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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Personal (Partial) (1 page)	05/08/1996	P6/b(6)
002. memo	Personal (Partial) (1 page)	05/08/1996	P6/b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Jennifer Klein
OA/Box Number: 10854

FOLDER TITLE:
Student Health Reform

2014-0209-S
ms764

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
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THE PRESIDENT HAS SEEN
5/28/96

THE WHITE HOUSE

WASHINGTON

May 21, 1996

MR. PRESIDENT:

In the attached memo, Sec. Shalala suggests that, in one of your commencement speeches, you call for a campaign by employers and insurers to better address the health coverage needs of young adults. Twenty-seven percent of 18-24 year olds are uninsured, compared with 15% of the population overall; many lose coverage when they graduate college. Donna suggests that such an initiative would allow you to simultaneously address the issues of health care, corporate responsibility, and the government's role in supporting families, through a voluntary, non-regulatory approach.

Carol, Gene, John Angell, Vicki Radd, Chris Jennings and Jennifer Klein met on this proposal and have serious reservations about it. First, they believe that our current focus should be on the Kassebaum-Kennedy bill, and that talking about new health reform proposals now may hurt the chances of passing that bill. Apart from timing, there is a real question as to whether young adults -- as distinguished from, say, children or workers who lose their jobs -- are the best group to target for additional health care reform. They are not necessarily the most needy -- many choose not to have health insurance because they are young and healthy.

Todd Stern
Helen Howell

5-28

TODD:

Should we send copies to anyone else?

Sec. Shalala ______ yes ✓ no

CC: J. KLEIN

— John

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THE PRESIDENT HAS SEEN
5/28/96

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 8 1996

[001]

96 MAY 9 A10:26

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Incremental Health Care Reform -- Covering the Class of '96

Summary

In one of your upcoming commencement speeches, you could call for a voluntary, private sector campaign to address better the health coverage needs of young adults -- who often lose health coverage as dependents when they graduate from college.

Introduction

In the past year, you have effectively focused public and Congressional attention on the need for incremental health care reforms, with the centerpiece being insurance reforms. That effort, coupled with your strong stand in updating and preserving Medicare and Medicaid, is proving successful, and provides a model for future strategies -- a modular approach to health care reform.

We should continue to target our efforts on gaps that occur in the transitions among parts of the health care system -- as individuals move from job to job, as they age from one form of coverage to another, or as the system itself changes. I have been reviewing potential approaches, and one in particular suggests itself for immediate attention. That is to call on employers, insurers, and the National Association of Insurance Commissioners to develop model programs to address coverage needs for young adults.

As you may know, many young adults now lose health insurance coverage as they become independent; such as graduating from college. My own department's General Counsel discovered the problem first-hand shortly after her son's graduation. When her son went in to fill a prescription last June, he was informed that he was no longer covered by the family's health insurance policy, and his mother, while surprised, immediately took action to purchase supplemental insurance. (b)(6)

(b)(6)

Calling on insurance companies to design policies to address this gap in coverage would have special appeal to two important groups: young adults age 18-24, who either don't have health insurance or are realizing its cost for the first time, and their parents, who are increasingly concerned about their children's safe transition to independence. And it gives you the

opportunity to simultaneously address the high-profile issues of health care, corporate responsibility, and the government's role in supporting families, through a voluntary, non-regulatory approach.

The proposal could be announced in one of your upcoming commencement speeches, which would guarantee you a supportive audience and a visible platform. It could also be followed by a meeting with insurers, interviews with college newspapers, specialty press outreach to target media like MTV, and visits to college campuses this fall.

Background

Young adults are the population most likely to be uninsured: 27 percent of 18-24 year olds are uninsured, compared with 15 percent of the population as a whole. Health insurance gaps are the norm as these individuals make a transition from coverage as dependents to coverage in the work force.

In general, children are considered dependents through age 18-21, depending on state law. Full-time students are covered generally through age 22 or 23. Many states provide for a continuation of coverage option when dependency status ceases; certain provisions in the insurance reforms recently passed by the House and Senate, if enacted, will provide for the availability of individual policies for such individuals.

Proposal

You would call on employers and insurers, working with the National Association of Insurance Commissioners (NAIC), to create a campaign to better address the coverage needs of this population. The campaign would include:

- model family health insurance program(s) for states, with a uniform extended age through which young adults would be able to be carried as dependents;

- an educational campaign on the purchase of health insurance for young adults.

I have talked informally with some major insurers about this proposal. If you are interested in pursuing this matter, I will follow-up with more detailed discussions with the key parties to set the stage for an announcement during the spring graduation season.

Donna E. Shalala

TO: Todd Stern
FROM: Jennifer Klein
DATE: 5/16/96
RE: Shalala Health Care Proposal

Carol Rasco, John Angell, Vicki Radd, Gene Sperling, Chris Jennings and I met today to discuss the Shalala health care proposal. (George and Bruce missed the meeting, but I do know that Bruce had reservations about the proposal.) Shalala suggests that, in an upcoming commencement address, the President should call on employers and insurers to better address the coverage needs of young adults age 18-24 and to begin a educational campaign on the purchase of health insurance for young adults.

The overwhelming consensus of the group was that our current focus should be on the Kassebaum-Kennedy bill and that beginning to talk about new health reform proposals now may hurt the chances of passing the bill. We agreed to continue to discuss whether and when the President should champion additional health reform proposals and, if so, which ones (e.g., children, workers who lose their insurance when they lose their jobs -- as in our budget proposal).

In addition to timing, there are other downsides to the Shalala proposal. For example, the people who would be helped are not the most needy or the most sympathetic. Many of them chose not to have health insurance because they are young and healthy.

May 9, 1996

Note to Chris Jennings, Jennifer Klein, Nancy-Ann Min

From: Jack Ebeler

The Secretary sent the attached memo to the WH yesterday on health coverage for young adults.

I am enclosing a background packet of information on the issue for your information. We are continuing to develop more specific data on marital status, parental coverage, etc., and will send you that as we get it.

Attachment
Memo
Background packet

Cost for them

Wait until sick

deal w/ address affordability

enc indiv. responsibility - can't go in out.

1. Focused on Kass-Kenn
2. Open question as to whether we do more
3. Continue to discuss what next
4. Downsides of this
   - doesn't really resonate

Timing - don't want to announce before Kass-Kenn.
Other things in our budget e.g. displaced workers.

This discussion of kids.

