THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release — January 10, 1996

REMARKS BY THE PRESIDENT
AT CABINET MEETING

The Cabinet Room

2:24 P.M. EST

THE PRESIDENT: Hello, everybody. Is everyone in here? Well, first, let me say that we're having this Cabinet meeting to discuss the present status of our budget negotiations and where we are. As I have said all along, I am for balancing the budget in seven years, but I want to protect the fundamental priorities of the American people and the future of the American people. We can balance a budget in seven years, according to the Congressional Budget Office, without having dangerously low levels of commitment to Medicare and Medicaid, without having big cuts that undermine our commitments in education and the environment, without raising taxes on working families.

Now, that's what the Congress said they wanted. I've got this letter here from Congress, a letter from Congress to the Speaker saying that the budget we submitted in fact balances the budget in seven years. The differences between these two budgets are now clear. We do not want to fundamentally change the commitment of the Medicare program to the health care of seniors, we do not want to fundamentally change the commitment of the Medicaid program to senior citizens, to poor children, to the disabled. We do not want to adopt a level of investment that makes it certain that we will have to turn our backs on the needs of education or the environment.

That is what this is all about. We can even have a modest tax cut for the American people and for families especially, and balance the budget in seven years according to the Congressional Budget Office. That's what this letter says. They agree now. So the only differences left between us are ideological differences.

And I said in the beginning, let me say again: If the objective is to get a seven-year balanced budget that Congress says is balanced, we can do that. If the objective is to get a modest tax cut, we can do that. If the objective is to dismantle the fundamental American commitments through Medicare and Medicaid, or to undermine our obligations in education and the environment, I will not do that.

That is basically where it is.

Q Mr. President, it seems like that what's being said here today and also with what's being said on Capitol Hill, that despite all of the good will that was apparent here yesterday, this really was a breakdown in the talks. You're very far away, and it sounds like you're not getting any closer together in this break.

THE PRESIDENT: We're not -- we're only very far away if you turn this into -- if you insist on a tax cut which requires

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unacceptable levels of cuts in education and the environment and Medicare and Medicaid, or you insist on fundamentally changing those programs in ways that will erode the protections that Medicare and Medicaid now give to seniors and to poor children and to disabled people, or you insist on cuts in education that will cut back on scholarships or Head Start, or you insist on cuts which will really weaken our ability to protect the environment, if that's the deal, it's reconciling not only the level of cuts -- it's not just the money here, I want to emphasize that. It's the policy.

The Republicans -- if I might, let me just take Medicare for an example, just for example. The Republicans and I agree that there should be changes in the Medicare program to encourage more seniors to have more options to join managed care programs. And we agree on a number of other provisions that should be changed that will strengthen Medicare and give more options to our senior citizens.

I do not agree with changes that I think will, in effect, break up Medicare and put more and more seniors at the mercy of the present private insurance system so that the older and lower income and sicker you are, the more at risk you are. I don't want to do that.

So if we can work that out, we'll have an agreement. It's the same thing --

Q Can you explain why --

Q It seems like what you're talking about here really is a fundamental policy difference that is not going to be bridged and, for example, can you possibly accept the idea that Medicaid would no longer be an entitlement?

THE PRESIDENT: No. No. But, let me say this: More than my predecessors, my Republican predecessors, I have been for and I continue to be for giving the states far more flexibility in the way they run the programs. But I don't believe we should send a check, a federal check to the states and say if you decide that you no longer want to provide health care to some poor children, or some disabled people, or some seniors who are getting it now, that's okay with us. I don't believe that.

That is -- there is a national interest -- a national interest -- in protecting the health care of our children, our seniors, our disabled population. And I believe the American people believe that.

In terms of letting the states have more flexibility to make the money go further, to do different things with it, to expand coverage in different ways, we have been on the forefront of that. That's what the Vice President's reinventing government effort is about, that's what Secretary Shalala has done in giving all these waivers to states. We are willing to go much further there.

But let me ask -- I thought that we were supposed to be balancing the budget. We have agreed already, both sides have agreed to far more savings than are necessary to balance the budget in seven years according to the Congressional Budget Office. That's what this little letter says here. That's what their letter says. Both sides have agreed.

