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REMARKS BY PRESIDENT WILLIAM JEFFERSON CLINTON
1995 WHITE HOUSE CONFERENCE ON AGING
WASHINGTON, D.C.
MAY 3, 1995

[Acknowledgements: Senator Pryor, conference chair; Secretary Shalala; Secretary Jesse Brown; Senator Mikulski; Senator Cohen; Rep. Martinez; Rep. Morella; Arthur Fleming; Bob Blancato, conference executive director; Hugh Downs, Master of Ceremonies; distinguished delegates; and those of you across the country who are watching this conference via satellite]

Let me begin by saying how sad we are that one of the best friends older Americans have ever had is retiring from the Senate. Senator Pryor once volunteered as an orderly in Washington area nursing homes to document the dire conditions seniors lived under.

When he couldn't get Congressional leaders to listen, he conducted hearings out of a trailer in a parking lot. [Trailer led to creation of Claude Pepper's House Aging Committee; as Chairman of the Senate Special Committee on Aging, Pryor led the fight to contain prescription drug costs]. I will miss his fighting spirit and his ageless wisdom. We all owe him our thanks.

I am proud to convene the 1995 White House Conference on Aging. And I am pleased to have just signed the proclamation marking May as Older Americans Month. This is the fourth of these conferences in the history of our country, the first to be held since 1981 and the last of the 20th century.

These conferences have a productive history: from the establishment of Medicare, Medicaid and the Older Americans Act as a result of the 1961 conference, to the creation of the House Select Committee on Aging as a result of the 1971 conference.

But this conference is about looking forward, not backward. All across our country, we are reversing the way we think about older Americans. We have twice as many older Americans today as 30 years ago, and, in the next 30 years, that number will double again. People over 55 are younger, healthier, better educated than ever before, and are beginning entirely new careers as they grow older.

Your job here, more than anything else, is to help determine how to use the accumulated experience and judgment of older Americans to make our country stronger. That is the purpose of our National Senior Corps, which works with AmeriCorps, our national service initiative. Like those volunteers, older Americans are a new source of social energy for America, and, as the poet said, the best is yet to be.

Your conference agenda confirms that you are more concerned with the future than the past. Issues such as crime, ethics, and ways to inspire a renewed sense of community affect all Americans, no matter what their age.

To be honest, seniors are in a better position than ever to help us address these concerns. In 1982, just one year after the last conference, it became true for the first time in our history that older Americans were less likely to be poor than the average American. In the full span of the history of this country, that is a stunning change -- and a very great achievement. We have seen this happening over the course of the last several decades; in fact, since 1959, the poverty rate among the elderly has declined by more than 65 percent.

Why has this happened? Because we have kept faith in this country with a social compact that was first forged 60 years ago when President Roosevelt created Social Security. And we have strengthened that compact again and again: with Medicare and Medicaid, with automatic cost-of-living-adjustments for Social Security, with community-based services under the Older Americans Act like "Meals on Wheels," transportation and efforts to prevent the abuse of the elderly.

We have made a commitment to every American who works hard and plays by the rules that their retirement will be secure.
This Administration is committed to the core principles that have made Social Security work. First, everybody participates. Second, it promotes and rewards work. And third, it represents our commitment to keep seniors out of poverty.

We will uphold those principles and make sure that the promise of Social Security is preserved. America has a solemn commitment to every working person -- no matter what their age -- and to their families: Social Security will be there for them when they need it.

My administration has done even more to make sure your retirement is safe and solvent when you need it:

- Pension Benefit Guaranty Corporation;
- Retirement Protection Act
- ERISA

All of these achievements are good, noble, and the right things to do. Every American should be proud that, in this century, we have completely altered the way our people live out their lives, providing a new hope for a lifetime of purpose and dignity.

But we must remember that with great opportunity goes great responsibility.
Our job today is to preserve this progress -- not only for all of you, but for generations of Americans to come.

You are here to look ahead, to the next ten years and beyond, not just to the past or to your concerns alone. You are moving in the right direction. But the truth is, too many younger Americans are not. We have to think about what you have always been concerned about: How to pass on an even better life to our children and our grandchildren.

From the year I was born right after World War II until the late 1970s, people at all levels of this country grew together in an unprecedented period of prosperity.
But we have to face the fact that 60 percent of working Americans today are earning the same or lower wages than they did 15 years ago. We have a new class of poor people, mostly unmarried women and their children -- and we must do much more to discourage pregnancy outside of marriage and to improve education for parents and their children. At the root of all these problems is that we have a new split in the middle class, and the fault line is education -- those who have it are doing fine, those who don't are falling behind.

But we must face this fact: The budget deficit that exploded in the 12 years before I became President is undermining our ability to give our children a better future, to educate our children and to build opportunity for more Americans.

For the past two years, my Administration has made great strides to deal with that deficit, cutting it by $600 billion. We have frozen discretionary spending. Now I want you to hear this: If it were not for the interest on the debt that was run up between 1981 and 1992, our budget would be in balance today.

Despite all we have done, we know we have to do more. I have been saying consistently for nearly three years: We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in federal spending will come from the rise in federal health care costs. They are growing faster than GDP. Faster than overall inflation. Faster than almost all other items of government spending.

But you and I know, there is a right way to address health care costs and a wrong way.

The right way is to start from the perspective of those people the system is intended to serve -- and to ask what does it take to preserve and strengthen that system. The right way is what I called for in my 1993 Address to the Joint Session of Congress and in my 1994 and 1995 State of the Union messages: We must strengthen Medicare and Medicaid by containing their costs; but only as part of sensible health care reform that works for everyone. That is what I asked Congress to do last year. But Congress failed to act.

We must go forward. I have challenged Congress to move in a step by step manner to reduce costs and expand coverage for the American people, including long-term care.

Wrong - to slash for tax cuts
↑ costs of $ 3500
Medicaid – provides care for mothers & children on welfare -- but 2/3s on eld. & disabled.
Wrong to reduce cov. [undermine rural & urban] wrong to coerce.
That is the wrong way -- services cut for tax cuts

Right way -- contain costs as part of reform that works for everyone
Expand LTC -- look at growth in pop -- in homes & other settings (standing ovation). Alts to more expensive hospital care.

I want to remind you what I have said all along. I will judge any health care proposals -- including any change in Medicare or Medicaid -- by four critical principles: Coverage, choice, quality, and affordability. My test is simple: Does the change expand coverage or increase the numbers of uninsured? Does it expand choice so that Medicare beneficiaries have a range of options that include managed care -- or does it force people to give up their doctor? Does it reform Medicare and Medicaid to make them work better without threatening the quality of care? Does it keep health care affordable for seniors? Let me be clear: I will not support any proposals that do not meet these criteria. Didn't really say

Deal w/ LTC -- lower cost per person but more options? Force seniors to go to MC or incentives/options? Control costs for gov't?

A central part of the right way of dealing with this problem is to address the long-term solvency of the Medicare Trust Fund. But we must do it honestly. The Fund is in better shape now than when I took office because of the actions we took in our 1993 budget and because of the strong economy. My health care proposal last year would have significantly strengthened the Trust Fund. And I remain committed to working with members of Congress in both parties to save and strengthen Medicare as part of sensible health care reform that works for everyone. That's the right way.

Not inconsistent -- need HC system w/ integrity

The wrong way to address health care spending is to simply slash Medicare and Medicaid. The wrong way is to go backward by reducing coverage. The wrong way is to undermine health care services in rural and inner city communities which are already underserved. The wrong way is to make changes in Medicare that coerce beneficiaries and limit their choice.

Won't use it for arbitrary targets on deficit.

And finally, the wrong way is to use the largest Medicare and Medicaid cut in history as a bank to pay for tax cuts for the well-off. That is simply wrong. You can't save Medicare by stealing from it. And I will fight anyone who tries to do it.

Won't defend status quo -- neither can you.

Now there is another part of the right way to address these problems that I want to talk about today. Waste, fraud and abuse in our health care system are jeopardizing the health of beneficiaries and ripping off the government. Since the beginning of my Administration, under the leadership of HHS Secretary Shalala and Attorney General Reno, we have vigorously cracked down on fraud and abuse.

When Reps present budget -- do best to work thru. Won't walk away from issue. [For short term pol. gain]

I am pleased to announce today that as part of phase two of the Vice President's Reinventing Government initiative, we are taking an additional strong measure: Forming a multi-state effort to identify, prosecute and punish those who willingly defraud the government and who victimize the public. This will be an unprecedented partnership of federal, state, and private agencies in five states with nearly 40 percent of all Medicare and Medicaid beneficiaries: New York, Florida, Illinois, Texas, and California. For every dollar we spend, we will save six to eight dollars -- a win-win situation for everyone except the perpetrators of fraud.

Challenge. I will be there. We won't trade health & welfare of OA for short-term gain. But we need you.

The theme of your conference is "Generations Aging Together." I like that, because it reminds us of what we all owe to one another. Younger generations owe the generation of our parents and grandparents the deepest gratitude for your sacrifices on our behalf: For helping to build the greatest prosperity the world has ever known; for giving us more opportunity than

But need to know where maj. stands -- like legally required to do.

Can reconcile status quo w/ protection[4].

any generation before us; for taking on the great challenges of this century -- from ending legal segregation to expanding our frontiers to space. And, as we will remember again in just a few days when we commemorate V-E Day, we owe you for the courage you showed in securing freedom around the world.

[I would particularly like to salute the veterans with us today for their sacrifices.] To all who gave so much, we owe you the security of living out the rest of your lives in productive peace and dignity.

But we also know that all of us owe generations to come at least the same opportunity and hope that we have had. That is our responsibility, and we must fulfill it together.

Thank you, and God bless you all.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 3, 1995

REMARKS BY THE PRESIDENT
TO THE WHITE HOUSE CONFERENCE ON AGING

Washington Hilton
Washington, D.C.

11:52 A.M. EDT

THE PRESIDENT: Thank you so much. Thank you, Mr. Vice President. Thank you for your remarks, and thank you for doing such a good job for America. (Applause.) Thank you, Secretary Shalala, Secretary Brown, Mr. Fleming, Mr. Blancato, Fernando Torres-Gil. Hugh Downs, thank you for being master of ceremonies. I wish I could sit here and watch you work the whole time. I'm delighted to see you. (Applause.)

To Congressman Martinez and Congresswoman Morella, the former members of Congress who are here; the senators who have gone because they have to vote. I want to say a special word of thanks to the Conference chair and one of the best friends I ever had in my life, David Pryor. I think he is a wonderful man. (Applause.)

As all of you know, Senator Pryor is now retiring from the Senate. I can remember when, as a young congressman, he once volunteered as an orderly in Washington area nursing homes to document the conditions under which seniors were then living. And when he couldn't get the members of Congress to listen, he conducted hearings out of a trailer in a parking lot. The trailer led to the creation of Claude Pepper's House Aging Committee. And as chairman of the Senate's Special Committee on Aging, David Pryor has led fight after fight after fight for the interest of the seniors in this country, especially in his efforts to expand the availability and limit the cost of prescription drugs. We will miss him, and we should be grateful to him. (Applause.)

I'm glad to see all of you in such good spirits. I hope you will stay that way. (Laughter.) I hope you'll stay that way because I am identifying more and more with you and -- (laughter) --and I understand Secretary Shalala read the letter we got from the child that

said old people are smart and Bill Clinton is old. (Laughter.)

I remember very clearly about six or seven years ago when I had two events occur within two days, when I knew I was getting older. My hair had begun to gray, but I thought I was still in reasonably good shape. I felt fairly chipper. And I was making the rounds in my state and this beautiful young girl, whose parents were very close friends of mine and, therefore, I felt that I almost had a hand in her upbringing from the time she was born -- she was 18 or 19 years old and she was nearly six feet tall. And she was just beautiful. And she came up to me -- I was so please to see her -- she came up to me and threw her arm around me, looked me straight in the eye, and she said, "Governor, you look so good for a man your age." (Laughter.)

And then, the very next day I was in a different part of the state, and I saw this wonderful retired school teacher who was then 80 years old, who had worked in every single campaign I had ever run. And I was so happy to see her. And she said, "Governor, I'm so glad to see you. You're aging gracefully." (Laughter.)

But I think the right thing about this, you know, is to have a good attitude about it. All of you have a good attitude. (Applause.) And you -- that's a big part of this. (Applause.)

I just want to tell you one more story that illustrates the right attitude. It's a true story. We had a man in north Arkansas in a little rural county who ran a tiny phone company back when there were lots of these little phone companies. And he was about 92 years old. And they decided to give -- actually, he was 96. And the people in the town decided they'd give him a banquet. And everybody got up and said nice things about him, you know, and the time came for him to speak. And he said, "The very first thing I want to do is to thank my secretary." And he introduced her, and she was 72. (Laughter.) He introduced her and said, "I want to thank my secretary. She has been with me for 40 years. She has been wonderful. I don't know what I'm going to do when she passes on." (Laughter and applause.)

So you've got to have the right attitude. Now, if you're all in the right attitude, let's get after it.

I am proud to convene this 1995 White House Conference on Aging. This is the fourth of these conferences in the history of our country; the first to be held since 1981; the last of the 20th century. I thank the members of Congress and the citizens of this country from both parties who have supported this endeavor. These conferences have a productive history -- from the establishment of Medicare, Medicaid and the Older Americans Act, as a result of the 1961 conference, to the creation of the House Select Committee on Aging, coming out of the 1971 conference.

But this conference must be about looking forward, not looking back. All across our country we have seen a dramatic reversal in the way we think about older Americans. We have, after all, twice as many older Americans as we had 30 years ago. And 30 years from now, we'll have twice as many again. People over 55 are younger, healthier, better educated than ever before, and beginning entirely new careers and endeavors in life as they grow older.

