Emergency care would continue to be available through hospital emergency rooms. Under the Health Security Act, hospitals serving a large number of low income persons would receive additional payments to cover the costs of serving vulnerable populations. Non-emergency care would be provided through the Community and Migrant Health Centers. These centers now serve all persons without regard to citizenship and would continue to do so. In addition to increasing the funding for these centers, we would be expanding the supply of National Health Service Corps providers. These steps would increase the availability of services to vulnerable and underserved populations including undocumented individuals.

QUESTION: Where these needs are to be met by "essential community providers" will services such as outreach, transportation, translation, and case management be funded?

ANSWER: "Essential Community Provider" designation assures that a provider would obtain contracts with local health plans and be reimbursed for covered services provided to plan patients. The designation does not provide supplementary funding for other services not covered by the benefit package. New Public Health Service grant programs would be available to fund outreach, transportation, and other enabling services.

MENTAL HEALTH SERVICES

QUESTION: How will the President's plan accommodate individuals who suffer from long-term mental illnesses requiring more than 30 visits per year?

ANSWER: The Clinton proposal represents a significant improvement over typical current insurance coverage for mental illness. Through the elimination of prior existing condition clauses and lifetime limits on coverage, the Clinton proposal provides individuals with mental illness the security that there would be coverage for services year after year. Visits for medication management, which are an important component of care for individuals with serious mental disorders, are covered without limitation. Flexibility is provided for plans to trade inpatient days for additional psychotherapy visits (beyond the 30) to either prevent hospitalization or to facilitate an earlier hospital release.

QUESTION: Will low-income families and their children who require mental health services be eligible for subsidies for these services?

ANSWER: Individuals with low incomes would be eligible for discounts for the family share of premiums and the employer share if they are unemployed. AFDC and SSI recipients would be eligible for reductions in co-payments. In lower cost sharing plans, services such as inpatient and residential mental health services would have no co-payments or deductibles.

LONG TERM CARE

QUESTION: Why does the Clinton proposal provide very little in way of nursing home benefits? Is the Administration considering a new Medicare "part C" nursing care benefit?

ANSWER: Cost considerations prevented the administration from covering nursing home care. However, the proposed program greatly increases the availability of home and community based care in a variety of residential settings, thereby reducing the need for nursing home care. In addition, the proposal does take steps to make nursing home care more affordable. By providing tax incentives, the proposal encourages those who can afford to purchase private long term care insurance to do so. It also provides some relief to those have to rely on Medicaid for nursing home care. Every state must offer a medically needy program, so that those who cannot afford nursing home care can obtain it under Medicaid. It increases the personal needs allowance so that nursing home residents would have more money for personal items. And if the states enact it, up to $12,000.00 in assets can be protected (instead of $2,000.00), in addition to the spousal impoverishment provisions already in place. There are no plans to include a Medicare "Part C" in the proposal.

QUESTION: What would be the cost of making long term care insurance tax deductible?

ANSWER: It would cost about $2 billion over the period 1996-2000 to make private long term care insurance tax deductible.

QUESTION: Will supplemental insurance, such as Medigap, premiums continue to be deductible?

ANSWER: Supplemental insurance would continue to be deductible (under the medical expense deduction, expenses in excess of 7.5% of adjusted gross income are deductible). In addition, self-insured individuals would be able to deduct 100% of their health care insurance premiums rather than the current 25%.

QUESTION: Has the Assistant Secretary for Aging been provided with additional staff or consulting resources to enhance his capacity to provide leadership on long term care issues?

ANSWER: The Department has assembled a Long Term Care Financing Work Group to assist in developing the administration's proposals. This group has been providing assistance to Assistant Secretary Fernando Torres-Gil and will continue to do so.

EARLY RETIREES

QUESTION: Does the administration intend to ensure employers keep their coverage promises throughout an employee's retirement?

ANSWER: Under the plan, retirees who are between the ages of 55 and 65 and do not have a working spouse will have the employer share (80%) of the premium covered by the federal government. An employer's contractual obligations will be shifted to cover the 20% family share of the premium.

QUESTION: While the President's plan would pay the employer's portion of health care premiums for retirees age 55 to 65, how would retirees below the age of 55 receive health care?

ANSWER: Employers will maintain current contracts for health benefits for retirees younger than 55 years. Otherwise, the individual is responsible for paying both the 20% family share of the premium and any portion of the 80% employer share not paid by the employee's retiree benefit. Discounts are available for both the family and employer shares for those with low incomes.

COMMUNITY AND HOME BASED CARE

QUESTION: What will be the role of the Area Agencies on Aging under the new LTC program?

ANSWER: The states have great flexibility under the new program. They may make use of the existing network if they choose.

QUESTION: Has the administration estimated the funds to be allocated to each state under the new program?

ANSWER: These estimates should be available shortly.

QUESTION: Will respite care be included in the new program?

ANSWER: The states may include respite care if they choose to do so. We expect that a significant amount of respite care would be provided.

CORPORATE ALLIANCES

QUESTION: Will government entities other than the United States Postal Service be authorized to operate a corporate alliance?

ANSWER: No government entities other than the U.S. Postal service would be authorized to operate a corporate alliance.

QUESTION: Would a corporate alliance be operated by a company's management or labor structure?

ANSWER: Corporate alliances would be operated by the sponsor of the alliance. In the case of a large employer, the employer would be the sponsor of the alliance. In the case of a multiemployer plan, the sponsor would be the association, committee, joint board of trustees or similar group of representatives of the parties that established or maintain the plan (See 29 USCA sec. 1002(16)(B)(iii). In the case of a rural electric or telephone cooperative, the sponsor would be the rural telephone or electric cooperative association.

QUESTION: Would retirees of establishments operating a corporate health alliance be insured through the corporate alliance or through a regional alliance?

ANSWER: All retirees would be covered through regional alliances.