If this is about balancing the budget, we could do it in 15 minutes tomorrow afternoon. The American people need to understand that. Congress now agrees. I have done this. I have given them a plan. It just simply does not have the dramatic changes in Medicare and Medicaid that I think will weaken our commitment to those folks, and it does not mandate cuts in education and the environment that are far larger than we could sustain. That would be -- we cannot take the discretionary account down so low that we know that we will not be able to protect education and the environment.

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So that's where we are. We can balance the budget. It's very important that the American people understand that. We have agreed, the congressional leaders and I have agreed already to far more than enough reductions in government spending to balance the budget within seven years. We already have.

The issue here is over the policies involving Medicare, Medicaid, education, the environment, our opposition to raising taxes on the lowest paid working people and on the size and structure of the tax cut. This has nothing to do with balancing the budget anymore. Nothing.

We could balance the budget, literally, in 15 minutes tomorrow afternoon. And the Congressional Budget Office would say hooray. The financial markets would say hooray. Interest rates would drop. The economy would start to grow. Everything would be fine. Then we could have an election in 1996 about whether the American people agree with their view of Medicare or mine, with their view of Medicaid or mine, with their view of our obligations in education and training of our work force and our children or mine, with their view of environmental protection or mine.

Now, that's what we ought to do. We can do this in 15 minutes. So when they express pessimism, it's because they don't believe that -- at least, maybe in the House and perhaps in the Senate as well -- that they can pass a balanced budget program that they, their own Congressional Budget Office will say is balanced, but doesn't further these ideological goals. We ought to have an election about that.

If we're going to walk away from the fundamental commitments of Medicare, we ought to have an election about that. We haven't had an election about that. If we're going to say that our children, because they are poor, are not entitled to the health care they would otherwise get, or that middle-class families that have disabled children who are now getting help will or will not get that help depending on who happens to be governor of a given state, we ought to have an election about that.

And if we're going to say we're going to reduce the number of college scholarships, college loans, investments in our education system, investments in environmental protection, we ought to have an election about that. That is not what the '94 election was about, certainly not what the '92 election was about.

So let's come back here, balance a budget in seven years, show the American people we can do it, get the economic benefits of doing it, and then have all 1996 to argue about these policies. That's the proper thing to do.

We have bent over backwards to reach good-faith, honorable, principled compromise, and we can still do that. And I don't understand what the problem is. We can even have a reasonably good-sized tax cut and do it. But there is a limit to how big the tax cut can be, and there certainly is a limit beyond which we cannot go in good conscience based on our priorities.

And let me just make one final statement. Ever since the Congress and I agreed to reopen the government the first time, there was a resolution we passed -- we all agreed to it. It said that, finally, we would agree on a budget that was balanced in seven years, that the Congress would say was balanced in seven years, that protected our priorities -- Medicare, Medicaid, education and the environment -- and that's what the resolution said.

From the next day, all I ever heard was, "Where is your budget that they say is scored?" As if they had no obligation at all

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to deal with the other parts of the resolution. Well, here it is. This is their letter.

Now, what we ought to do is honor the second part of the resolution. That resolution said we're going to put off the ideological battles until the next election. That resolution said, yes, we'll balance the budget in seven years, but we will protect education and the environment, and Medicare and Medicaid. And all I'm trying to do now is honor the resolution that I signed off on when we had the first government crisis a few weeks ago.

Q Do you think they've deceived you, Mr.President, in their goals? Did they deceive you?

THE PRESIDENT: No, no. I always told you what this is about. I said this weeks and weeks ago, months ago. I have not been deceived. But, you know, we don't -- in a political system where one party, where even, I might say, one philosophy within one party does not have total control, sooner or later you have to ask yourself, are you going to make the perfect the enemy of the good?

You know, when the Democrats -- let me just give you an example. When the Democrats had the Congress in 1993 and '94, we passed the most sweeping education reform we've passed in 30 years. I did not agree with every last line in every one of those bills. But I did not make the perfect the enemy of the good. I said, I want the education reform.

We passed a crime bill after six years of people talking about it before I got here. I did not agree with every line in the crime bill, but I said -- and neither did the Attorney General. But we said, we're not going to make the perfect the enemy of the good. We're going to have a principled, honorable compromise. We passed the crime bill. We put over 30,000 police on the street. Crime is going down in America.