Pol. question - is talking about reform at this point a good thing
But - - this is explicitly not over the past -
not leg. | not mandatory

Not raising health reform before Kass-Kenn.
But half-pregnant -
But we did do 48 hrs

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

[002]

MAY 8 1996

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Incremental Health Care Reform – Covering the Class of '96

Summary

In one of your upcoming commencement speeches, you could call for a voluntary, private sector campaign to address better the health coverage needs of young adults -- who often lose health coverage as dependents when they graduate from college.

Introduction

In the past year, you have effectively focused public and Congressional attention on the need for incremental health care reforms, with the centerpiece being insurance reforms. That effort, coupled with your strong stand in updating and preserving Medicare and Medicaid, is proving successful, and provides a model for future strategies -- a modular approach to health care reform.

We should continue to target our efforts on gaps that occur in the transitions among parts of the health care system -- as individuals move from job to job, as they age from one form of coverage to another, or as the system itself changes. I have been reviewing potential approaches, and one in particular suggests itself for immediate attention. That is to call on employers, insurers, and the National Association of Insurance Commissioners to develop model programs to address coverage needs for young adults.

As you may know, many young adults now lose health insurance coverage as they become independent; such as graduating from college. My own department's General Counsel discovered the problem first-hand shortly after her son's graduation. When her son went in to fill a prescription last June, he was informed that he was no longer covered by the family's health insurance policy, and his mother, while surprised, immediately took action to purchase supplemental insurance. (b)(6)

(b)(6)

Calling on insurance companies to design policies to address this gap in coverage would have special appeal to two important groups: young adults age 18-24, who either don't have health insurance or are realizing its cost for the first time, and their parents, who are increasingly concerned about their children's safe transition to independence. And it gives you the

opportunity to simultaneously address the high-profile issues of health care, corporate responsibility, and the government's role in supporting families, through a voluntary, non-regulatory approach.

The proposal could be announced in one of your upcoming commencement speeches, which would guarantee you a supportive audience and a visible platform. It could also be followed by a meeting with insurers, interviews with college newspapers, specialty press outreach to target media like MTV, and visits to college campuses this fall.

Background

Young adults are the population most likely to be uninsured: 27 percent of 18-24 year olds are uninsured, compared with 15 percent of the population as a whole. Health insurance gaps are the norm as these individuals make a transition from coverage as dependents to coverage in the work force.

In general, children are considered dependents through age 18-21, depending on state law. Full-time students are covered generally through age 22 or 23. Many states provide for a continuation of coverage option when dependency status ceases; certain provisions in the insurance reforms recently passed by the House and Senate, if enacted, will provide for the availability of individual policies for such individuals.

Proposal

You would call on employers and insurers, working with the National Association of Insurance Commissioners (NAIC), to create a campaign to better address the coverage needs of this population. The campaign would include:

- model family health insurance program(s) for states, with a uniform extended age through which young adults would be able to be carried as dependents;

- an educational campaign on the purchase of health insurance for young adults.

I have talked informally with some major insurers about this proposal. If you are interested in pursuing this matter, I will follow-up with more detailed discussions with the key parties to set the stage for an announcement during the spring graduation season.

Donna E. Shalala

Attachments

A Program to Increase Health Insurance Coverage for Young Adults, Persons Age 18-24

Issue

Young adults are the age group most likely to be uninsured. The percentage of those 18-24 without health insurance is 27 percent compared with 15 percent for the population as a whole. Almost 40 percent of 23 year old males are uninsured. The question is how best to enhance coverage for this population.

Background

The age of 18 is traditionally the age when children are considered to be adults. The age of 25 is the age when most young adults have jobs and are well on their way to longer-term living arrangements. Between those two ages, young adults undergo a number of transitions in family or living arrangements, occupation and educational status that traditionally change their health insurance status. The first transition is from high school to training, first job, or college. A second transition is from training or college to first job. A further transition is to a new family status, either living separately from parents or forming a new family.

Colleges and Universities. For the college bound, health insurance coverage is often required during the undergraduate years, optional during any years of graduate school, and then provided with a first job. Parents' policies often cover young adults who are full-time students until they reach 22 or 23. Problems arise for students whose health insurance plans -- most frequently managed care plans -- do not cover non-emergency care out of state, for those who are older than the cutoff age, and for those whose families cannot or do not have coverage. A recent newsletter of the American College Health Association estimates that "at least one-third" of students enrolled in American colleges or universities do not have health insurance coverage, a proportion which reflects graduate students, undergraduates older than the cutoff age, and those whose parents do not have coverage. For those who do not go on to higher education, health insurance coverage from a parent's policy typically ends between age 18 and 21, depending upon state law. Some HMOs and managed care plans are experimenting with policies that allow out of area coverage or portability for college students; Blue Cross-Blue Shield, for example, is expected to offer a program that allows coverage away from the home area for its 18.5 million members in July.

Health Insurance. Health insurance gaps between the ages of 18 to 25 are the norm. Many young adults find that their first full-time jobs don't have any health insurance coverage; others perceive the coverage as too expensive. There is also evidence that most young adults consider themselves healthy and unlikely to need much medical care, a further incentive not to purchase health insurance if the price of the policy is perceived as expensive and the person does not believe anything catastrophic could happen. For those not offered health insurance through their jobs or a parent's policy, individual policies may be available, but again may be expensive relative to income, perceived risk, or both.

State Laws. Coverage of dependents generally is defined in state law for insured persons, though it is unregulated for self-funded arrangements. The rules vary. Unmarried, non-disabled children are considered dependents through age 18 to 21, depending upon the state. Full-time students are covered generally through age 22 or 23. Many states provide for a continuation option (i.e., a "conversion" policy) for dependents no longer eligible under a parent's policy, but the terms of the conversion vary across states. Most states require a policy to be offered without regard to health status, but underwriting is permitted in at least one state. A quick survey of states did not find any cases where health status could be used as a rating factor. In some cases, carriers are permitted to segregate conversion policies into a separate rating pool, meaning that the policies would be quite expensive as a result of adverse risk selection. In other cases, it appears that rates are constrained based on the premium paid by the employee. There is also variation among insurers: some aggressively market individual policies; others provide only the minimum notice that such policies exist. Individual coverage is available from a number of carriers, with a high deductible policy (for example, $1,000 deductible) costing $40 to $80 per month for 20 to 30 year olds. The relatively low cost must be weighed against the widespread perception among young adults of low discretionary income and a relatively low priority for health insurance.

General facts about young adults and health insurance:

- The percent uninsured grows throughout the 18-24 year old bracket, peaking at age 23, where one-third of the young adults are uninsured. About 19 percent of 18 year olds lack health insurance, a percentage that increases to over 30 percent of the 23 and 24 year olds. The percentage then drops through the late 20s. At age 27, for example, it is 26 percent.