Your job here, more than anything else, is to help determine how to use the accumulated experience and judgment of older Americans to make all of our country stronger in the future. That is the purpose of our National Senior Corps, which works with AmeriCorps, our national service initiative in which -- (applause.) Thank you. The AmeriCorps program is a national service program in which young people earn money for their education by doing community service. And not all of them are young. I've met retired naval officers in Texas doing work in Americorps and intending to go back to college.

But the Senior Corps, like the AmeriCorps volunteers, are a new source of energy for American social problems and challenges. And they make sure that as the poet said, "The best is yet to be." Your conference agenda confirms your concern with the future. Issues such as crime, ethics and ways to inspire a renewed sense of community affect all Americans, regardless of their age. To be honest, seniors are in a better position than ever before to help us address these concerns.

I want to mention just a couple of thing that have happened since 1981 that are very important with reference to your agenda. First, briefly, since 1981, you and your generation won the Cold War and the battle against communism. And you can be very proud of that. And we are now trying to finish that work so that for the first time since the dawn of the nuclear age there are no Russian missiles pointing at the American people. (Applause.)

But we know there are still threats to our security, and we were reminded of it very painfully in the last few days. So I ask all of you as you focus on crime to remember that we need to continue to fight to lower the crime rate. And with a strategy of punishment, police and prevention, we can do that.

But we must focus on the special problems of terrorism to which all open societies are vulnerable. I have sent legislation to the Congress to address this terrorism problem. It has broad bipartisan support. The leaders of the Congress are working with me on it. We must pass it and pass it this month. And I urge you to take a stand for that on behalf of all Americans. (Applause.)

The other truly remarkable thing that's happened since 1981

affects you particularly. Just one year after the last conference in 1982, for the first time in this history of the United States, older Americans were less likely to be poor than Americans under 65. In the full span of our country's history, that is a stunning change and remarkable achievement. We have seen it happening over the course of the past several decades. Since 1960,the poverty rate among elderly people has declined by 65 percent. It did not happen by accident. It happened because the American people kept faith with the social compact first forged 60 years ago when President Roosevelt signed the Social Security Act. (Applause.)

That compact has been strengthened over the last three decades with Medicare, with Medicaid, with the cost of living adjustments for Social Security, with community-based services under the Older Americans Act like Meals on Wheels, transportation, with efforts to prevent abuse of the elderly. This is a remarkable record, and you should be proud of it. (Applause.) It happened because people understood that their government could be made to work for them in a positive and strong way. (Applause.) And it is something our country should be very proud of.

Now, our administration is committed to continuing that work -- first, to the core principles that have made Social Security work. America has a solemn commitment to every person still working, no matter what their age, that Social Security will be there for them and their families when they need it. (Applause.)

We have also worked to strengthen retirement and to make it safer through strengthening private pensions. The Retirement Protection Act signed late last year reformed the Pension Benefit Guaranty Corporation and secured 8.5 million pensions that were at risk in this country, stabilizing 40 million others. It was a remarkable bipartisan achievement. (Applause.)

So every American should be proud that we have completely altered the way our people live their lives as they grow older, providing new hope for an entire lifetime of purpose and dignity. But we must remember that with this kind of opportunity in a democracy goes continued responsibility. Our job today is to preserve this progress not only for you during your lifetimes, but for all generations of Americans to come.

You are here to look ahead to the next 10 years and beyond, and not just to the past or to your personal concerns. We know that with regard to seniors our country has been moving in the right direction. (Applause.) But the truth is, we know that too many younger Americans are not. We have to think about this: How are we going to pass along the next century with the American Dream alive and well for our children and grandchildren?

From the year I was born, right after the war, well into the '70s, almost to the end of the decade, people at all levels of our country grew economically, and they grew together. Prosperity was unprecedented. Without regard to income groups, people's incomes rose. Today, we have to face the hard fact that 60 percent of working Americans today are working for the same or lower wages than they were making 15 years ago while working, on average, a longer work week.

We also have a new class of poor people -- mostly unmarried, uneducated young women and their little children. We must do more to discourage the things that create poverty, especially teen pregnancy, and to require more education and efforts to enter the work force for those who are dependent upon welfare.

But the real problem facing this country is the problem of the middle class and stagnant earnings, and the insecurity of the American Dream that so many people feel, and the gnawing worry so many working people have when they come home at night that they won't be able to give their children a better life than they enjoyed.

The new split in the middle class is caused by the global economy and the technology revolution. And it is rooted, more than anything else, in one word -- education. (Applause.) We know that those who have it, and continue to get it and learn from a lifetime, do well, and those who don't tend not to do very well.

So as we look ahead to the next 10 years the question is, how can we preserve the gains and enhance the quality of life further, and enhance opportunities to serve and to live and to grow and to thrive for seniors, while reversing the economic fortunes of those who are stuck and being drivin away from the American Dream, who are younger and dealing with the fundamental problems of this country which include the education deficit, and also the budget deficit?

It exploded in the 12 years before I became President. It, too, is undermining our ability to give your children a better future and to build opportunity.

For the past two years, our administration has made great strides in dealing with that deficit. (Applause.) We've passed two budgets -- (applause) -- we've passed two budget that cut it by $600 billion over five years. I want you to hear this very carefully. When you hear that we have not cut spending, that we have not reduced the deficit -- we have reduced the deficit by $600 billion over five years, and this is the more important fact -- if it were not for the interest we must pay this year on the debt run up between 1981 and the end of 1992, the budget would be in balance today. (Applause.)

We have also worked to strengthen the Medicare trust fund. It

still has problems, but it's stronger than it was on the day I became President. (Applause.) Despite all that, we know we have to do more. I have been consistently saying for three years, beginning with my first address to the Congress and, indeed, all during my campaign in 1992, that we will never fundamentally solve the deficit problem and have the funds we need to invest in education and the future growth in earning of our people until we are able to moderate the growth of health care spending. (Applause.)

Ask any member of Congress here present today -- all defense and domestic spending are either frozen or declining. Social Security and other retirement income is increasing, but only at the rate of inflation. We have to pay interest on the debt, and we're driving that down, but that changes as interest rates change. The only thing that is going up by more than the rate of inflation and the increased population growth in the programs are the health care programs. Over the next five years alone, almost 40 percent of the growth in federal spending will come from the rise in federal health care costs. More than our economy is growing, more than inflation is going up, faster than other items of government spending. So let us not pretend that there is not a challenge here for us to face. And let us face the challenge with good spirits.

You and I know that there is a right way to face this challenge and a wrong way to face the challenge. But not facing the challenge is not an option. I believe it is wrong simply to slash Medicare and Medicaid to pay for tax cuts for people who are well-off. (Applause.) Beyond that, reducing the deficit is terribly important. But it is also important that Congress programs for seniors like Medicare. We must have a sense of what our obligations are. Some proposals would increase the out-of-pocket costs on Medicare by up to $35,000 for our seniors.

I also think it's wrong to cut Medicaid over $150 billion in ways that threaten long-term care for seniors. (Applause.) You know -- let me just say in parentheses here, I hope that if nothing else comes out of this conference, the American people will come to understand that Medicaid is not simply a program for poor people. Yes, it provides health coverage to people on welfare and their children. But two-thirds of the Medicaid budget goes to care for the seniors and the disabled in this country -- two-thirds of the Medicaid budget. (Applause.)

To give you a stark example if Medicaid were not there, middle class people all across this country struggling to raise and educate their children would face nursing home bills for their parents that would average $38,000 a year. Medicaid is primarily a program for the elderly and the disabled.

It is wrong in my judgment to reduce coverage under the Medicare program, or to undermine health services in rural and urban areas that

are already underserved, or to make changes that just simply coerce beneficiaries in managed care. We can't save Medicare and Medicaid by using savings to fund tax cuts for people who are already well-off or other purposes. That is the wrong way to approach this problem. (Applause.) But we must approach the problem. The right way is to start from the perspective of the people the system is intended to serve; to ask, what does it take to preserve and strengthen it, and what is fair to expect of everyone to do that -- to preserve and strengthen it.

For three years I have said that the right way is to strengthen Medicare and Medicaid by containing costs as part of a sensible overall health care reform proposal that works for everyone. (Applause.)

If you want to hold down costs, expand coverage, and reduce the deficit, you must reform the health care system. You have to expand long-term care, for example, in terms of the options for seniors, not restricted. Look at the growth in the population. Look at what's going to happen in the next 30 years. If you don't provide for people to get more long-term care in their home and in other less expensive settings -- (applause) -- if you don't provide --(applause) -- if you don't provide for alternatives to more expensive hospital care, if you don't provide, in other words for the problem in the least costly way, given what you know is going to happen to our population, then we will have greater costs, not lower costs.

So let's look at this in the right way. I do want to work with the Congress. But we must do it in the right way. I have said all along that I will evaluate proposals to change Medicare and Medicaid based on the issues of coverage, choice, quality, affordability and costs.

We ought to have some simple tests. For example, does a proposed change reduce health care coverage by eliminating services or by charging seniors with modest incomes more than they can possibly be expected to pay? Does it deal with this long-term care problem in a way that will lower costs per person in long-term care, but recognize that we have to have more options? Does it restrict choice by forcing seniors to give up their doctors and enter into managed care programs whether they're good ones or not? Or does it, instead increase choice by giving people incentives and options to enter into managed care programs and other less costly options that might be made more attractive to them? Does it reform Medicare and Medicaid to lower the rate of cost increases without threatening the quality of care? Does it keep health care affordable for seniors and does it help to control costs for the government?

Many people say, well, all these things are mutually inconsistent. But that cannot be. We are spending over 14 percent of

our income as Americans on health care. No other country is over 10 percent. We know that there are changes that we can make that will improve coverage, broaden services, control costs, and help us with the deficit. But we can only do it if we start from the point of view of what it takes to have a health care system with integrity that can be fairly paid for in a way fair manner. (Applause.)

So, while I will not support proposals to slash these programs, to undermine their integrity, to pay for tax cuts for people who are well off, or to pay for them -- all by themselves, to pay for these kinds of arbitrary targets on the budget, I cannot support the status quo. And neither can you. (Applause.)

We must find a way to make this system work better that deals with the internal issues of the system, your health care issues and those that are coming behind you, and that deals with the genuine problems the Congress faces with our budgetary situation. That's why I have said repeatedly that when the Republicans present their budget as required by law, we will evaluate where they are in terms of their commitment and what they want to do, where we are, and then we will do our best to work through this. I will not walk away from this issue. (Applause.)

I watched from afar when I was a governor and a citizen for 12 years while people here walked away from problem after problem. And I sustained, as President, an agonizing experience when large numbers of people walked away from problems that I asked them to face for short-term political gain. I will not do that. The status quo is not an option. (Applause.)

But in order for us to have discussions we have to know where everyone stands. I have presented a budget. I have said for three years where I stand. As soon as we see the budget that is legally mandated from the members of Congress who are in the majority, we will then talk about where we go from there and what we can do so that I can make sure that your interests and the interests of people coming behind you are protected, but that no one pretends that the status quo is an option. We can pursue both those goals and do it in the right way. (Applause.)

Now, let me also say there are problems -- right ways to address this problem that we in the Executive Branch can be doing right now. You know, waste, fraud and abuse has become a tired phrase in politics. But the truth is there's a lot of it in the health care system. And you know it as well as I do. With all the problems we have today with income for citizens, and with the budget for the government, people who rip this system off jeopardize the health of beneficiaries and the stability of our government and our economy.

Since the beginning of this administration, Secretary Shalala and Attorney General Reno have worked hard to crack down on fraud and abuse. And I am pleased to announce today that, as a part of phase two of the Vice President's outstanding reinventing government initiative, we are taking an additional strong measure. We are forming a multistate effort to identify, prosecute and punish those who willingly defraud the government and who victimize the public. (Applause.)

In five states, with nearly 40 percent of all the Medicare and Medicaid beneficiaries -- New York, Florida, Illinois, Texas and California -- we will have an unprecedented partnership of federal, state and private agencies. For every dollar we spend, we will save you six to eight dollars in the government's health care programs to stabilize what we need to be doing. (Applause.)

This is a win-win situation for everybody, except the perpetrators of fraud. And it's about time they lost one. (Applause.)

Let me close with this thought. This should be an exciting time for you. You should welcome this challenge. You should know that I will be there with you and for you to protect the legitimate interests of the senior citizens of this country, and not to see us trade the long-term welfare and health of the American people for anybody's short-term gain. (Applause.)

But you should also know that we need you to be here for us. We need for you -- (applause) -- we need for you to say, these are changes that make sense; these are changes that don't; these are things that will make us all stronger; these are things that will help you guarantee higher incomes and better wages and a better future for our children and our grandchildren. These are things that will bring us together.

This country is always strongest when we are together. (Applause.) We are always stronger when we are together. (Applause.)

I'll bet you more than half of the people in this room wept in the aftermath of that terrible tragedy in Oklahoma City. (Applause.) We were for a moment, once again, one family, outraged and heartbroken. And you saw what happened when people gave up their lives and came from all over the country to go there to help with the rescue effort, to help to deal with the families who are grieving, to help with all the efforts that were going on. That's when we're strong.

The theme of this conference is "Generations Aging Together." You know when we're together we're strong. And so many forces in America today are trying to turn us all into consumers --of goods or politics or other things -- so that we're all divided up in little markets and segmented, and we fight with each other all the time. And the people that provoke the fights make a lot of money or votes, or

whatever, out of us when we do that. (Applause.)

But that's not when we're strong. I saw the end of the film, when you quoted my speech at Normandy. I don't know that I have ever or ever will have a greater honor than to go and honor the generation of my parents for winning the second world war. We were one, because of what you did, because of your sacrifice.