So I would plead with the Republicans to think about that, to look at that example. They can have an election over the biggest differences they have with me. Let's not make the perfect the enemy of the good. We have already agreed to enough spending cuts to balance the budget and to give a modest tax cut. Let us do it.

MR. MCCURRY: Save some for tomorrow, Mr. President. (Laughter and applause.)

THE PRESS: Thank you.

END 2:36 P.M. EST

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Tuesday, Nov. 21, 1995

Contact: HHS Press Office
(202) 690-6343

STATEMENT BY
DONNA E. SHALALA
SECRETARY OF HEALTH AND HUMAN SERVICES

confirm my worst fears.

The findings of the Center on Budget and Policy Priorities, which indicate that the Republican Medicaid proposal would severely underfund this vital safety net program, ~~greatly disturb me~~. The Center's study shows that the $163 billion cut in federal Medicaid funding being made by the Republicans in Congress is likely to be exacerbated by a cut by the states in their contribution to Medicaid, perhaps by as much as $257 billion over the next seven years. Combined, this is a cut of $420 billion. This is a staggering amount. When this all-too-realistic projection is factored in, the earlier estimate that nearly 8 million Americans would lose health coverage is al~~most certainly~~ Clearly too conservative.

It is ~~abundantly~~ clear that the Republican Medicaid plan places millions of women, children, senior citizens and individuals with disabilities in double jeopardy. As this analysis shows, states too will face an impossible task because of the huge shortfall in funding -- placing governors and state legislatures in a position in which they would almost certainly be forced to eliminate health care coverage ~~to~~ for their most vulnerable citizens -- pregnant women, young children, senior citizens in nursing homes and those with disabilities. That is why President Clinton must and will veto this unfortunate piece of legislation.

For 30 years, both political parties have worked to protect the health of the American people. As Speaker Gingrich meets with Republican governors today, it is my hope that they will focus their discussions on improving this vital program and reemphasize its essential role in providing access to necessary health care for 36 million Americans.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release September 26, 1995

REMARKS BY THE PRESIDENT IN CONGRESSIONAL MEETING

Cabinet Room

11:20 A.M. EDT

THE PRESIDENT: First of all, let me say, as you can see here, I am meeting with the Democratic members of the House Ways and Means Committee. I am delighted to be here with them to discuss the budget decisions that have to be made in the next few weeks.

As you know, I strongly favor balancing the budget to lift the burden of debt off of our children and to strengthen our economy. But I think we have to do it in a way that is consistent with our values, giving people the chance to make the most of their own lives, strengthening our families, protecting our children, honoring our parents, growing the middle-class and shrinking the under-class. Those are the values that we ought to be making these decisions on.

In my judgment, the Congressional budget that the Republican majority has offered violates those values. And we -- the American people need to be a part of this and they need to ask some basic questions: Do we want to support that budget when it will deny 300,000 elderly people the right to be in nursing homes that they have today? Do we really want to eliminate all the quality standards for nursing homes?

What about -- can anybody remember what it was like to go in those places when there were no quality standards? Do we really want to tax 17 million working families and put millions of them back into poverty even though they're working? Do we want to say to a woman whose husband has to go to a nursing home, in order for your husband to qualify for any assistance you have to sell your car, your house, you have to spend all your life savings, you have to be totally impoverished? And do we want to let corporations loot their pension funds and compromise the retirement of their workers' future? How can we forget -- it just was a couple of years ago when we had all these pension funds going broke. Do we really want to go and make that mistake all over again? Now, this budget does all those things. Those are the choices.

I have offered the Congress a budget that balances the budget without destroying education, without undermining our commitment to the environment and without violating our commitments to working families, the elderly and poor children.

It seems to me that we have to ask these questions. We have to move beyond the level of rhetoric to the values that are embodied in the choices that are being made. And I want to see us make the right choices for America. We need to balance the budget but we need to do it in a way that strengthens our families, strengthens opportunity and honors our obligations. That's the only way to help this country and I am determined to see that we work together to do that in the next few weeks.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Monday, Sept. 11, 1995

Contact: HHS Press Office
(202) 690-6343

STATEMENT BY
Donna E. Shalala
Secretary of Health and Human Services

The Speaker yesterday stated that the Republicans' plan to raise Medicare premiums would cost beneficiaries only $7 more per month in 2002. Press reports, however, have made clear that Republicans are assuming $50 to $60 billion in savings over seven years from this provision, which would require far steeper premium increases.