- Young men are more likely to be uninsured. The percentage of males 18-24 without health insurance is 30 percent; for females, 23 percent.

- Of the young adults who work full-time, 27 percent have no health coverage. Among part-time workers 18 to 24 years old, 23 percent are uninsured. Of those unemployed, 31 percent have no health coverage.

- The leading causes of death for 18-24 year olds are unintentional injuries, homicide, and suicide, followed by cancer, heart disease, and HIV infection.

- Data from the 1994 National Health Interview Survey and the 1995 Current Population Survey show that 43 percent of 18-24 year olds consider their own health to be "excellent," and 32 percent consider their health to be "very good." Only 4 percent consider their health to be "fair" or "poor."

Future Trends. Projections show that the number of 18-24 year olds will rise from 25.5 million in 1995 to 30.6 million in 2025. As a proportion of the population, however, 18-24 year olds will rise from 9.7 percent in 1995, to 10.1 percent in 2010, but then fall

slightly to 9.0 percent in 2025.

Recommended Options

Begin a campaign, in cooperation with employers, insurance companies and the National Association of Insurance Commissioners, to propose and adopt a model family health insurance program with a uniform extended age through which all young adults would be able to be carried on their parents' health insurance policies. To accomplish this end, we recommend calling a meeting of employers and major insurers to discuss the feasibility of making family coverage through a standard age in the mid-20s a national standard. We would also work with the National Association of Insurance Commissioners to propose and adopt a model family health insurance program. These proposals would be discussed during the next several weeks in several commencement addresses and in other forums.

Design an education campaign on the purchase of health insurance for young adults in transition. There is evidence that some young adults feel that health insurance is not needed. An education campaign through public service announcements, reminders on pay stubs, and a message on the new Social Security earnings statement would remind a group that has never purchased health insurance that its purchase can help with unforseen accidents and illnesses.

18-24 Year Olds

Persons (Millions) by Health Insurance (18-24 Year Olds Only)

This chart shows the types of health insurance for 18-24 year olds. Compared with the entire population.

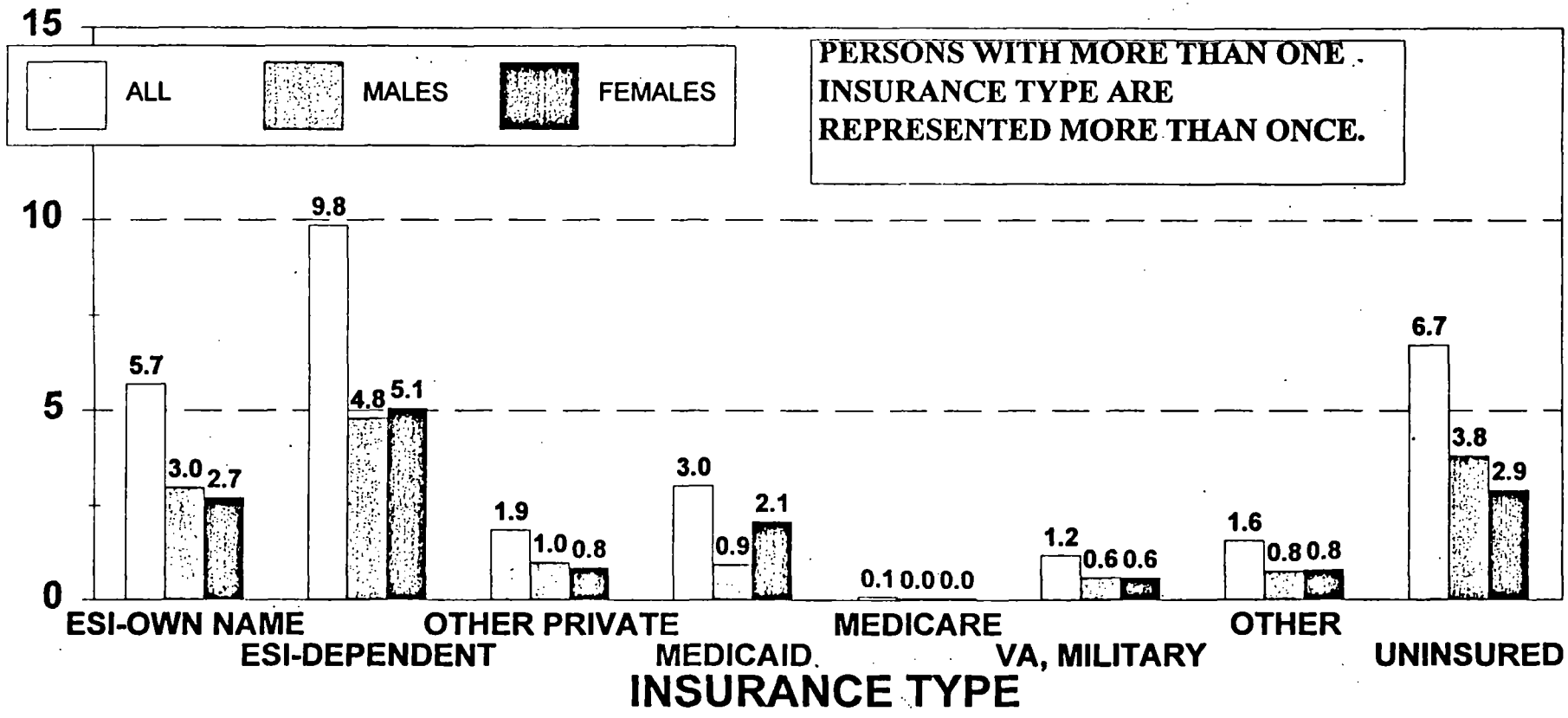
- 18-24 year olds have many more persons in the Employer Sponsored Insurance--Dependent category compared with Employer Sponsored Insurance in their own names. For the population as a whole these numbers are almost equal; for this population, there are many more covered as dependents than covered in their own names.

- As expected, relatively few have Medicare or VA/Military coverage.

- Relatively more are uninsured.

PERSONS (MILLIONS) BY HEALTH INSURANCE
MARCH 1995 CURRENT POPULATION SURVEY

18-24 YEAR OLDS ONLY



SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY.