And I just want to say to you today, we can win the challenges of today and tomorrow. We can make the 21st century an American century. We can continue the progress in expanding the quality of life for our seniors. We can solve the health care crisis. We can do it if we will do it together. Lead us there; help us there. And I will stay with you.

Thank you, and God bless you all. (Applause.)

END12:25 P.M. EDT

White House Conference on Aging

- **Background on Medicare and Medicaid. Medicare and Medicaid have provided a safety net for our nation's elderly for 30 years.** Today, Medicare covers 37 million elderly and disabled Americans. And, while the myth is that Medicaid helps only low-income women and children, the reality is that about two-thirds of Medicaid funds are spent on services for older Americans and people with disabilities.

  These programs are an example of government that works. This year, as we celebrate the 30th anniversary of their passage, we must remember that:

  - Medicare and Medicaid have lifted millions of older Americans out of poverty. Before Medicare, almost 30 percent of our nation's elderly lived in poverty -- as compared with 12 percent today.

  - Before Medicare, about 45 percent of the elderly had no health insurance and even more were underinsured. For 30 years, Medicare has guaranteed health security to older Americans -- even as the number of uninsured in this country continues to rise.

  - And Medicaid has helped middle class families who have exhausted their savings to manage the overwhelming costs of nursing home care. Without Medicaid, families with a parent or spouse who needs long-term care would face nursing home bills that average $38,000 a year.

- **The Need to Address Health Care Spending.** But there are real problems in Medicare and Medicaid that need to be addressed. We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in Federal spending will come from rising costs in Federal health care programs. They are growing faster than GDP, than overall inflation, than almost all other items of government spending. **We must contain costs in these programs, but there is a right way and a wrong way to do so.**

- **The Wrong Way to Address Health Care Spending.** The wrong way is:

  - To simply slash Medicare and Medicaid;
  - To use these programs to pay for tax cuts for the wealthy or other campaign promises;
  - To use these cuts as a back door to reduce Social Security spending;
  - To go backward and reduce coverage; and
  - To make changes in Medicare that call for coercion over choice.

- **The Right Way to Address Health Care Spending.** As the President has said

consistently, the right way to contain costs in Federal health programs and to deal with the deficit and the long-term problem of the Medicare Trust Fund is through health care reform.

- **And as we consider changes to Medicare and Medicaid this year, we must ensure that any proposed change maintains coverage, choice, quality and affordability.**

  I will have a simple test for every proposal. I will ask:

  (1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans?

  (2) **Choice.** Does it expand choice in Medicare? Or does it financially coerce beneficiaries into managed care plans?

  (3) **Quality.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these simply arbitrary and excessive cuts used to pay for other priorities -- like tax cuts for the wealthy?

  (4) **Affordability.** Will this proposal increase costs for beneficiaries so much as to make quality medical care unaffordable for older Americans? Will it take responsible steps to contain costs in Medicare and Medicaid?

- My Administration is also taking steps now to reform our health care system and to improve Federal health care programs. Simply put, fraud jeopardizes the health of beneficiaries and rips off the government, and simply put, we need to end it. Since the Clinton Administration began, we have vigorously cracked down on fraud and abuse in Medicare and Medicaid. In just another example of our consistent efforts to combat fraud and abuse -- as part of our "Reinventing Government" proposal -- we will create a partnership between government and private agencies to fight fraud in five states.

White House Conference on Aging Speech

Message: As Medicare and Medicaid are being threatened by deep and arbitrary cuts proposed by Republicans, I am fighting to protect coverage, choice, quality and affordability for seniors.

Outline:

- **Background on Medicare and Medicaid. Medicare and Medicaid have provided a safety net for our nation's elderly for 30 years.** Today, Medicare covers 37 million elderly and disabled Americans. And, while most people think that Medicaid helps only low-income women and children, about two-thirds of Medicaid funds are spent on services for older Americans and people with disabilities.

  These programs are an example of government that works. This year, as we celebrate the 30th anniversary of their passage, we must remember that:

  - Medicare and Medicaid have lifted millions of older Americans out of poverty. Before Medicare, almost 30 percent of our nation's elderly lived in poverty -- as compared with 12 percent today.

  - Before Medicare, about 45 percent of the elderly had no health insurance and even more were underinsured. For 30 years, Medicare has guaranteed health security to older Americans -- even as the number of uninsured in this country continues to rise.

  - [ADD INCREASES IN MEDICAID COVERAGE AS EMPLOYERS COVERAGE HAS DECLINED.] And Medicaid has helped middle class families who have exhausted their savings to manage the overwhelming costs of nursing home care. [CHECK: Without Medicaid, the 13 million Americans with an elderly parent or disabled spouse would face nursing home bills that average $38,000 a year.]

- **The Need to Address Health Care Spending.** But there are real problems in Medicare and Medicaid that need to be addressed. We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in Federal spending will come from rising costs in Federal health care programs. They are growing faster than GDP, than overall inflation, than almost all other items of government spending. If we want to bring the deficit under control and reduce the debt we bequeath to future generations, we must address the growth in these programs. In addition, the long-term solvency of the Medicare Trust Fund remains a problem. **We must contain costs in these programs, but there is a right way and a wrong way to do so.**

[MAY ADD DRAMATIC FACTS ABOUT WHAT THE REPUBLICAN CUTS COULD MEAN. (E.G., AMOUNT MEDICARE PAYMENTS WOULD RISE, HOW THESE INCREASES WOULD EAT UP SOCIAL SECURITY BENEFITS, ETC.)]

- **The Wrong Way to Address Health Care Spending. The wrong way is:**

  - **To simply slash Medicare and Medicaid;**

  - **To use these programs as a bank to pay for tax cuts for the wealthy;**

  - **To use these cuts as a back door to reduce Social Security ~~spending~~ benefits;**

    [SEE COLA NUMBERS.]

  - **To go backward and reduce coverage; and**

  - **To make changes in Medicare that call for coercion over choice.**

    The Republicans claim that they would increase choice by giving Medicare beneficiaries vouchers to buy insurance in the private market. In reality, these vouchers would pay for only the low cost health plans in an area. Your choice would be simple: take the cheapest plan or pay more. That's not choice, that's financial coercion.

- **The Right Way to Address Health Care Spending. As I said in my State of the Union address in both 1993 and 1994, we need to address the growth in entitlement spending, and the right way is through health care reform.**

  [TRUST FUND SECTION MAY NEED REVISION. DECISION ON HOW STRONG TO BE IS NOT YET MADE.]

  - First, we need to build for our future and our childrens' futures by addressing the long-term solvency of the Medicare Trust Fund.

    - The Medicare Trust Fund is in better shape now than it appeared two years ago because of the actions we took in our 1993 budget and because of the strong 1994 economy.

    - [WHAT THE REPUBLICANS SAY THEY ARE DOING V. WHAT THEY ARE REALLY DOING.]

    - But, as with Social Security, we need to make a bipartisan commitment to keep Medicare sound and secure throughout the 21st century. ~~The Trustees have recommended that a commission be appointed to review this problem thoroughly, and I am prepared to work with Congress to get the commission in place.~~

- **And as we consider changes to Medicare and Medicaid this year, we must ensure that any proposed change maintains coverage, choice, quality and affordability.**

  I will have a simple test for every proposal. I will ask:

  (1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans? Or take away services -- like the limited nursing and home care services now provided under Medicaid -- that Americans have now?

  (2) **Choice.** Does it expand choice -- so that Medicare beneficiaries have the range of choices (like managed care and preferred provider plans) available in the private market? Or does it financially coerce beneficiaries into managed care plans?

  (3) **Quality.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these simply arbitrary and excessive cuts used to pay for other priorities -- like tax cuts for the wealthy?

  (4) **Affordability.** Will this proposal increase costs for beneficiaries so much as to make quality medical care unaffordable for older Americans? Does it encourage people to get preventive care rather than wait until their illnesses are serious and costly before getting help? Will it take steps to contain costs in Medicare and Medicaid so that families and businesses don't pay more for health care because of cost shifting?

- We also can and should work toward guaranteeing health security to all Americans and containing costs for all families and businesses and for the government. As I have said before, this year I believe we can take the first steps. Congress has already passed legislation that will make insurance more affordable for self-employed workers and their families. We can also:

  - Reform the insurance market -- so that people don't lose their health insurance when they lose their job or change jobs or a family member falls ill, and so that small businesses can afford to buy insurance for their workers;

  - Make coverage more affordable for working families;

  - Help workers who lose their jobs keep their health insurance;

  - Continue the start already made to level the playing field for the self-

employed; and

- And help families provide long-term care for a sick parent or disabled child. That is why we support expanding state administered home care services. And that is why we support tax clarifications for private long-term care insurance as well as consumer standards so that long-term care insurance policies are worth more than the paper they are written on.

- My Administration is also taking steps now to reform our health care system and to improve Federal health care programs. Simply put, fraud jeopardizes the health of beneficiaries and rips off the government, and simply put, we need to end it. [ADD COST OF FRAUD.] Since the Clinton Administration began, we have vigorously cracked down on fraud and abuse in Medicare and Medicaid. [ADD TOTAL RECOVERIES -- more than $6 billion?.] In just another example of our consistent efforts to combat fraud and abuse, we will -- as part of our "Reinventing Government" proposal -- take two additional steps. First, we will initiate a demonstration project led by the HHS Inspector General in five key states -- Texas, California, Florida, Illinois and New York -- where health care fraud is of particular concern. Second, HHS will ensure that there is a reliable funding source -- WHAT DOES THIS MEAN?] for program integrity activities so as to better protect the Medicare trust funds.

  [BE STRONG ON FRAUD AND ABUSE.]

Speech —
Laura • Add prevention in cost &
• Talk about as (Medicaid coverage increasing emp. ↓

Terry
6 - 5709 → 410 - 740 - 7349

White House Conference on Aging Speech

Message: As Medicare and Medicaid are being threatened by deep and arbitrary cuts proposed by Republicans, I am fighting to protect coverage, choice, quality and affordability for seniors.

Outline:

- **Background on Medicare and Medicaid. Medicare and Medicaid have provided a safety net for our nation's elderly for 30 years.** Today, Medicare covers 37 million elderly and disabled Americans. And, while most people think that Medicaid helps only low-income women and children, about two-thirds of Medicaid funds are spent on services for older Americans and people with disabilities.

  These programs are an example of government that works. This year, as we celebrate the 30th anniversary of their passage, we must remember that:

  - Medicare and Medicaid have lifted millions of older Americans out of poverty. Before Medicare, almost 30 percent of our nation's elderly lived in poverty -- as compared with 12 percent today.

  - Before Medicare, about 45 percent of the elderly had no health insurance and even more were underinsured. For 30 years, Medicare has guaranteed health security to older Americans -- even as the number of uninsured in this country continues to rise. And Medicaid has helped middle class families who have exhausted their savings to manage the overwhelming costs of nursing home care.

- **The Need to Address Health Care Spending.** But there are real problems in Medicare and Medicaid that need to be addressed. We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in Federal spending will come from rising costs in Federal health care programs. They are growing faster than GDP, than overall inflation, than almost all other items of government spending. If we want to bring the deficit under control and reduce the debt we bequeath to future generations, we must address the growth in these programs. In addition, the long-term solvency of the Medicare Trust Fund remains a problem. **We must contain costs in these programs, but there is a right way and a wrong way to do so.**

- **The Wrong Way to Address Health Care Spending. The wrong way is:**

  - **To simply slash Medicare and Medicaid;**

  - **To use these programs as a bank to pay for tax cuts for the wealthy;**

Richard Sorian → FDA
→ Trust Fund
→ Soc. Sec.
→ LTC

- **To go backward and reduce coverage; and**

- **To make changes in Medicare that call for coercion over choice.**

  The Republicans claim that they would increase choice by giving Medicare beneficiaries vouchers to buy insurance in the private market. In reality, these vouchers would pay for only the low cost health plans in an area. Your choice would be simple: take the cheapest plan or pay more. That's not choice, that's financial coercion.

- **<u>The Right Way to Address Health Care Spending.</u> The right way is through health care reform.**

Their tax cuts wld worsen Trust Fund

  - First, we need to build for our future and our childrens' futures by addressing the long-term solvency of the Medicare Trust Fund.

    - The Medicare Trust Fund is in better shape now than it appeared two years ago because of the actions we took in our 1993 budget and because of the strong 1994 economy.

What they are trying to do is.

    - But, as with Social Security, we need to make a bipartisan commitment to keep Medicare sound and secure throughout the 21st century. The Trustees have recommended that a [bipartisan] commission be appointed to review this problem thoroughly, and I am prepared to work with Congress to get the commission in place.

  - **And as we consider changes to Medicare and Medicaid this year, we must ensure that any proposed change maintains coverage, choice, quality and affordability for beneficiaries.**

    I will have a simple test for every proposal. I will ask:

    (1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans or take away services -- like the limited nursing and home care services now provided under Medicaid -- that Americans have now?

Continuity: One choice is to maintain what you have already

    (2) **Choice.** Does it expand choice -- so that Medicare beneficiaries have the range of choices (like managed care and preferred provider plans) available in the private market -- or does it financially coerce beneficiaries into managed care plans?

    (3) **Quality.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these simply arbitrary and excessive cuts used to

pay for other priorities -- like tax cuts for the wealthy?

(4) **Affordability.** Will this proposal increase costs ~~for beneficiaries~~ so much as to make ~~Medicare~~ unaffordable?

quality medical care for the elderly

- We also can and should work toward guaranteeing health security to all Americans and containing costs for all families and businesses and for the government. As I have said before, this year I believe we can take the first steps. Congress has already passed legislation that will make insurance more affordable for self-employed workers and their families. We can also:

  - Reform the insurance market -- so that people don't lose their health insurance when they lose their job or change jobs or a family member falls ill, and so that small businesses can afford to buy insurance for their workers;

  - Make coverage more affordable for working families;

  - Help workers who lose their jobs keep their health insurance;

  - Continue the start already made to level the playing field for the self-employed; and

  - And help families provide long-term care for a sick parent or disabled child. That is why we support expanding state administered home care services. And that is why we support tax clarifications for private long-term care insurance as well as consumer standards so that long-term care insurance policies are worth more than the paper they are written on.