In fact, to achieve the savings targeted by the Republicans for this provision, 39 million seniors and disabled Americans would be forced to pay three times the amount estimated by the Speaker in 2002. Indeed, this proposed Medicare premium increase would cost the average senior couple $2,666 ($1,333 more per beneficiary) over the next seven years and $515 ($258 per beneficiary) in the year 2002 alone.

The Speaker has suggested that beneficiaries, whose average income is only $13,000, would not mind paying more to "save" the trust fund. The fact is that not one penny of savings from the increased Part B beneficiary costs would help the Medicare Trust Fund. Rather, they would go into general revenues, where they would be used to pay for the Republicans' excessive and unnecessary tax cut. In fact, they would not need any of these savings if they simply reduced their tax cut for the wealthy.

This Part B premium proposal, along with all the other cuts the Republicans have suggested, still leave the Congressional Majority far short of their desired $270 billion Medicare target.

The President has shown how we can balance the budget and strengthen the Medicare Trust Fund without imposing any new costs on Medicare beneficiaries. Regardless of the merits of any proposal, we must make certain that older Americans and their families be provided with accurate and clear information.

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Q&As on Release of Senate Democratic Leadership Medicare Plan

What is the Administration's response to the Senate Democratic Leadership's Medicare plan?

We believe the Senate Democratic Leadership Medicare reform proposal is consistent with the President's balanced budget proposal. The President commends Senator Daschle and the Senate Democrats who have produced a plan that illustrates that it is not necessary to decimate the Medicare program in order to save the Trust Fund.

Like the President's Medicare reforms, it reduces Part A expenditures by $89 billion in order to assure that payments out of the Medicare trust fund will be secure for the next decade. Senator Daschle's proposal also shares the President's goals of cracking down on fraud and abuse and providing more health plan choices for Medicare beneficiaries.

Doesn't the President's plan provide for more cuts than those advocated by the Senate Democrats?

Both plans reduce Part A expenditures by $89 billion in order to assure that payments out of the Medicare trust fund. The additional $35 billion in savings in the President's plan come from extending current law and from changes that result from efficient management of the program.

Obviously, the more important contrast is between the $270 billion Republican Medicare cut and the savings proposals being offered by the Democrats -- that are less than half of the Republicans.

Now that the Republicans and the Democrats have put forth their proposals, when can we expect the President to provide his specifics?

The President will provide more specifics when the Republicans give a better sense of what is in their plan. As illustrated by the changes in the Republican proposal as late as last Friday and the changes the Committees of jurisdiction are and continue to make, the Republican proposal is a moving target.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

August 3, 1995

The Honorable Thomas Daschle
United States Senate
Washington, D.C. 20510

Dear Senator Daschle:

This is in response to your request for information about the effect of the Medicare savings in the President's balanced budget initiative on the exhaustion date of the Hospital Insurance (HI) Trust Fund.

Attached is a memorandum that I have received from the Chief Actuary of the Health Care Financing Administration (HCFA). The memo indicates that the year-by-year savings in the President's plan, which would total $89 billion in Part A over the period 1996-2002, would extend the life of the HI Trust Fund from 2002 to the fourth quarter of calendar year 2006 (the first quarter of fiscal year 2007). This estimate is based on the 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Fund intermediate assumption baseline.

Please let me know if I can provide any further information.

Sincerely,

Bruce C. Vladeck

Attachment

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

Memorandum

Date August 2, 1995

From Chief Actuary, HCFA

Subject **Estimated Year of Exhaustion for HI Trust Fund under Administration's Balanced Budget Proposal**

To Administrator, HCFA

The purpose of this memorandum is to respond to the requests from Senator Daschle and Representative Gephardt for the estimated year of exhaustion for the Hospital Insurance trust fund under the Medicare provisions in the Administration's balanced budget proposal. Based on the intermediate set of assumptions in the 1995 Trustees Report, we estimate that the assets of the HI trust fund would be depleted in the fourth quarter of calendar year 2006 under the Administration's proposal (or, equivalently, in the first quarter of fiscal year 2007).