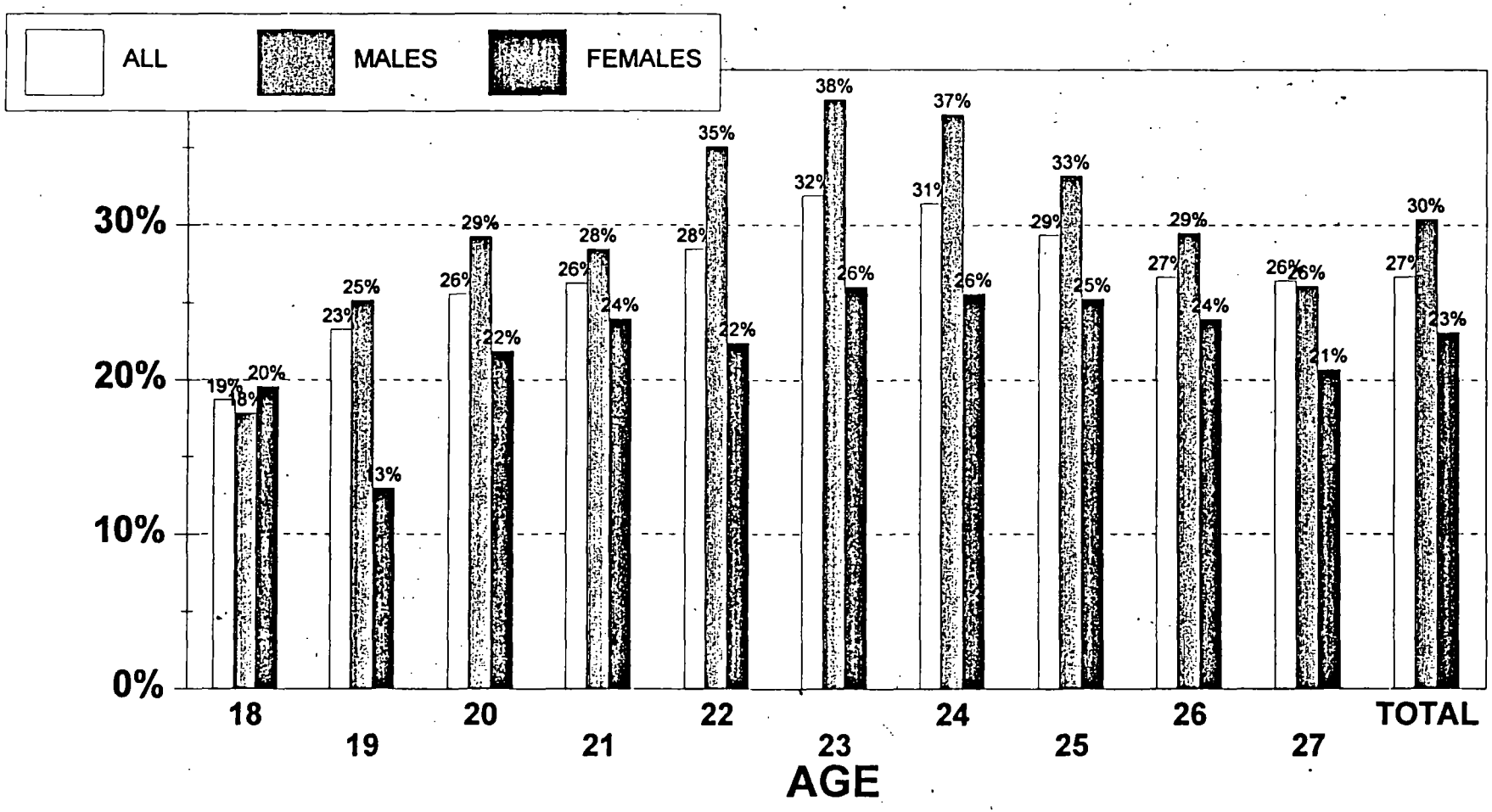
Percent Uninsured by Age: Aged 18-27

- The percent uninsured grows throughout the age bracket, peaking at age 23 where 32 percent are uninsured.

- The percent uninsured begins to decline at age 25.

% UNINSURED BY AGE: AGED 18-27

MARCH 1995 CURRENT POPULATION SURVEY



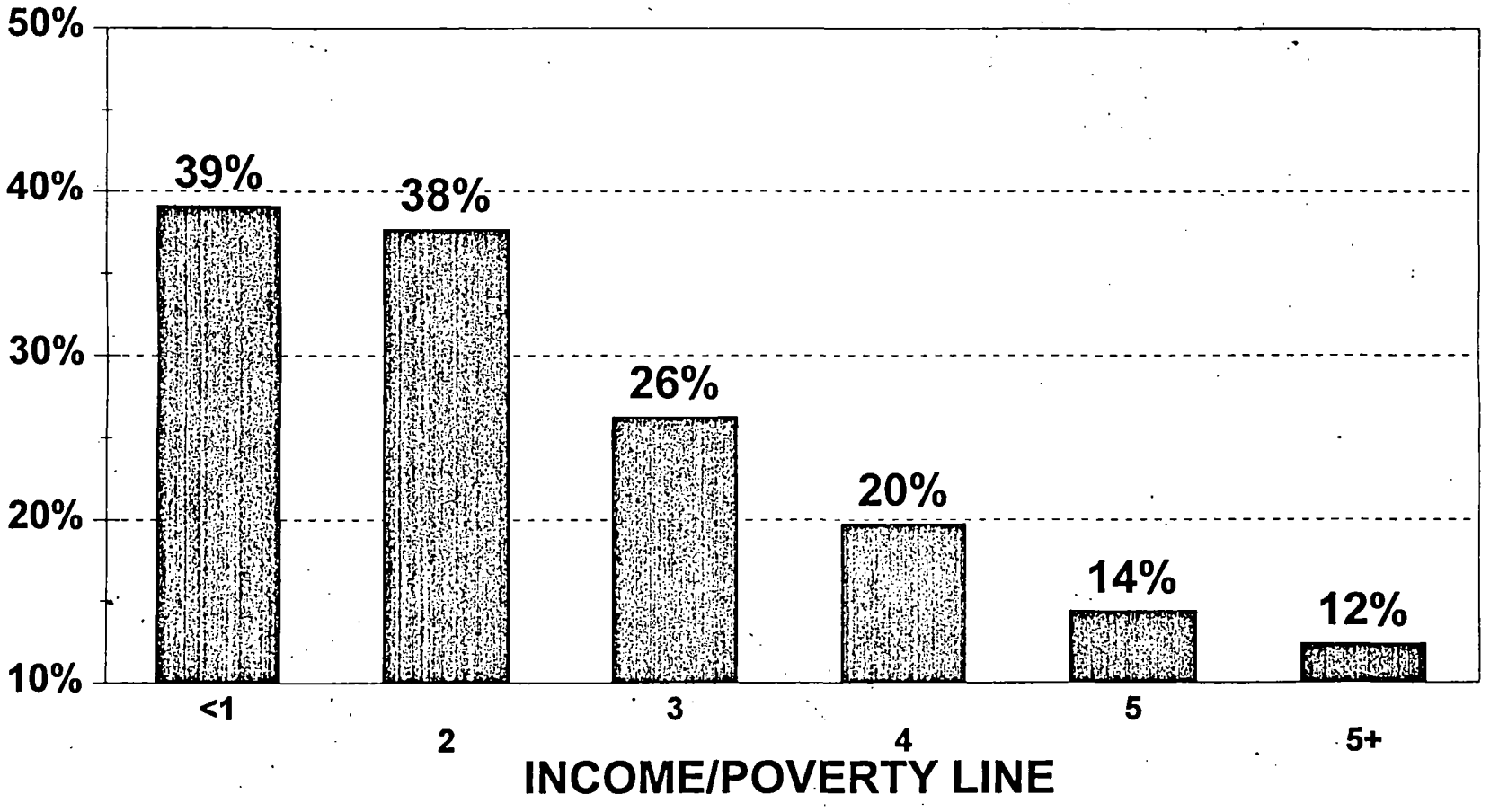
SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY .

Percent Uninsured by Poverty Class (18-24 Year Olds Only)

- 39% of those below poverty are uninsured.
- This percentage drops as income rises until 12% are uninsured at 5 times or more of the poverty line..

% UNINSURED BY POVERTY CLASS
MARCH 1995 CURRENT POPULATION SURVEY

18-24 YEAR OLDS ONLY



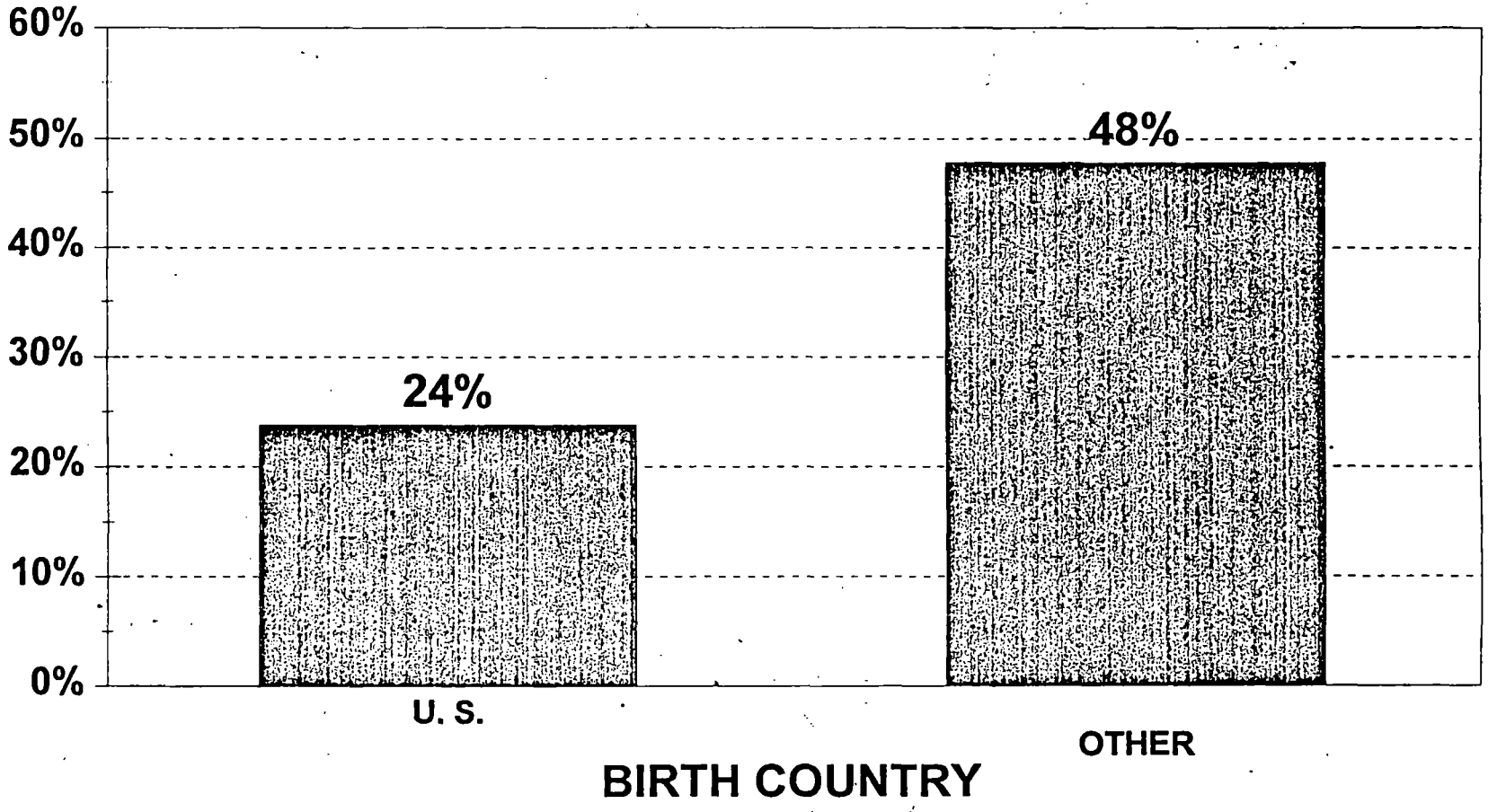
SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY.

Percent Uninsured by Country of Birth (18-24 Year Olds Only)

- For the uninsured, the gap between those born in the U.S. vs. those born in other nations is even wider than it is for the entire population: 48% vs. 24% compared with 31% vs 13% for the population as a whole.

