

THE WHITE HOUSE

June 9, 1995

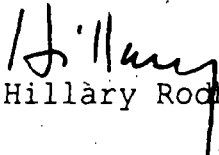
The Honorable Paul Simon
United States Senate
462 Dirksen Building
Washington, D.C. 20510-1302

Dear Paul:

Thank you for sending me a copy of your Healthy Mothers, Healthy Children Act of 1995. As you noted in your letter, I share your deep concern about improving maternal and child health. Now more than ever it is so important that our nation's children have champions in Congress who are dedicated to their well-being.

With best wishes, I am

Sincerely yours,


Hillary Rodham Clinton

THE WHITE HOUSE

August 24, 1994

Mr. Edward Rattner
374 Bienterra Trail
Rockford, IL 61107

Dear Mr. Rattner:

Thank you for your thoughtful suggestions and comments about health care reform.

The President continues to fight to guarantee health security to all American families. And because nine out of ten Americans with private health insurance get it through their employers, the President believes that reform should build on the tradition of health insurance provided at work.

However, as you suggested, in some areas of the country a single-payer health care system may be more effective. The bills introduced by Senator Mitchell and Congressman Gephardt preserve a state's right to adopt a single-payer system. Within a national framework guaranteeing coverage and real access to health care services, states are given the flexibility to implement a system that best meets the needs of their citizens.

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Thank you again for writing. The President and I greatly appreciate your support as we continue to work with Congress to guarantee Americans the health security they deserve.

Sincerely yours,


Hillary Rodham Clinton

cc: The Honorable Paul Simon

Thank you for sharing your views with me about the
DRAFT Balanced Budget Amendment and its relationship to health reform.
As always, I appreciate having the benefit of your thoughts.

Dear Paul:

In contrast to your letter, however, I believe

It is entirely consistent and indeed compelling to say that health care reform will reduce the deficit in an economically sound manner, but that the Balanced Budget would be harmful to that effort. I appreciate having this opportunity to explain my views on this subject.

What the Clinton Administration has already shown in its first year is that it is possible to bring down the deficit without broadbased taxes on the middle class or efforts that would weaken economic recovery. We did this by passing a balanced plan to end 12 years of spiraling deficits with a \$500 billion deficit reduction plan. We are now putting the deficit on a downward path for the first time in years, with a hard freeze on all discretionary spending -- an actual 12% real cut.

Despite this strong progress on the deficit, all of us agree that the number one remaining problem for our longterm budget prospects is the rising costs of health care. The Health Security Act directly confronts this longterm deficit challenge by controlling the rising costs of all health care through a system of increased competition with back-up premium increase limits. This is critical because Medicare cuts in the absence of health care reform will simply mean more benefits will be cut and more costs will be shifted to the private sector, amounting to a hidden tax in the form of a premium increase and allowing the current waste and inefficiencies to continue.

The balanced budget amendment would create a dynamic that would make it nearly impossible to pass a health care reform. Currently, ~~one of the driving forces for a major health care reform that would tame rising health prices and bring down the federal deficit is that~~ nearly every major proposal is able to finance much of the costs by redirecting Medicare and Medicaid savings -- instead of relying on increases in broadbased middle class taxes. Yet, the same Medicare and Medicaid savings can't be used twice. Your balanced budget would almost certainly require using these major health care savings for deficit reduction. When one considers the large-scale deficit reduction the Balanced Budget Amendment calls for on top of the \$500 billion recently passed, it goes without saying that it could only meet these stringent targets with some combination of middle-income tax increases, major reductions in Social Security benefits or national defense, or extremely large reductions in federal Medicare and Medicaid costs. With the intense political opposition to cuts in Social Security and increases in middle class taxes -- and the irresponsibility of threatening our national security -- nearly all would agree that Medicare and Medicaid savings would likely be cut significantly to balance the budget.

severely

some

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Not sure I like this argument

← Thus, by taking away the financing mechanism that nearly every plan relies on for passage of health care, the balanced budget amendment would create a dynamic that would make it nearly impossible to pass a health care reform.

We believe that this would not only be bad in terms of denying the historic hope of every American to have full health care security, but ~~by making it nearly impossible to pass with universal coverage, we will~~ also destroy the chances for bringing down the deficit in an economically sound means that seeks to fix our health care cost problem, ~~and not simply~~ shift more of the waste and excessive costs to the private sector.

and access

As a result, publicly-financed health care spending cuts would ~~be~~

Janis