- My Administration is also taking steps now to reform our health care system and to improve Federal health care programs. We have cracked down on fraud and abuse and will increase these efforts through a new program I am announcing this week as part of our "Reinventing Government" proposal. This is just one example of the "right way" to reform our health programs.

Don't start by taking benefits.

Starts by cracking down on fraud & abuse.

As I have always said, in 193 state of the Union we have to do this. But need to do it the right way.

POTUS 2 messages:

① It was a fraud from the beginning

② Don't balance the budget on the backs of the elderly.

AGENDA FOR HEALTH CARE MEETING WITH THE PRESIDENT

April 27, 1995

I. Where Republicans Now Stand On Health Policy: Medicare and Medicaid Cuts

- Deficit and tax reduction targets require unprecedented Medicare and Medicaid cuts
- Republicans extremely nervous about public perception of cuts -- particularly Medicare
- Republicans seeking cover from us
- Republicans taking actions to pressure us

II. Where Administration Stands on Health Policy: Medicare and Medicaid

- Did not include new Medicare/Medicaid in budget
- Have taken position that we oppose health care cuts outside context of broader reform

III. Where Administration May Be Vulnerable

- Critique that we fall far short on need for deficit reduction and for strengthening the Medicare Trust Fund
- Omission of health care makes significant inroads on these problems impossible
- Conversely, because the Administration's language on what we are for and against has been fairly general to date (i.e., insurance reform, purchasing cooperatives, and some long-term care), we may have set the bar too low and have inadvertently made it too easy for Republicans to claim a deal is at hand.

Jennifer Klein

IV. How Could We Respond and What Do We Want To Do?

- Presentation of revised sources and uses table, which includes the deficit line and the likely Republican health cuts
- Discussion about desired levels of health care re-investment and deficit reduction
- Discussion of strategic positioning with regard to savings/reform proposals
- Presentation of illustrative examples

V. Define Health Care Message for Senate Retreat, Upcoming Hearings, and White House Conference on Aging

- Discuss message options
- Specific message recommendations will be provided to help focus discussion

Chart 1

Fiscal Years, Billions of Dollars

		5 Years 1996-2000	7 Years 1996-2002	10 Years 1996-2005
Frozen CBO Baseline (Assuming Domenici Discretionary Freeze)		619.0	1,078.0	Not Available
Republican Medicare/Medicaid Savings ($250 bil./$160 bil.)		**207.6**	**414.8**	**925.1**
As percent of Frozen CBO Baseline		33.5%	38.5%	
-- Medicare savings		**128.3**	**250.1**	**550.4**
-- Medicaid savings		**79.3**	**164.7**	**374.8**
Moderated Republican Medicare Savings Proposals				
-- Beneficiaries	2/	15.2	25.1	45.0
-- Providers		39.1 - 54.5	70.9 - 102.3	136.1 - 209.2
-- Receipts		7.1	9.9	13.5
-- Medicare managed care	3/	7.7	13.6	25.9
Total Medicare Savings		**69.1 - 84.5**	**119.5 - 150.9**	**220.5 - 293.6**
Mediciaid				
-- Disproportionate Share Hospital Payment Reform		16.0 - 22.3	24.0 - 34.4	38.0 - 56.1
-- State Flexibility				
-- Medicaid managed care	4/	1.2	4.5	10.8
-- Boren Amendment reform		Possible savings, but not scoreable.		
Possible Republican Revenue Proposals				
-- I		22.2	33.9	50.9
-- II		49.4	69.5	98.9
-- III		61.8	87.0	123.8
Total Sources of Funds with:				
-- No Revenue Proposals		**86.3 - 108.0**	**148.0 - 189.8**	**269.3 - 360.5**
-- Revenue Proposals		**108.5 - 169.8**	**181.9 - 276.8**	**320.2 - 484.3**

Footnotes for Possible Sources of Funds Table

1/ **Current services deficit. Deficit projections beyond 2000 are not public.**

2/ Includes income-related Part B premium which can also be considered a receipt proposal.

3/ Any proposal that increases enrollment without altering the current Medicare managed care payment system would be scored by CBO as an additional cost to the Medicare program (because Medicare risk HMOs experience favorable selection). The Administration is developing a proposal modifying the current Medicare managed care program. If no changes are made to current payment method, the proposal could be scored as a cost. Alternatively, the proposal could be crafted to be budget neutral or to produce savings. The savings estimate on this chart should be considered a placeholder. The pricing associated with this provision reflects the proposals to impose floors and ceilings for Part B HMO payments and to eliminate IME, GME, and DSH payments from the AAPCC.

4/ Most optimistic assumption for estimating Medicaid managed care savings.

Chart 2

Fiscal Years, Billions of Dollars

	5 Years 1996-2000	7 Years 1996-2002	10 Years 1996-2005
Total Sources of Funds with:			
-- No Revenue Proposals	**86.3 - 108.0**	**148.0 - 189.8**	**269.3 - 360.5**
-- Revenue Proposals	**108.5 - 169.8**	**181.9 - 276.8**	**320.2 - 484.3**
Subsidy Programs			
-- Kids only (133% - 240%)	21.9	34.8	56.6
-- Temporarily unemployed only (100% - 240%)	16.9	28.6	50.1
Tax Credits	?	?	?
Medicaid Investment Fund 2/	44.5	68.2	107.0
Long-term Care Program			
-- Capped entitlement to states	6.2	9.7	15.4
-- Long-term Care Tax Changes	3.0	5.1	9.2
Public Health Service Expansion	1.4	2.0	3.0
Self-employed Tax Deduction Phased to 100%	4.6	8.4	15.7

Note that coverage expansions are not mutually exclusive and can be combined. For example, subsidy program can include subsidies for kids and temporarily unemployed.

1/ Current services deficit. Deficit projections beyond 2000 are not public.

2/ Funding for Medicaid Investment Fund dependent upon Revenue I and savings from Medicaid DSH payment reform. Scope of coverage expansion can be broad or limited, for example, to kids only.

OPTION I

FOR ILLUSTRATIVE PURPOSES ONLY

Initiatives

MEDICAID INVESTMENT FUND

SELF-EMPLOYED TAX DEDUCTION PHASED-IN TO 100%

LONG TERM CARE INITIATIVES

Sources of Funds

REPUBLICAN REVENUE I OPTION

MEDICAID MANAGED CARE

MEDICAID DSH (HIGH OPTION)

MODERATED REPUBLICAN MEDICARE & MANAGED CARE SAVINGS (HIGH OPTION)

	1996–2000	1996–2002	1996 –2005
Medicaid Investment Fund	44.5	68.2	107.0
Self-Employed Tax Deduction	4.6	8.4	15.7
Long Term Care Initiatives	9.2	14.8	24.6
TOTAL COSTS:*	$ 58.3	91.4	147.3
Republican Revenue I Option	22.2	33.9	50.9
Medicaid Managed Care	1.2	4.5	10.8
Medicaid DSH (High Option)	22.3	34.4	56.1
Republican Medicare & Managed Care Savings (High Option)	84.5	150.9	293.6
TOTAL FINANCING:*	$130.2	223.7	411.4
NET SAVINGS/DEFICIT IMPACT:	**$71.9**	**132.3**	**264.1**
PERCENTAGE OF CBO DEFICIT:	12%	12%	N/A

*FOR DISCUSSION PURPOSES ONLY
Cost and Savings Estimates Not Prepared by HHS and Treasury
Revenue Estimates Not Prepared by Treasury
Interactive Effects of Proposals Not Included
Dollars in billions

OPTION II

FOR ILLUSTRATIVE PURPOSES ONLY

Initiatives

KIDS' PROGRAM (UP TO 240% OF POVERTY)

TEMPORARILY UNEMPLOYED PROGRAM (UP TO 240% OF POVERTY)

SELF-EMPLOYED TAX DEDUCTION PHASED-IN TO 100%

LONG TERM CARE INITIATIVES

PUBLIC HEALTH INVESTMENT

Sources of Funds

REPUBLICAN REVENUE II OPTION

MEDICAID MANAGED CARE

MEDICAID DSH (HIGH OPTION)

MODERATED REPUBLICAN MEDICARE & MANAGED CARE SAVINGS (HIGH OPTION)

	1996-2000	1996-2002	1996 -2005
Kids' + Temporarily Unemployed Programs	36.7	60.0	101.1
Self-Employed Tax Deduction	4.6	8.4	15.7
Long Term Care Initiatives	9.2	14.8	24.6
Public Health Investment	1.4	2.0	3.0
TOTAL COSTS:*	$ 51.9	85.2	144.4
Republican Revenue II Option	49.4	69.5	98.9
Medicaid Managed Care	1.2	4.5	10.8
Medicaid DSH (High Option)	22.3	34.4	56.1
Republican Medicare & Managed Care Savings (High Option)	84.5	150.9	293.6
TOTAL FINANCING:*	$157.4	259.3	459.4
NET SAVINGS/DEFICIT IMPACT:	**$105.5**	**174.1**	**315.0**
PERCENTAGE OF CBO DEFICIT:	17%	16%	N/A

*FOR DISCUSSION PURPOSES ONLY
Cost and Savings Estimates Not Prepared by HHS and Treasury
Revenue Estimates Not Prepared by Treasury
Interactive Effects of Proposals Not Included
Dollars in billions

OPTION III

FOR ILLUSTRATIVE PURPOSES ONLY

Initiatives

TEMPORARILY UNEMPLOYED PROGRAM (UP TO 240% OF POVERTY)

SELF-EMPLOYED TAX DEDUCTION PHASED-IN TO 100%

Sources of Funds

MEDICAID MANAGED CARE

MEDICAID DSH (HIGH OPTION)

MODERATED REPUBLICAN MEDICARE SAVINGS (LOW OPTION)

	1996-2000	1996-2002	1996 -2005
Temporarily Unemployed	16.9	28.6	50.1
Self-Employed Tax Deduction	4.6	8.4	15.7
TOTAL COSTS:*	$ 21.5	37.0	65.8
Medicaid Managed Care	1.2	4.5	10.8
Medicaid DSH (High Option)	22.3	34.4	56.1
Republican Medicare Savings (Low Option)	61.4	105.9	194.6
TOTAL FINANCING:*	$84.9	144.8	261.5
NET SAVINGS/DEFICIT IMPACT:	**$63.4**	**107.8**	**195.7**
PERCENTAGE OF CBO DEFICIT:	10%	10%	N/A

*FOR DISCUSSION PURPOSES ONLY
Cost and Savings Estimates Not Prepared by HHS and Treasury
Revenue Estimates Not Prepared by Treasury
Interactive Effects of Proposals Not Included
Dollars in billions

OPTION IV

FOR ILLUSTRATIVE PURPOSES ONLY

Initiatives

LONG TERM CARE INITIATIVES

PUBLIC HEALTH INVESTMENT

Sources of Funds

MEDICAID MANAGED CARE

MEDICAID DSH (LOW OPTION)

MODERATE REPUBLICAN MEDICARE & MANAGED CARE SAVINGS (HIGH OPTION)

	1996–2000	1996–2002	1996 –2005
Long Term Care Initiatives	9.2	14.8	24.6
Public Health Investment	1.4	2.0	3.0
TOTAL COSTS:*	$ 10.6	16.8	27.6
Medicaid Managed Care	1.2	4.5	10.8
Medicaid DSH (Low Option)	16.0	24.0	38.0
Moderated Republican Medicare & Managed Care Savings (High Option)	84.5	150.9	293.6
TOTAL FINANCING:*	$101.7	179.4	342.4
NET SAVINGS/DEFICIT IMPACT:	**$91.1**	**162.6**	**314.8**
PERCENTAGE OF CBO DEFICIT:	15%	15%	N/A

*FOR DISCUSSION PURPOSES ONLY
Cost and Savings Estimates Not Prepared by HHS and Treasury
Revenue Estimates Not Prepared by Treasury
Interactive Effects of Proposals Not Included
Dollars in billions

DRAFT

EFFECTS OF REPUBLICAN MEDICARE CUTS

MAGNITUDE OF THE PROPOSED CUTS

- Republicans are considering proposals that would cut Medicare funding by $250 billion between now and 2002 -- a 20% cut in 2002 alone.

  These cuts would mean that older and disabled Americans could pay more for health care, the health care delivery system would be threatened, rural Americans would lose access to needed services, and businesses would bear the burden of increased costs.

BURDENS ON THE ELDERLY AND DISABLED, THE HEALTH CARE SYSTEM AND ON BUSINESSES

- Even if one assumes optimistic managed care savings and the remaining cuts are allocated evenly between beneficiaries and health care providers:

  Elderly and disabled beneficiaries who were enrolled in Medicare between 1996 and 2002 would have to pay about **$2,630 more** for Medicare. In 2002 alone, they would be required to pay about $680 more.

- In 2002 alone, a $28 billion cut in Medicare payments to hospitals, physicians and other health care providers would be needed.

  Cuts of this magnitude would cause serious financial distress to the nation's medical system. Hospitals and other providers would still bear the growing burden of uncompensated care.

  There are now 40 million uninsured Americans, and this number will continue to grow, particularly in light of the Medicaid cuts being advocated by the Republicans.

  These unprecedented Medicare cuts, combined with the growing uncompensated care burden, will force providers to shift costs to business. And because their disadvantage in the insurance market, small business will bear the brunt of this cost shift.