% UNINSURED BY COUNTRY OF BIRTH
MARCH 1995 CURRENT POPULATION SURVEY

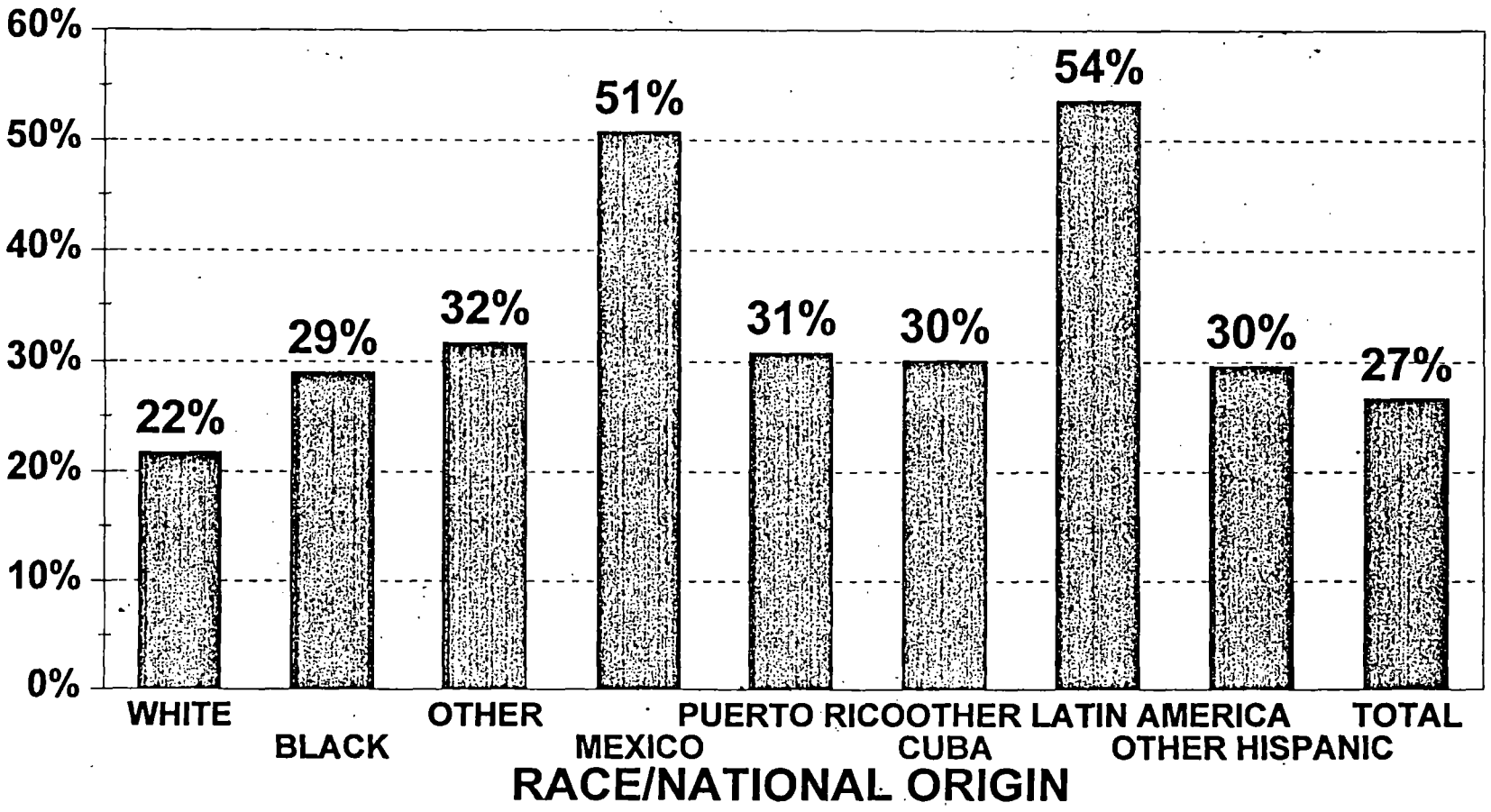
18-24 YEAR OLDS ONLY



SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY.

% UNINSURED BY RACE/ORIGIN: AGED 18-24

MARCH 1995 CURRENT POPULATION SURVEY



SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY . HISPANICS OF ANY RACE ARE COUNTED AS HISPANICS.

Percent Uninsured by Race/Origin: Aged 18-24

- More than half of young adults whose national origin is in Mexico and Other Latin American nations are uninsured.

Percent Uninsured by Work and Student Status (18-24 Year Olds Only)

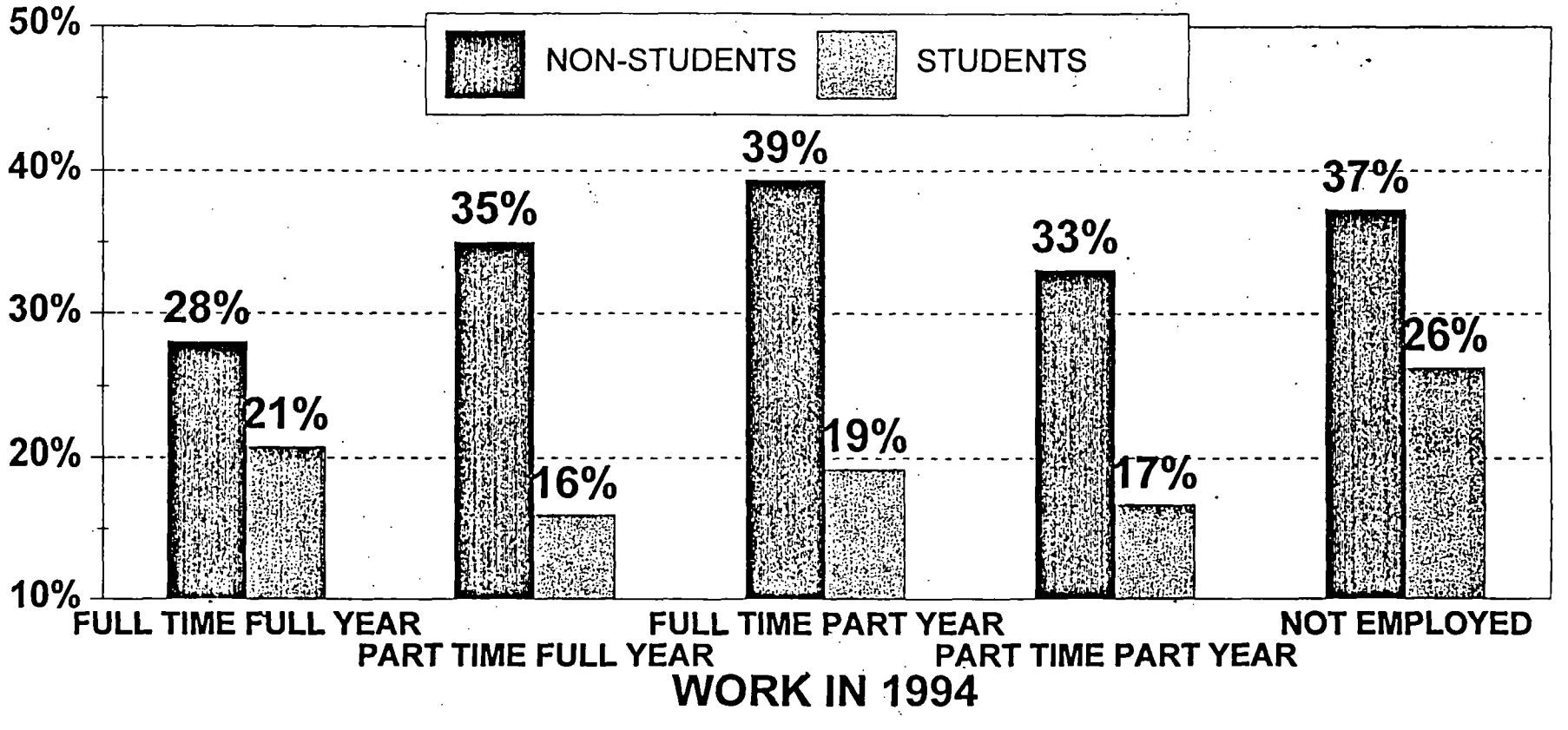
- This chart shows the percent without health insurance for various types of work status. For each, we show those whose predominant activity was work compared with those who were in school.