In the absence of corrective legislation, trust fund depletion would occur in the fourth quarter of calendar year 2002 (first quarter of fiscal year 2003) under the intermediate assumptions. Thus, the Administration's proposal would postpone the year of exhaustion by about 4 years.

The financial operations of the HI trust fund will depend heavily on future economic and demographic trends. For this reason, the estimated year of depletion is very sensitive to the underlying assumptions. In particular, under adverse conditions such as those assumed by the Trustees for their "high cost" projections, asset depletion could occur roughly 2 to 3 years earlier than the intermediate estimate. Conversely, favorable trends could delay the year of exhaustion significantly. The intermediate assumptions represent a reasonable basis for planning.

The estimated year of exhaustion is only one of a number of measures and tests used to evaluate the financial status of the HI trust fund. If Senator Daschle or Representative Gephardt would like additional information on the estimated impact of the Administration's Medicare proposals, we would be happy to provide it.

Richard S. Foster

Richard S. Foster, F.S.A.

Monday, September 11, 1995

STATEMENT BY
Donna E. Shalala
Secretary of Health and Human Services

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release **September 27, 1995**

STATEMENT BY CHIEF OF STAFF LEON E. PANETTA ON CONTINUING RESOLUTION AGREEMENT

The continuing resolution agreed to by the Administration and the Congressional leadership will enable us to continue providing important services for the American people while Congress takes the time it needs to complete work on fiscal year 1996 appropriations.

The agreement provides funding on a temporary basis at an overall level close to that proposed by the Congress, but it does not accept the proposals of the Congressional majority for drastic cuts in education, environmental protection, and other priorities important to the President and the American people.

There has been too much irresponsible talk about using the threat of government shutdown or default to force a particular set of priorities on the American people. This continuing resolution will establish a level playing field, extending the deadline for Congress to do its job and allowing us to resolve the significant differences that remain over budget issues. We should be able to do that without victimizing the American people or damaging our economy in the process.

The President wants us to work together to achieve common ground on a balanced budget. This process shows that we can work together. The President has proposed a balanced budget grounded in the fundamental American values of opportunity, family, community, and responsibility. This is common ground that all Americans share, and it is our hope that we can agree on a budget that reflects these values.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release **September 27, 1995**

Statement by Alice M. Rivlin
Director, Office of Management and Budget
on Senate Passage of the VA/HUD Appropriations Bill

The President would veto the Senate-passed bill for a simple reason: Like its House counterpart, the Senate bill would threaten public health and the environment, terminate programs that are helping communities help themselves, and close the door on college for thousands of young people.

The Senate voted to eliminate the President's national service program, which is helping to rebuild communities while enabling the sons and daughters of working families to earn money for college. AmeriCorps has the support of 90 percent of Americans, and major charities and business leaders across the country -- and for good reason. It is working. The President will insist that Congress restore funds for this vital program before he signs this appropriations bill.

The Senate also approved a budget for the Environmental Protection Agency that would abandon the nation's bipartisan commitment to health and environmental protection. In particular, the bill would provide far too little for clean water enforcement and toxic waste cleanup. The President will not let Congress turn back the clock on our environmental progress of the last quarter-century.

By cutting so deeply into housing assistance, the Senate took dead aim at the most vulnerable of Americans. And by eliminating the Community Development Financial Institutions program, the Senate chose to withdraw an important tool by which distressed communities help themselves.

Clearly, this bill does not reflect the values that Americans hold dear. The President is calling on Congress to send him an appropriations bill for these important priorities that truly serves the American people.

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STATEMENT ON CPI

The objective of CPI (consumer price index) adjustments in social security payments and other benefits is to protect the elderly and other beneficiaries against reductions in what they can purchase with their checks as a result of increases in prices. Similarly, the objective of CPI adjustments to taxes is to prevent unintended increases in tax rates caused simply by inflation.

Current methodologies for estimating the magnitude of price changes suffer from a variety of limitations. There is, however, some disagreement about the magnitude of the possible biases.

We believe that whatever adjustments are made to reflect changes in the cost of living be done on the best scientific evidence, and that the process of making such adjustments should not be politicized.

The Bureau of Labor Statistics has an ongoing effort to improve the CPI in order to make it more reflective of changes in the cost of living. The BLS, together with other government agencies, including the Council of Economic Advisers, will continue to carefully review the evidence and any new information about the magnitude of possible biases.