- Republicans are talking about combined Medicare and Medicaid cuts between $400 billion and $500 billion dollars -- and, by necessity, a substantial portion of the cuts will come from payments to health care providers. Providers, in turn, will try to offset these cuts by raising their rates for private patients. Even if only one-quarter of these cuts are passed on to private payers, businesses and families will be forced to pay between $100 billion and $125 billion more for health care between now and 2002.

- In the last Congress, bills sponsored by both Republicans and Democrats contained large Medicare cuts. However, unlike current Republican proposals, the bills last year reinvested their savings into the health care system. Reinvesting the savings would have reduced the uncompensated care burden on providers and businesses.

Don't use average. Use examples.

Δ assumptions to make more similar than 60-40

Spends all your Soc. Sec. COLA increases For 20 M people will eat their . . .

Exceeds amount you wld have to spend on drugs.

Increased costs for families bec. lose Medicare nursing home cov.

# of families that wld bear these addtl costs.

DRAFT

BURDEN ON RURAL AMERICA

- Reducing Medicare payments would disproportionately harm rural hospitals.
  - Nearly 10 million Medicare beneficiaries (25% of the total) live in rural America where there is often only a single hospital in their county. These rural hospitals tend to be small and serve large numbers of Medicare patients.
  - Significant reductions in Medicare revenues has great potential to cause a good number of these hospitals, which already are in financial distress, to close or to turn to local taxpayers to increase what are often already substantial local subsidies.
  - Rural residents are more likely than urban residents to be uninsured, so offsetting the effects of Medicare cuts by shifting costs to private payers is more difficult for small rural hospitals.
  - Rural hospitals are often the largest employer in their communities; closing these hospitals will result in job loss and physicians leaving these communities.

MANAGED CARE WON'T ACHIEVE SUBSTANTIAL SAVINGS UNLESS BENEFICIARIES ARE COERCED OUT OF FEE-FOR-SERVICE PLANS

- Medicare managed care cannot produce the magnitude of savings being suggested by the Republicans. Claims that substantial savings can be achieved through Medicare managed care actually rely on capping federal contributions or on charging beneficiaries more to stay in fee-for-service Medicare.
- Although Senator Gregg predicts that managed care could save $35 - $45 billion between 1996 and 2000, there is no evidence that managed care can produce Medicare savings of this magnitude. Even if one assumes the type of overly optimistic savings Senator Gregg suggests (extended for seven years), the savings would represent less than one-fourth of that targeted by Republicans.

THE REALITY OF MEDICARE GROWTH

- Despite the current rhetoric, Medicare expenditure growth is comparable to the growth in private health insurance.
  - Under Administration estimates, Medicare spending <u>per person</u> is projected to grow over the next five years at about the same rate as private health insurance spending. Under CBO estimates, Medicare spending per person is projected to grow only about 1% faster than private health insurance.
  - So, unless Medicare can control costs substantially better than the private sector, beneficiaries and providers would be forced to shoulder the burden of the huge cuts being proposed by Republicans.

DRAFT

EFFECTS OF CAPPING MEDICAID

MAGNITUDE OF THE PROPOSED CUTS

- Medicaid is a safety net for over 35 million mothers and children, the elderly, and people with disabilities. About 60% of Medicaid spending is for elderly and disabled people.
- Republicans are considering cutting (through the use of a block grant with a 6% cap on growth) federal Medicaid funding by more than $160 billion between now and 2002 -- a 25% cut in 2002 alone.
- Though the Republicans claim that all they are doing is providing added flexibility to states, what they are really suggesting is cutting $160 billion in critical health care services.
- Managed care savings cannot offset even a small portion of these cuts. It is unlikely that managed care can produce more than $5 billion in "scorable" savings between now and 2002.
- The remaining $155 billion in cuts proposed by the Republicans would have to come from deep cuts in payments to health care providers, benefits and eligibility.

EFFECT ON PROVIDERS, BENEFITS, AND COVERAGE

- Providers: Cutting provider payments by $155 billion would mean an 10% reduction in revenues providers receive from Medicaid between now and 2002. In 2002 alone, the cut in provider payments would amount to 16%.
- Benefits: Cutting $155 billion out of Medicaid by reducing benefits would require the outright elimination of a long list of critical services by 2002. Even if Republicans eliminate coverage for prescription drugs, home health care and other home and community-based services, and preventive and diagnostic screening services for children, they still would not offset the cuts.
- Coverage: Cutting $155 billion by limiting eligibility would require, for example, eliminating coverage for almost all children covered by Medicaid (over 20 million in 2002) or for over 3 million elderly or disabled people.
- Combination of Benefits and Coverage: Cutting $155 billion through a combination of benefit and coverage reductions would require:
  - Elimination of coverage for prescription drugs, dental care, preventive and diagnostic screening services for children, and hospice in 2002, and
  - Elimination of Medicaid coverage for more than 5.8 million kids and for more than 800,000 elderly or disabled people.

- Combination of Benefits and Coverage: Cutting $155 billion through a combination of cuts in provider payments, benefits and coverage reductions would require:

  - Reducing payments to hospitals, physicians and other health care providers by over $50 billion between now and 2002. The cut in 2002 alone would be about $14 billion, and

  - Elimination of outpatient prescription drugs for the tens of millions of Medicaid beneficiaries in 2002, and

  - Eliminating coverage for roughly 3.5 million children and over half a million elderly and disabled together would offset the remainder of the cuts in 2002.

MEDICARE/MEDICAID CUTS:
ADVOCACY AND PROVIDER GROUP'S RESPONSES

The National Association of Manufacturers says:

"Across the board reductions in [Medicare and Medicaid] should be avoided, since they are likely to exacerbate cost-shifting to the private sector." (February 11, 1995)

Eastman Kodak says:

"My message to you as you wrestle with the growing costs of the Medicare program is that greater use of managed care and aggressive purchasing of care on the part of the government are more appropriate solutions than massive across-the-board cuts in payments to providers, which result in cost shifting or an invisible tax on companies providing coverage to employees in the private sector." (March 21, 1995)

American Hospital Association says:

"One of every four hospitals in the United States is in 'serious trouble,' and with deep reductions in Medicare growth will be forced to cut services or close its doors." (April 13, 1995)

"The wrong way [to reform Medicare] is to do business as usual, letting short-sighted political pressures squeeze Medicare spending and weaken a program that needs to remain strong for our nation's seniors." (February 6, 1995)

"Sixty-four percent of the electorate believes that if you ran for office saying that you would not cut social security, and if Congress votes this year to cut Medicare then that Member of Congress has broken their campaign promise." (April 1995 Polling Data Report)

American Association of Retired Persons says:

"Medicare was hardly discussed in the last election; and there was certainly no mandate from the electorate to change the system." (March 28, 1995)

Medicare cuts "would mean that over the next 5 years older Americans would pay at least $2000 more out of pocket than they would pay under current law. And over the next seven years they would pay $3489 more out of pocket." (March 6, 1995)

"...[T]he total number of Medicaid beneficiaries in need who would lose long-term care services...could reach 1.75 million in the year 2000." (March 6, 1995)

Older Women's League says:

"We receive hundreds of letters from women who are already forced to chose between paying for food and rent and buying much needed medicine that is not covered by their Medicare. Substantial cuts in Medicare will literally take food out of the mouths of these older women." (January 10, 1995)

Catholic Health Association says:

"Budget cuts of such magnitude [in Medicare and Medicaid] would attack the very fiber of these programs and, in fact, decimate them. Consequently, the Catholic Health Association believes that Congress should put aside consideration of tax cuts for now and refocus the debate on how best to solve the deficit problem." (March 2, 1995)

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REMARKS:

Jennifer - Joanne Pokaski asked me to send these talking points to you. If you have any questions, feel free to call either me or Joanne.

Sally

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April 26, 1995 12:05pm (Wednesday)
White House Talking Points -- Medicare/Medicaid

- Americans have great reason to be proud of the Medicare program.

- Thirty years ago, Medicare was created because as a nation we recognized our social responsibility to help our elderly -- to help the millions of Americans 65 and older who had given so much to us over the course of their lives, but who experienced poor health and poverty in part because they didn't have adequate health care coverage.

- Indeed, Medicare has played a major role in lifting many older Americans out of poverty. Before Medicare was created, almost 30% of our nation's elderly lived in poverty -- compared with 12% today.

- And now, almost 35 million older Americans have financial access to health care because of this successful program. Medicaid, also created in 1965, helps over 4 million elderly people access vital long-term care services.

- Without question, Medicare provides older Americans with a great sense of health care security. Before Medicare was enacted, 45 ~~50~~% of the elderly had no health insurance. Today, because of Medicare, we know that older Americans won't go without the health care they need.

- And older Americans today enjoy better health and longer lives because of Medicare. In 1960, men who lived to the age of 65 could expect to live to 78 -- today, they can expect to reach the age of 81. Women reaching the age of 65 today can expect to live to be 84 years old.

- Not only has our nation's commitment to the Medicare program resulted in dramatic improvements in the health status of older Americans, but our commitment to both Medicare and Medicaid has improved quality of life for our elderly.

- Medicare pays for many services that improve quality of life -- cataract operations, joint replacements, and the like.

- And Medicaid has been a leader for many advancements in long term care. Almost 40% of Medicaid spending supports long term care -- both nursing home care and long term care provided in the home and community. While Medicaid is our nation's primary payer of long-term care, Medicare's role in long term care is growing.

- For older Americans and their families, Medicaid and Medicare coverage of long-term care is a safety net -- without Medicaid and Medicaid, many families would find themselves destitute as a result of an older relative's long term care needs.

- Today, we must protect and improve these important programs. Even with Medicare and Medicaid, older Americans typically living on fixed incomes experience out of pocket health care costs more than 3 times greater than the rest of the population.

REPUBLICAN MEDICAID CUTS

- Republicans are considering cutting federal Medicaid funding by $160 to more than $190 billion between 1996 and 2002. The Republicans claim that what they are doing is providing added flexibility to states through block grants, and that they are not cutting the program, but simply reducing the rate of growth. What they are really doing is cutting $160 to $190 billion from a program that provides critical health care services.

- While most people think that Medicaid helps only low-income mothers and children, about two-thirds of Medicaid funds are spent on services for elderly and disabled Americans. Without Medicaid, families with a parent or spouse who need long-term care would face nursing home bills that average $38,000 a year.

- Savings from managed care cannot produce anywhere near the magnitude of cuts proposed by the Republicans. Two-thirds of Medicaid funds are spent on the elderly and disabled, and there is little to no evidence that putting them in managed care can produce savings. And because the baseline projections already assume that a growing number of mothers and children on Medicaid will be in managed care plans, there are little savings left in the remaining one-third of the program.

- So let's look at what these cuts really mean. Even accounting for some managed care savings, they mean deep cuts in eligibility, benefits and payments to doctors, hospitals, nursing homes and other health care providers.

  If the Republicans were to cut $160 billion between 1996 and 2002 and those cuts were divided evenly between eliminating eligibility for elderly and disabled beneficiaries, eliminating eligibility for children, cutting services, and cutting provider payments, that would mean -- in the year 2002 alone -- that:

  - Coverage for about 5.7 million kids and more than 800,000 elderly and disabled beneficiaries would be eliminated; and
  - All preventive and diagnostic screening services for children, home health care and hospice services would be cut; and
  - Payments to health care providers would be reduced by $10.7 billion.

  If the Republicans were to cut as much as $190 billion (and divide the cuts the same way), that would mean -- again, in 2002 alone -- that:

  - Coverage for over 7 million kids and more than 1 million elderly and disabled people would be eliminated; and
  - All preventive and diagnostic screening services for children, home health care, hospice and dental services would be cut; and
  - Payments to health care providers would be reduced by $12.8 billion.

April 29, 1995

TO: Jennifer Klein

FR: Richard Sorian

RE: Medicare and Medicaid Speech

Attached our some rhetorical attempts to express some of the things we discussed with Judy Feder earlier today. I also have attached the draft Op-Ed I wrote for Secretary Shalala (in case you don't have it). It may have some additional fodder.

I'll be glad to try my hand at some additional material if it would be helpful. I can be reached all weekend at 547-2855.

Thanks.

several, interlocking parts and making changes in one part affects the others. That's why President Clinton proposed a comprehensive set of reforms that took into account those relationships. If, however, we only chop away at Medicare and Medicaid, we ignore the effects those actions will have.

What about bureaucracy? Will the Republican plan simplify the system? Again, the answer is no. By turning Medicaid over to the states, we will replace one system with 50 and millions of people will fall through the cracks. When it comes to Medicare, the GOP wants to enroll beneficiaries in managed care plans and give them a voucher they call a "Medi-check." Before we send 37 million senior citizens off in search of a new health plan, I suggest we take a reality check. Such a system would eliminate consumer choice of doctors and hospitals and require the creation of a huge bureaucracy to oversee it.

We can rein in Medicare and Medicaid costs without endangering the health of these programs or the people they serve. In 1993, President Clinton and the Democratic leaders of Congress enacted a series of reforms that have reduced Medicare spending by more than $100 billion. We did that without the support of a single Republican in Congress but with the support of the American Association of Retired Persons, the American Hospital Association, the American Nurses Association, and the American Medical Association. In contrast, all of these organizations oppose the GOP proposals.

Republicans say they want to cut government. These proposals would gut

government and negatively affect the lives of millions of Americans. Before we begin taking a meat ax to Medicare and Medicaid, let's sit down and discuss how we can rationally reform our health care system to both reduce the rate of growth in health care costs and improve the quality of care and coverage Americans enjoy. President Clinton has offered to work with the Republican leaders in Congress to shape a bipartisan package that achieves those ends. Now is the time to begin that important work.