- In each case, the students were **less** likely to be **un**insured.

- Among those not in school, those who work full-time for the full year were least likely to be uninsured.

% UNINSURED BY WORK AND STUDENT STATUS
MARCH 1995 CURRENT POPULATION SURVEY

18-24 YEAR OLDS ONLY



SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY.

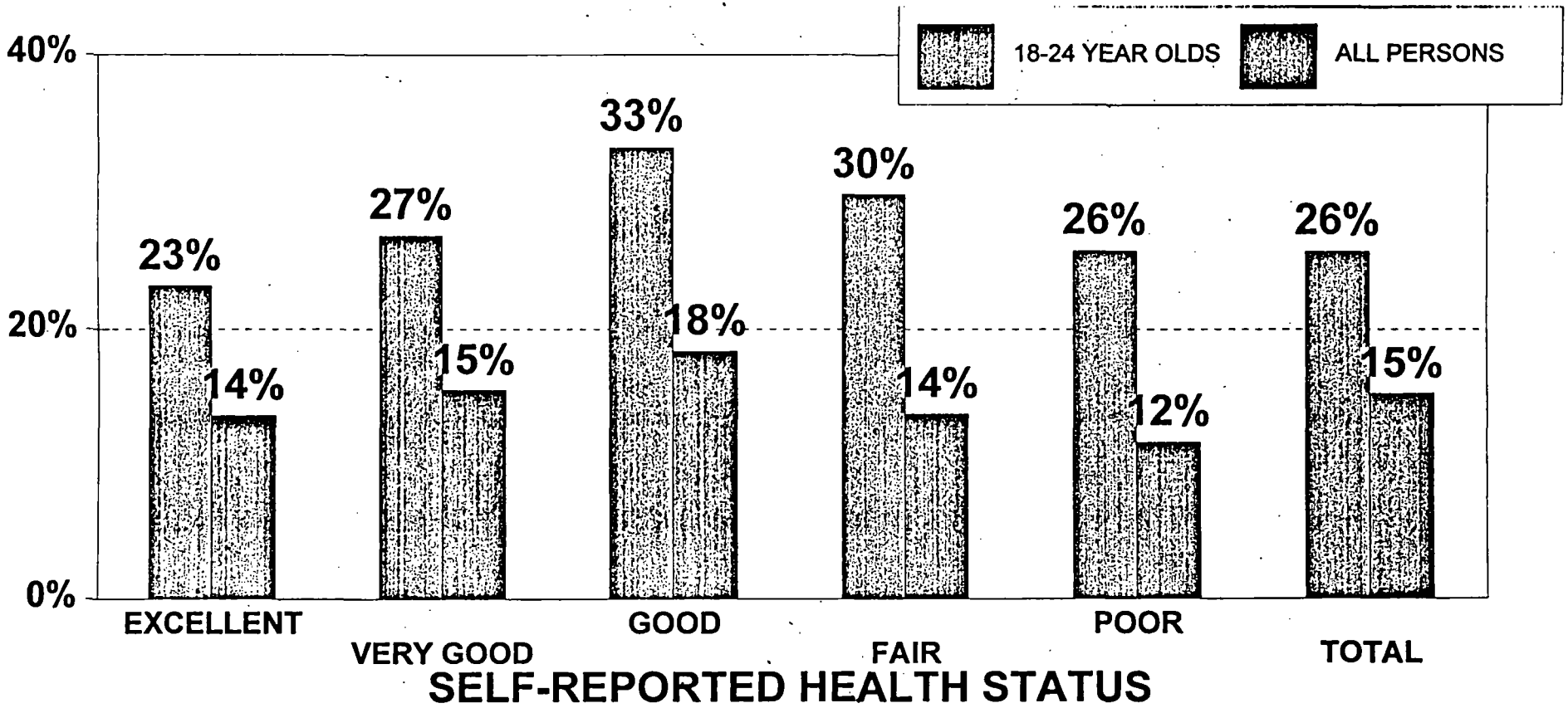
Percent Uninsured by Health Status (18-24 Year Olds and All Persons)

- This chart has both the total population and 18-24 year olds on it. 18-24 year olds are the bar to the left in each set.

- Again, health status is basically uncorrelated with having or not having health insurance.

% UNINSURED BY HEALTH STATUS

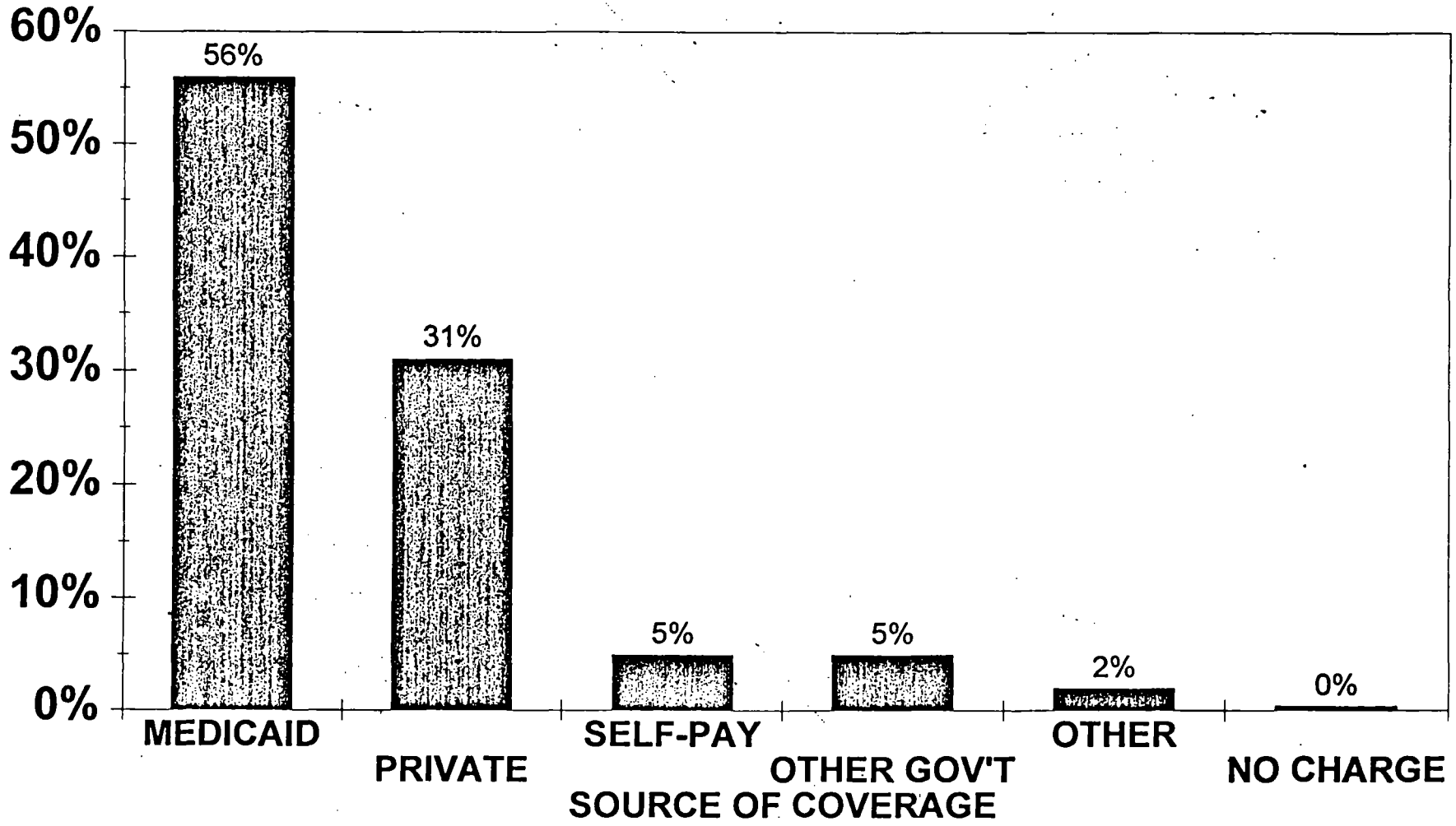
MARCH 1995 CURRENT POPULATION SURVEY



SOURCE: TABULATIONS BY ASPE OF THE MARCH 1995 CURRENT POPULATION SURVEY.

SOURCE OF COVERAGE FOR HOSPITAL BIRTHS

18-24 YEARS OLD ONLY



SOURCE: NATIONAL HOSPITAL DISCHARGE SURVEY

Source of Coverage for Hospital Births (18-24 Years Old Only)

- Young women in this age group are more likely to bear children. However, most of the births are insured.
- Medicaid pays for 56% of all births in this age cohort, followed by 31% for private insurance.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

15-May-1996 09:28pm

TO: Jennifer L. Klein

FROM: Carol H. Rasco
Domestic Policy Council

CC: Christopher C. Jennings
CC: Bruce N. Reed
CC: Jeremy D. Benami
CC: Elizabeth E. Drye

SUBJECT: RE: Shalala Health Care Proposal

I am very nervous about proposing anything new on this front without some real discussion and thought beyond a memo from Sec. Shalala and comment from a few of us. I have been VERY surprised during this swing to hear how many people are looking at the 48 hour rule....amazing how many people see it as a cheap political ploy and how it makes them wonder if POTUS is serious about his rationale on the abortion issue where he has said we should not be taking away medical decisions from physicians and patients (I realize the 48 hour rule doesn't take away anything from docs and patients but this is the argument I heard in two states from several folks) and folks are also saying they wonder if POTUS realizes that everytime we say something should be included in insurance (like 48 hour rule, mental health, prevention/wellness) it will drive up costs.

Therefore, based on what you have indicated as comment and what I am picking up I am opposed to any announcement until looked at/ discussed more closely.

Thanks so much for the email. I will be checking it in the a.m. up until 10:30 a.m.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

15-May-1996 04:07pm

TO: Carol H. Rasco

FROM: Jennifer L. Klein
Domestic Policy Council

CC: Christopher C. Jennings

SUBJECT: Shalala Health Care Proposal

Secretary Shalala sent a memo to the President suggesting that, in his commencement addresses, he challenge employers, insurers and the National Association of Insurance Commissioners to develop model programs to address health insurance coverage needs of young adults. (She argues that many young adults lose health coverage as they become independent, graduate from college, etc.) The campaign would include two parts: (1) model family health insurance programs for states, with a uniform extended age through which young adults would be able to be carried as dependents; and (2) an educational campaign on the purchase of health insurance for young adults.

You have been asked for your views on the proposal by the end of today, as have Chris and I. Chris and I have discussed the proposal and wanted to share our views with you so that we could get your sign off on a position that we could share with the Staff Secretary.

Generally, as a matter of policy it seems fine. We would need to be sure that any proposal deals with affordability (i.e., it doesn't do them much good to offer them coverage they can't afford) and with individual responsibility (i.e., you can't let people add and drop coverage as they become sick or well).

There are also two political questions. First, is it a good thing to talk about new health reform proposals at this point? Does it raise the spector of the Health Security Act? We think probably not, because this is explicitly voluntary -- it is just a challenge -- and it is not legislative. We think it is worth hearing from the political types though. Second, we had agreed not to raise additional reform provisions before Kassebaum-Kennedy passed. However, we have now challenged insurance companies on the 48 hour discharge rule so we are, as Chris puts it, "half pregnant." (I on the other hand, feel quite whole pregnant.) Maybe it doesn't matter if we issue another challenge.

Those are our thoughts. Let us know what you think. Thanks.

P.S. I know you may not get this for a while. Staff Secretary agreed to give us an extension.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

16-May-1996 10:19am

TO: Jennifer L. Klein

FROM: Bruce N. Reed
Domestic Policy Council

SUBJECT: RE: Shalala Health Care Proposal

A meeting is probably a good idea. But instead of a mtg on whether or not to do Shalala's idea, it should be on what incremental steps we want to propose in the coming months. If you had your druthers, I doubt that you would start with college students. And given the President's comments in the EJ Dionne interview this a.m., we will eventually need to answer the question of which steps beyond Kassebaum-Kennedy we would take.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

15-May-1996 09:28pm

TO: Jennifer L. Klein

FROM: Carol H. Rasco
Domestic Policy Council

CC: Christopher C. Jennings
CC: Bruce N. Reed
CC: Jeremy D. Benami
CC: Elizabeth E. Drye

SUBJECT: RE: Shalala Health Care Proposal

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