# # #

Op-Ed By

Donna E. Shalala

Secretary of Health and Human Services

May 1, 1995

Republican's Health Care Amnesia

Remember Bob Dole's claim that we "don't have a health care crisis in this country"? Remember Phil Gramm's charge that the Clinton health reform plan would force Americans to join HMOs? Remember Arlen Specter's chart showing the bureaucracy that would allegedly be created under health care reform? Remember the Republican filibuster that prevented a vote on health care reform?

I'm sure most Americans do remember all of this but the Republican Senators involved would rather you just forget it. Why? Because they're putting forward a proposal to "reform" Medicare and Medicaid that would slash $400 billion from those programs and exacerbate all of the problems in our current health care system.

As part of their proposed fiscal year 1996 budget, Senate Republicans are considering a reduction of $250 billion in spending on Medicare, a program that provides health care coverage for 37 million elderly and disabled Americans. This enormous reduction -- the

largest by far in the 30-year history of this program -- is coupled with a plan to cut $150 billion in funding from Medicaid, the joint Federal-State program of primary and long-term care for the poor and disabled.

Ironically, these proposals come just as thousands of senior citizens and their advocates are convening in Washington for the first White House Conference on Aging in fourteen years. This important conference has been the basis for some of America's most innovative approaches to the needs of the elderly, including creation of the Medicare program in 1965.

It is no wonder, then, that Republican members of the Senate Budget Committee pleaded with Chairman Pete Domenici (R-NM) to put off consideration of these huge Medicare and Medicaid cuts until after the conference is over. I don't blame them. If I were in their shoes, I wouldn't want to debate such a proposal when our country's foremost experts are in town.

Before the Budget Committee considers these proposals, I ask its members to take another look at the charges their colleagues made last year and examine these new proposals in the same light. I believe that when they do, the answers will dissuade lawmakers from going ahead with this plan. Let me explain why.

One of the main reasons we all came to the table on health care reform last year is

the fact that 40 million Americans are uninsured and millions more are at risk of losing their coverage. How will the Republican proposals to cut $150 billion from Medicaid affect that figure? They certainly won't reduce it, in fact they're likely to increase it dramatically. Faced with fewer dollars and rising costs, states will have little choice but to cut back on the number of people they cover.

Speaking of costs, how will $400 billion in Medicare and Medicaid cuts ease the burden on American workers and businessowners? By cutting only government expenditures we set up a classic case of what I call "shift and shaft." Under such a scheme, the government cuts its costs and shifts them to private employers and their workers who wind up getting the shaft. The bottom line is higher costs for people who have insurance and more uninsured.

The Republican plan will also mean sharply higher out-of-pocket medical costs for senior citizens. This will have two significant effects on the elderly. First, increased cost-sharing often results in a delay in getting needed medical care. Second, despite Republican claims that they are keeping Social Security "off the table," higher Medicare cost-sharing is simply a backdoor way to reducing Social Security benefits.

The main problem here is that these proposals are being made outside the context of true system reform. If our nation and our lawmakers learned anything from last year's debate on health care reform it is that our system of paying for health care is made of

The fact is, if we cut $250 billion from Medicare your premiums and your deductibles are going to shoot through the roof. So when the Republicans tell you that they're your friends and they're not going to touch your Social Security benefits, don't believe them for a second. Those higher premiums and deductibles will wipe out your COLA and eat into your benefits.

What Will $150 Billion in Cuts Do to Medicaid?

The Republicans in Congress try to tell you that they can cut Medicaid by $150 billion and not hurt the program. In fact, they dress it up real nice and call it a "block grant" and tell you you'll be better off. Don't buy that either.

The fact is, the Republican plan calls for eliminating Medicaid and leaving 37 million Americans at the mercy of their state legislatures. Now, as a former governor, I know that most states will try to do the best they can by their people. But the fact is, with $150 billion fewer dollars, they're going to have to cut some people out of the program. That means more uninsured, not less. That means more people going to emergency rooms for primary care. That means more people slipping through the cracks.

Here's something else the Republicans don't tell you. Two-thirds of all Medicaid dollars go for nursing home and home health care for elderly and disabled Americans. What will $150 billion in cuts do to them and their families?

We already have 10 million uninsured kids in this country. If we hack away at Medicaid, that number could be doubled. That's not reform, that's retreat!

Fraud and Abuse

The Republican Plan calls for eliminating all regulation of nursing homes. Have we forgotten the horrible conditions that were found in some of our nursing homes just a few years ago?

The Republican Plan would dismantle Medicaid and replace one system with 50. Can you imagine the kind of fraud we could see?

The Republicans want to open up our Medicare program to any health plan willing to take a voucher. Can we afford to leave our parents and grandparents in the hands of these Johnny-Come-Latelies?

4

Extraneous Rhetoric

Republicans say they want to cut government, this would gut government and it's wrong.

What Medicare needs is a scalpel not a meat ax.

Before Americans accept the Republican Medi-check, I suggest we all take a reality check.

7

Health Care Reform: The Right Way or the Wrong Way?

Despite all of the partisan politics and special interest lobbying of last year, the fact remains that our health care system still serves too few Americans at too high of a cost. The question is, what are we going to do about it?

There is a right way to reform our health care system and there is a wrong way.

The right way means plugging the holes in our system so that more Americans are covered and all Americans can keep their coverage. The wrong way means dumping millions of insured Americans out of the system and making things much, much worse.

The right way means controlling rising health care costs so that all payers -- government, business, and consumers -- share in the benefits. The wrong way means shifting hundreds of billions of dollars off the government budget and on to taxpayers' budgets.

The right way means expanding people's choice of doctors, hospitals, nursing homes, and home health care. The wrong way means taking away that choice by coercing people into the cheapest plans available.

The right way means helping our elderly and disabled citizens get the care they need at home and then guaranteeing them a high-quality nursing home when they need it. The wrong way means less home care and an unregulated nursing home industry free to return to the days of the past.

The right way means sitting down, together, and working out a plan that is not only acceptable to both parties but, more importantly, is embraced by our senior citizens, our disabled citizens, and our health care professionals. After all, they have to live with the consequences.

What Will $250 Billion in Cuts Do to Medicare?

The Republican Party wants you to believe that they can slash $250 billion from Medicare -- five times more than has ever been cut before -- and leave a high-quality system in place. In fact, they even try to tell you that the system will be better off. That reminds me of the farmer who put one of his pigs in a dress and called her Monique. Everyone knew she was still a pig. So don't let them sell you a pig in a poke.

The fact is, if we cut $250 billion from Medicare there will be fewer hospitals and fewer physicians willing to care for our senior citizens.

The fact is, if we cut $250 billion from Medicare more of our senior citizens will be forced to delay going to the doctor until it's too late.

/

The Importance of Medicare

Provides health care benefits and, more importantly, peace of mind to 37 million elderly and disabled Americans and their families.

Provides access to early care that often improves the quality of a person's life and extends the number of quality years they have with their families.

Eliminates the need for senior citizens to choose between going to a doctor or going to the grocery store.

What Has Medicare Done for the Elderly and Disabled?

Before Medicare was created, our nation's elderly, who despite their obviously greater need for medical care, were among the lowest users of medical services. Now, thanks to Medicare, they see the doctor most often. That's only right, they need it more.

Before Medicare was created, our elderly had the highest poverty rates in our nation. Now, thanks to Medicare, they are able to live with dignity. That's only right, they earned it.

Before Medicare was created, our elderly had the least access to new life-saving medical technology. Now, thanks to Medicare, they get it first. That's only right, they need it first.

Before Medicare was created, disabled Americans often were forced into institutions, kept away from their families, and left to live out their lives alone. Now, thanks to Medicare, they are able to get the care they need to lead full lives in the bosom of their families. That's only right, that's how we all want to live.

The Importance of Medicaid

Thanks to Medicaid, 37 million Americans have health care coverage. Can you imagine what our country would be like if they, too, had no insurance? Our system would fall apart.

Thanks to Medicaid, [how many?] senior citizens are able to get care at home that keeps them out of nursing homes and with their families. Can you imagine where we'd be without that safety net?

Thanks to Medicaid, [how many?] elderly and disabled Americans get the care they need in high-quality nursing homes. Are any of us too young to remember the nursing home scandals of the 1960s and 1970s? Do we want to return to those days?

Thanks to Medicaid, [how many?] children get the medical care they need -- including immunizations -- that allow them to grow strong and healthy. Do we want to take their future away to pay for a tax cut for the rich?

DRAFT

- *Public Health Service (PHS) Consolidations:* The President's FY 1996 Budget proposes to consolidate 107 PHS activities into six Performance Partnerships and 10 consolidated performance-based clusters to give States and local communities more flexibility in administering PHS grants.

- *Create a Streamlined HHS Corporate Structure:* HHS would develop a single HHS corporate structure by eliminating the Office of the Assistant Secretary for Health (OASH) and merging its functions with the Office of the Secretary (OS). Currently OASH has 1,153 FTEs and OS has 1,276 FTEs. By FY 2000, the new HHS corporate structure will have 58 percent fewer FTEs than in FY 1993.

- *Consolidation of Surveys and Development of Data Standards:* HHS would fix the following major problems with its current data information systems: inefficient and overlapping survey efforts, high burden on respondents, and inadequate survey data. Through this REGO proposal, HHS plans to improve vastly the analytic capacity of HHS programs, fill in major data gaps, and establish a survey consolidation framework--highlighted by the integration of the national Health Interview Survey and the National Medical Expenditures Survey--in which HHS data activities are streamlined and rationalized.

- *Consolidate Certain Aging Programs:* HHS would consolidate programs for seniors in the Administration on Aging and in other parts of HHS to achieve more coordinated service delivery. Exploratory discussions are underway with other Federal Departments to determine whether additional program consolidations are possible and can lead to service improvements for seniors. Under the consolidation, State and local communities would be granted increased flexibility to determine the types of aging services that are most useful locally, in exchange for greater accountability for program results."

- *Strengthen Medicare Program Integrity:* HHS will take a two-step approach to prevent fraud and abuse in Medicare. First, Secretary Shalala will initiate a demonstration program led by the HHS Inspector General in five key states -- Texas, California, Florida, Illinois and New York -- where health care fraud is of particular concern. Second, HHS will propose a new funding source for Medicare fraud and abuse activities. This source will ensure that funding for these activities is maintained at sufficient levels to help protect the Medicare trust funds.

  HHS currently saves more than $6 billion per year from their program integrity activities. This two-step approach will provide HHS with the tools to ensure that the billions currently saved, and perhaps more, continue to be saved for years in the future and that HHS can react and adapt to the ever changing nature of fraud in the health care industry.

- *Privatizing National Institutes of Health (NIH) Clinical Center Management:* HHS proposes to begin a 24-month phase-in toward contracting out the replacement of the

President's healthcare speech Older Americans Act

focused, simple - stay on message Senior housing
he cares - passion
not to partisan - Presidential

1. It's the cost stupid
   not just cost to gov't, but cost to individual

   so we need to fix the system
   not just shift cost to you

2. We can make Medicare and Medicaid work better
   Attack waste and fraud (widespread belief its endemic)
   We need your help to clean it up

3. Can't cut healthcare to pay for tax cuts
   for rich
   we need to strengthen these programs, not cut them
   down to the point they won't protect people

(from focus group work by AARP)

[redacted]
Has to the point, tough and softspoken at the same time.

Senior housing in LTC ?

Older American Act
1990
30 years

Title - Year in what older

30th anniversary

Get Health

Do you have any stories on Medicare/and for speech ?

Senator Breaux introduce

Office of the Vice President

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(202) 456-6429 (fax)

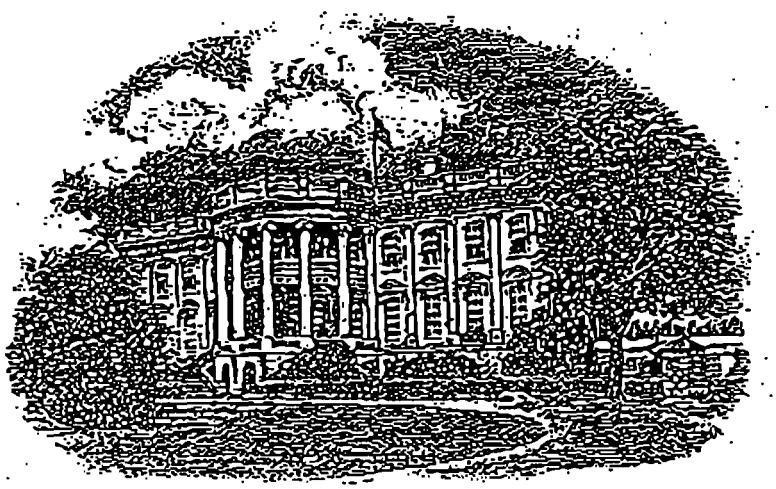
TO: Jennifer

FROM: Dan Smith

DATE: 4/27/95

number of pages including cover: 2

COMMENTS: Here part of the info — Elaine will send you more.



Stacey - pl give to Jen. 4/25 Thanks

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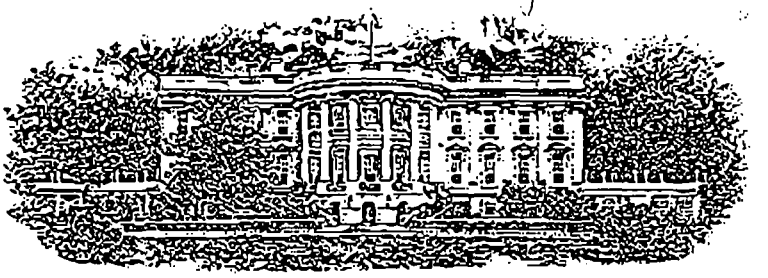

1995 WHITE HOUSE CONFERENCE ON AGING
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Phone # (202) 245-7116 • Fax # (202) 245-7857

COMMENTS:

I sent this last week. Sorry you didn't receive it.

Re: language on Medicare, we haven't talked specifically about it in any speeches, etc. I'd refer you to the background paper book.

See today's Health section piece I am faxing.

Thanks.

Elaine

White House to Focus on Seniors' Concerns

Growing Population, Dwindling Resources to Be Discussed at Conference on Aging

By Spencer Rich
Washington Post Staff Writer

A White House Conference on Aging next week will examine concerns of older Americans that include their rapidly expanding numbers, general health and long-term care costs, and the soundness of Social Security and pensions.

Today, there are 33 million Americans 65 and over. But the aging of the huge Baby Boom generation will swell the number to 70 million by 2030, imposing tremendous new burdens on the existing system of income support and health care for the aged.

That is the demographic reality confronting the conference May 2-5, when 2,180 delegates will meet at the Washington Hilton hotel here to propose policies for the problems of the aging. President Clinton will speak May 3.

The conference will deal with everything "from health care to research to the image of older people to productivity," said Sen. David Pryor (D-Ark.), senior Democrat on the Senate Aging Committee and conference policy chairman. Issues include Social Security and Medicare, private pensions, long-term care, research on Alzheimer's Disease and even "grandparenting."

A central problem is that the number of people 85 or older will increase from 3.3 million today to 18.9 million by 2050. Many will be widows with meager incomes, "living alone and unable to take care of themselves," said Fernando Torres-Gil, assistant secretary for aging in the U.S. Department of Health and Human Services, which is helping staff the conference. As people live past 85, one in four will need costly nursing-home care.

Already more than 800 meetings of delegate groups across the United States have drafted hundreds of proposed policy statements. They will be boiled down to 40 resolutions for conference floor votes, said Robert B. Blancato, executive director of the conference.

Resolutions approved by the conference are not legally binding on the president or Congress. But they will "define the problems of the 21st century, leave a legacy of thought-out concepts for meeting needs and provide a forum for the elderly" to tell the nation their priorities, Blancato said.

Blancato predicted that the delegates won't just draft "an across-the-board wish list, recommending that the federal government pay for all needs. They're more cognizant there is a budget process that says you can't ask for more without taking it from somewhere."

Here are the issues that, according to Blancato, seem to be most important to delegates, based on policy statements submitted so far:

■ **Social Security.** A key to economic security is the future soundness of Social Security, since three-fifths of the elderly depend on it for at least half their income. Social Security is projected to be able to pay all benefits for the next 35 years. But after Baby Boomers begin hitting 65 in 2010, the financial status of the system will start deteriorating rapidly. It will still continue to obtain income from the Social Security payroll tax, but by 2030 it will not be getting enough to cover all benefit obligations.

To solve the problem, it must obtain new funds or cut benefit levels.

Among proposals to address the problem already heard in Congress and elsewhere: increasing the retirement age to 68 or 70; reducing future benefits by changing the benefit formula or the cost-of-living adjustment; increasing the payroll tax; imposing a means test; partially "privatizing" the system by allowing a person to invest part of the premium in private savings plans.

■ **Pensions and Savings.** Economic security does not depend only on Social Security, but also on "other sources of income—pensions and savings," Torres-Gil said. Unfortunately, he said, only about half of today's workers are in jobs where they're earning pension credits; that proportion is much lower among the self-employed and workers in small business and service industries.

"There is a potential for large numbers of them to end up with only Social Security," he said, so there is a great need for people with no pension coverage to put aside as much as they can through IRAs and savings and thrift plans, and not use these funds for other purposes before retirement. "Will they save? How to motivate them to do so, that's the issue," he said.

■ **Health and Long-Term Care.** "Based on what we've heard from the delegates so far, long-term care needs and health-care needs are clearly the number one issue," Blancato said, with people fearing the loss of independence through the physical and financial consequences of illness or infirmity. "When we ask, 'What do you fear about getting old?' they say, 'Fear of loneliness and becoming a burden to your family,'" Torres-Gil said.

The two major public programs that help the elderly in illness and infirmity are Medicare, which faces bankruptcy in 2002, and Medicaid, the welfare health program that provides a "safety net" for older people who are poor or unable to afford a nursing home. While delegates are aware that both programs face changes by Congress to control sharply rising costs, they clearly seem to want some action "reaffirming the commitment to Medicare and Medicaid" in some form, Blancato said.

Delegates appear to support development of long-term care insurance policies that cover not just nursing homes but home care, things such as home-delivered meals, home-health visits by professional caregivers and health personnel and other services to keep them from having to go to a nursing home, Torres-Gil said. The House has just acted to make private long-term care insurance costs deductible.

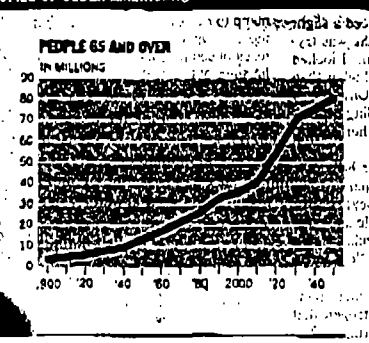
■ **Research.** Blancato said leading gerontologists "have said you could certainly dramatically reduce the 1.6 million people in nursing homes" with more research on crippling diseases that afflict older people such as Alzheimer's and Parkinson's. Delegates also are keenly interested in research on things such as incontinence and arthritis.

■ **Grandparenting.** "3.1 million kids are given primary care by grandparents," Blancato said. "There are legal questions on custody, tax credits, foster care payments" and other such issues, he said, and delegates have expressed considerable interest in straightening them out.

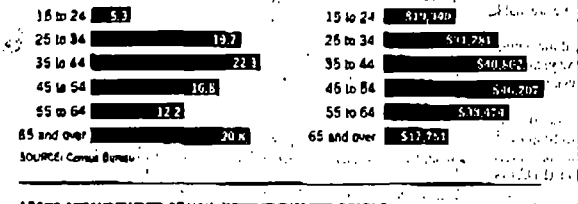
Overall, "We're hoping one of the messages that will come out of this conference is the need to plow ahead, to save, to be more self-reliant and not depend on government for all the answers," Torres-Gil said. ■

PROFILE OF OLDER AMERICANS

The number of Americans 65 and over is growing. They have median incomes lower than other age groups, including those under 24. Many elderly women live alone or with nonrelatives.

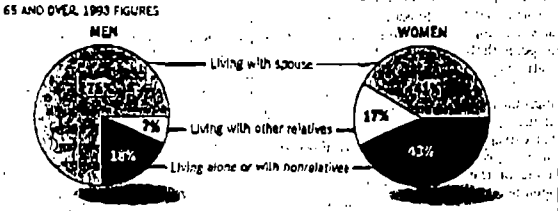


HOUSEHOLD INCOMES
1993 FIGURES, BY AGE OF HEAD OF HOUSEHOLD



SOURCE: Census Bureau

LIVING ARRANGEMENTS OF NON-INSTITUTIONALIZED PEOPLE
65 AND OVER, 1993 FIGURES



SOURCES: U.S. Administration on Aging and American Association of Retired Persons (from Census Bureau data)
Figures may not add to 100 because of rounding.

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"Delegates are 'more cognizant there is a budget process that says you can't ask for more without taking it from somewhere.'"
—Robert B. Blancato, executive director of the conference

DRAFT
WASHINGTON POST APRIL INSERT
PRESIDENT CLINTON
March 24, 1995

On May 3, 1995, I will become the first Democratic President to convene a White House Conference on Aging. I look forward to addressing the more than 2,200 delegates and 250 observers from around the country who will travel to Washington to help shape a national aging policy. I have no doubt that the wealth of experience and wisdom of the participants will produce an exciting and productive Conference.

The Conference is an example of government at its best: working together with the people it serves. The public participated fully in developing the theme and the agenda of the Conference. Since February of 1994, when I called for the convening of this White House Conference on Aging, tens of thousands of Americans have participated in more than 700 forums, town meetings, roundtables and other events all over the country centered on the issues that will be debated during the Conference.

Thanks to the wide participation in preconference events, we have already learned a great deal about the issues that are important to seniors. Although our nation's more than 30 million senior citizens are generally optimistic about the future, they have serious concerns about what it will hold for them and for their children and grandchildren.

As I said in the State of the Union address, "Our senior citizens have made us what we are." When I made this statement, I was speaking not only of the hard work and sacrifices our parents and grandparents have made in the past, but also of the continuing contributions of our nation's seniors. Seniors are contributing in the workplace, as caregivers, as loving and supportive family members and friends, and as volunteers in Senior Corps programs and in thousands of other places -- including the White House.

But seniors have told us that they are concerned that the federal programs that make it possible for millions of older Americans to live in dignity -- programs that today's seniors supported for the benefit of their elders -- will be destroyed. I recognize the vital role of these programs in the lives of our senior citizens. I am determined to preserve, protect and improve Social Security and health care services for today's senior citizens and for the generations that follow.

This year, we mark the sixtieth anniversary of Social Security, the single most important step our nation has taken to ensure the economic security of our senior citizens. We must never forget the commitment we have made to present and future beneficiaries of this long-standing program. I will fight to make sure that the promise of this program is fulfilled for this generation and for generations to come.

The Social Security Administration operates effectively and is continously improving its customer service. For example, SSA is becoming more accessible through its 800 number, reducing the number of pending disability claims, and mailing statements to Americans that let them know the amount of retirement benefits they can expect.

Seniors have also stressed to us the importance to their well-being of federal health care programs. Although everyone recognizes the role Medicare plays in the health care of older Americans, it is important to understand that Medicaid also provides important services to vulnerable elderly and disabled Americans. In fact, approximately two-thirds of all Medicaid expenditures are for services for the elderly and disabled.

Over the next five years, almost 40 percent of the growth in all federal spending will come from rising costs in federal health care spending. For the sake of our nation's economic future, we must contain costs in these programs. But we must recognize the imperative of doing so in the context of reforming our health care system. This is why I have consistently opposed deep and arbitrary cuts in programs serving our elderly that do not address the underlying problems of our health care system. And it is why I have consistently stated that I will not permit Medicare to be sacrificed to pay for tax cuts for the wealthy.

As part of our efforts to reform our nation's health care system, my Administration has worked to improve federal health care programs. We have increased efforts to combat fraud and abuse to make sure that tax dollars are used to provide health care services, better publicized the availability of Medicare-covered services like flu shots and mammograms, supported states in reforming their Medicaid programs, and worked to increase choices and ensure quality of care for Medicare beneficiaries. We look forward to hearing more from the Conference on Aging delegates about how to improve these programs further.

The White House Conference on Aging also provides an opportunity to tackle another difficult and critical aspect of health care reform -- long-term care. Seniors have told us how much they value their independence. They have shown us that our current health care and social service systems make it hard, and, in many cases, impossible, for senior citizens to remain in their own homes and communities. That is why I have called on Congress to work with me to help Americans provide long-term care for their sick or disabled family members. That is why we need to look at ways to promote insurance for long-term care. That is why we need consumer protection standards that will ensure that long-term care policies are worth the paper they are written on. I am confident that the Conference delegates will make an invaluable contribution towards resolving the issue of long-term care.

This issue as well as the others I have discussed here are often lumped together as "seniors' issues." But seniors have reminded us that they are personally affected by many of the same concerns about personal and economic security as are younger citizens. And they have shown us that "seniors' issues" are everyone's issues -- not only because those of us who are not yet senior citizens will, God willing, become senior citizens, but because older Americans are an integral part of our families and our communities. Similarly, older Americans are concerned about issues that, at first glance, affect only younger people -- issues like public education, student loans, job training, and health care and nutrition for pregnant women and children. We have heard repeatedly from older Americans that what they want is a future filled with opportunity for their children, for their grandchildren and for the young people in their communities. The Conference theme, "generations aging together," is a wonderful expression of the fact that we share one another's lives and the fate of our nation.

Lately, I've been speaking about a New Covenant -- a partnership between our government and the American people that recognizes that every citizen has the right and responsibility to reach their full potential, and to give something back to society in return. The New Covenant is a crucial element of my vision for a better America, and seniors play an important part. Our government must provide seniors with the opportunity to continue

to lead independent and productive lives. In turn, our senior citizens have a great deal to contribute to younger generations of Americans and to our nation as a whole. Participants in the White House Conference on Aging -- of all ages -- will make a tremendous contribution when they gather here in Washington and put their creativity, experience, wisdom and energy to work shaping a national aging policy that will benefit us all.

April 27, 1995

TO: Don Baer
Terry Edmonds

CC: Mark Gearan
Julia Moffett
Carol Rasco
Gene Sperling
George Stephanopolous

FROM: Jeremy Ben-Ami
Molly Brostrom
Chris Jennings
Jennifer Klein

SUBJECT: President's Speech to the White House Conference on Aging

Attached are two outlines of remarks for the President's speech to the White House Conference on Aging. It is our understanding that the bulk of the speech will be focused on Medicare/Medicaid budget cuts. The message of those remarks is still in progress; however, a preliminary outline of what will be discussed with the President as the potential message is included here.

The second outline provides talking points on the three other areas that we believe should be addressed in the speech: 1) general points on the importance and themes of the Conference; 2) reaffirming commitment to Social Security and describing principles that should be protected in any reform; and 3) highlights of the Administration's accomplishments on behalf of the elderly.

It is our understanding that the President will introduce Paperwork Reduction initiatives on Tuesday, and briefly mention them in his Wednesday speech.

White House Conference on Aging Speech

Message: As Medicare and Medicaid are being threatened by deep and arbitrary cuts proposed by Republicans, I am fighting to protect coverage, choice, quality and affordability for seniors.

Outline:

- **Background on Medicare and Medicaid. Medicare and Medicaid have provided a safety net for our nation's elderly for 30 years.** Today, Medicare covers 37 million elderly and disabled Americans. And, while most people think that Medicaid helps only low-income women and children, about two-thirds of Medicaid funds are spent on services for older Americans and people with disabilities.

  These programs are an example of government that works. This year, as we celebrate the 30th anniversary of their passage, we must remember that:

  - Medicare and Medicaid have lifted millions of older Americans out of poverty. Before Medicare, almost 30 percent of our nation's elderly lived in poverty -- as compared with 12 percent today.

  - Before Medicare, about 45 percent of the elderly had no health insurance and even more were underinsured. For 30 years, Medicare has guaranteed health security to older Americans -- even as the number of uninsured in this country continues to rise. And Medicaid has helped middle class families who have exhausted their savings to manage the overwhelming costs of nursing home care.

- **The Need to Address Health Care Spending.** But there are real problems in Medicare and Medicaid that need to be addressed. We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in Federal spending will come from rising costs in Federal health care programs. They are growing faster than GDP, than overall inflation, than almost all other items of government spending. If we want to bring the deficit under control and reduce the debt we bequeath to future generations, we must address the growth in these programs. In addition, the long-term solvency of the Medicare Trust Fund remains a problem. **We must contain costs in these programs, but there is a right way and a wrong way to do so.**

- **The Wrong Way to Address Health Care Spending. The wrong way is:**

  - **To simply slash Medicare and Medicaid;**

  - **To use these programs as a bank to pay for tax cuts for the wealthy;**

- **To go backward and reduce coverage; and**

- **To make changes in Medicare that call for coercion over choice.**

  The Republicans claim that they would increase choice by giving Medicare beneficiaries vouchers to buy insurance in the private market. In reality, these vouchers would pay for only the low cost health plans in an area. Your choice would be simple: take the cheapest plan or pay more. That's not choice, that's financial coercion.

- **<u>The Right Way to Address Health Care Spending.</u> The right way is through health care reform.**

  - First, we need to build for our future and our childrens' futures by addressing the long-term solvency of the Medicare Trust Fund.

    - The Medicare Trust Fund is in better shape now than it appeared two years ago because of the actions we took in our 1993 budget and because of the strong 1994 economy.

    - But, as with Social Security, we need to make a bipartisan commitment to keep Medicare sound and secure throughout the 21st century. The Trustees have recommended that a bipartisan commission be appointed to review this problem thoroughly, and I am prepared to work with Congress to get the commission in place.

  - **And as we consider changes to Medicare and Medicaid this year, we must ensure that any proposed change maintains coverage, choice, quality and affordability for beneficiaries.**

    I will have a simple test for every proposal. I will ask:

    (1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans or take away services -- like the limited nursing and home care services now provided under Medicaid -- that Americans have now?

    (2) **Choice.** Does it expand choice -- so that Medicare beneficiaries have the range of choices (like managed care and preferred provider plans) available in the private market -- or does it financially coerce beneficiaries into managed care plans?

    (3) **Quality.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these simply arbitrary and excessive cuts used to

pay for other priorities -- like tax cuts for the wealthy?

(4) **Affordability.** Will this proposal increase costs for beneficiaries so much as to make Medicare unaffordable?

- We also can and should work toward guaranteeing health security to all Americans and containing costs for all families and businesses and for the government. As I have said before, this year I believe we can take the first steps. Congress has already passed legislation that will make insurance more affordable for self-employed workers and their families. We can also:

  - Reform the insurance market -- so that people don't lose their health insurance when they lose their job or change jobs or a family member falls ill, and so that small businesses can afford to buy insurance for their workers;

  - Make coverage more affordable for working families;

  - Help workers who lose their jobs keep their health insurance;

  - Continue the start already made to level the playing field for the self-employed; and

  - And help families provide long-term care for a sick parent or disabled child. That is why we support expanding state administered home care services. And that is why we support tax clarifications for private long-term care insurance as well as consumer standards so that long-term care insurance policies are worth more than the paper they are written on.

- My Administration is also taking steps now to reform our health care system and to improve Federal health care programs. We have cracked down on fraud and abuse and will increase these efforts through a new program I am announcing this week as part of our "Reinventing Government" proposal. This is just one example of the "right way" to reform our health programs.

1995 WHITE HOUSE CONFERENCE ON AGING
Outline of Additional Points for President's Speech

I. **General**. *The 1995 WHCoA is a historic event: last WHCoA held in 1981. 1995 Conference is unique in grassroots approach, and results orientation. Two primary themes of Conference: intergenerational linkages and diversity of older Americans.*

- I am proud to convene the 1995 White House Conference on Aging. This historic event is the first Conference to be held since 1981, the fourth formal White House Conference on Aging, and will be the last Conference of this century.

- Past White House Conferences on Aging have had a significant impact on aging policy, including initial conceptualizations of the Medicare program and the Older Americans Act. I am sure this Conference will continue in that tradition, and provide us important guidance in both meeting the needs of today's seniors and shaping aging policy for the 21st century.

- And this Conference could not come at a more critical time. [Elaborate on political climate, doubling of aging population...]

- I would also like to recognize the unique grassroots approach used by this Conference that has resulted in the involvement of tens of thousands of seniors across the country. The more than 800 local, State, and regional events in which many of you, as well as your friends and neighbors back home, participated helped formulate the ideas and agenda that will be addressed this week.

- I would also like to note that you set a tremendous example for the rest of us in the goals of this Conference. In the coming days, you have challenged yourselves to not only identify problems and concerns, but also to seek methods to effectively address these issues. And you will carry this challenge beyond Friday, to a series of post-Conference activities at the state and local level, that will focus on practical responses and implementation steps for the issues raised this week. I commend you for your responsible approach and pledge to work with you in addressing the issues identified.

- As you prepare to begin the nitty-gritty work of deliberations of this 1995 White House Conference on Aging, I wish that I could join you, to demonstrate the unity that I --as a "somewhat younger American"-- and your other "somewhat younger" and even "much younger" fellow citizens feel with you. The concerns and issues recognized by you as older Americans, are ones shared by the rest of the nation--not only because of the universal bond that ties each one of us to old age, but because you are the core threads in the fabric of our country.

- You are parents, grandparents, teachers and mentors to us. You have helped build this nation, defended the principles upon which our country was founded, nurtured children and grandchildren, and continue to give of yourselves -- through continued parenting and grandparenting, and through a host of volunteer activities -- I know X number of you are participating in the National Service Corps. I salute and thank all of you for the contributions you have made and continue to make to this nation.

- And finally, in these words of welcome, I want to say that, even as we address you as a bloc, a whole, as older Americans or seniors, I recognize that you are as diverse a group as we "somewhat younger" and those "much younger" fellow citizens are. It's a diversity that we celebrate as part of our distinct American nature. I am sure this diversity will be evident to all of you as you work to come to consensus around many of the issues you will address at this Conference.

II. **Social Security**. *Unions and many senior advocates have urged the President to re-emphasize his commitment to protecting and maintaining the universality of the Social Security program. The solvency of the Social Security Trust Fund, and what steps will be taken to secure it are high on lists of concerns. This year, the 60th Anniversary of the creation of Social Security program, provides a good backdrop to renew commitment to the program.*

- As your President, I want to reiterate my fundamental commitment to Social Security. This government has a solemn commitment to every working American, and to their families, that Social Security will be there for them when they need it.

- For decades, Social Security has provided economic security to the elderly, to Americans with disabilities, to families who have lost not just a loved one, but the family provider. It is a program that has made a difference in the millions of individual lives and in American society.

- Almost 60 years ago, President Franklin Roosevelt signed the legislation creating Social Security, saying that the program "will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age."

- And his words have rung true. The poverty rate among the elderly has declined by more than 65 percent since 1959, due in large part to the Social Security program. If Social Security did not exist today, the poverty rate among older Americans would be over 50 percent, instead of the current 13 percent. For 15 million people, Social Security is the barrier that keeps them out of poverty.

- To ensure that our Social Security commitments to future generations will be honored, we need to look to the future. We need to make a bipartisan commitment to keep Social Security safe, sound and secure throughout the

21st century.

- We have the time to make the right decisions about Social Security's future -- according to recent estimates of the Trustees, Social Security will have sufficient funds to pay benefits for the next 35 years.

- The important groundwork is already being laid. An Advisory Council on Social Security -- a bipartisan panel with a great deal of expertise and experience -- has begun developing policy recommendations aimed at achieving long-term solvency for Social Security, and is expected to report this fall. No significant change in the Social Security program has ever taken place without the groundwork being laid by this kind of bipartisan commission. The 1930s changes adding coverage for survivors and dependents, the 1960s recommendation for the creation of the Medicare program, and the 1983 changes that addressed the insolvency crisis -- all of these changes were preceded by commissions like our Advisory Council that were instrumental in developing sensible, effective change to the program.

- Whatever the recommendations, as we begin to pursue changes that will keep Social Security solid throughout the 21st century, I believe very strongly that we must protect the core principles that make Social Security work as well as it has for nearly 60 years.

- First, Social Security has been so successful, so important to our society, because it is universal -- virtually every American participates in the program. The program works because we all participate in it, pooling our payroll contributions so that we share in the benefits the program provides -- whether as a senior citizen, a spouse or dependent who has lost a loved one who was still in his or her working years, or as one who has lost the ability to work because of a disability. Social Security is a vitally important package of economic protection that is there for us during our times of greatest vulnerability.

- Second, Social Security is effective because it promotes and rewards work by tying benefits to wage-earning labor, and we must protect that link between work and benefit eligibility, ensuring workers a fair return on their payroll tax dollars.

- And, finally, Social Security is so important to our society's well-being because it is the single most important instrument this nation has to keep our elderly out of poverty. We must protect the program so that it provides an adequate base for older Americans and continues to keep people from falling into poverty.

- I want to say a word to my fellow members of the baby boom generations as well as to citizens in their 20s and 30s who have doubts about Social Security's future, and who wonder whether they should still be a part of the program.

- Social Security has always been a model of intergenerational cooperation. The program works because current workers generate the revenues that provide retirement benefits for their eligible parents and grandparents. These benefits

allow older Americans to live lives of dignity and independence, relying on their own resources, and not a burden to adult sones and daughters.

- For Social Security to stay strong in the future, we need people of all generations to work together. Younger people need to recognize the value Social Security plays in the lives of senior citizens. Older Americans must understand that Social Security cannot be allowed to end with their generation, that we must share ideas and thoughts to ensure that the program lives on for decades to come.

- It has been almost 60 years since President Franklin Roosevelt's pen created a Social Security program that became one of the most successful and important initiatives this or any other government has ever created. The lives of tens of millions of Americans have been touched by Social Security during its existence. Our goal, our bipartisan goal, must be to ensure that Social Security will be around for another 60 years and beyond, providing economic security to generations of American workers and their families.

III. **Accomplishments/Other**. *The WHCoA provides an opportunity to highlight Administration accomplishments on behalf of seniors, and highlighted by the notable anniversaries of admired federal programs (Medicare, Social Security, Older Americans Act), the Conference provides the opportunity to discuss examples of government working.*

Could also recognize Oklahoma victims who worked on many of these programs.

- I think a universal belief about government is that one of its key roles is to protect society's most vulnerable. And the times when we are most vulnerable are at the beginning and end of life. I am proud that my Administration has fought hard to protect the youngest and the oldest in our nation. For older Americans, we have fought for programs that promote health and independence,... [Review select accomplishments, perhaps including:

    - Elevation of Commissioner of Aging to Assistant Secretary of Aging
    - Champion of long-term care, health security, strengthening Medicare (First Lady and Mommograms), containing spiralling health care costs
    - Establishment of independent Social Security Administration
    - Improving SSA customer service--e.g. Personal Earnings and Benefits Statement, reduction in pending disability claims.
    - Support for senior involvement in Americorps.
    - Laundry list of accomplishments being compiled.]

- I am proud that your country can offer you some assistance, protection after all you have given to your country. As we celebrate the 50th Anniversary of the end of World War II this year, I would particularly like to salute the contributions and protection given by our WWII veterans, many of whom are

here today. You fought selflessly, to protect our community and our neighbors abroad; you and your generations have taught us the values of patriotism, community, selflessness, and self-reliance. This Administration is working to keep those values in our society...

- I pledge to work with you to continue fighting to protect our society's most vulnerable. I look forward to the guidance and recommendations that will come out of the 1995 White House Conference on Aging. I know that your desire to leave a legacy of hope for your children and grandchildren will be reflected in the outcomes of the Conference. I hope you will work with me, in a cooperative, bipartisan manner, to set a strong, hopeful course into the 21st century.

White House Conference on Aging Speech

Message: As Medicare and Medicaid are being threatened by Republican proposals to take deep and arbitrary cuts, I am fighting to protect coverage, choice, quality and affordability for seniors.

Outline:

- **Background on Medicare and Medicaid.** Medicare and Medicaid have provided a safety net for our nation's elderly for 30 years. Today, Medicare covers 37 million elderly and disabled Americans. And, while most people think that Medicaid helps only low-income women and children, about two-thirds of Medicaid funds are spent on services for older Americans and people with disabilities.

  These programs are an example of government that works. This year, as we celebrate the 30th anniversary of their passage, we must remember that:

  - Medicare and Medicaid have lifted millions of older Americans out of poverty. Before Medicare, almost 30 percent of our nation's elderly lived in poverty -- as compared with 12 percent today.
  - Before Medicare, about 45 percent of the elderly had no health insurance and even more were underinsured. For 30 years, Medicare has guaranteed health security to older Americans -- even as the number of uninsured in this country continues to rise. And Medicaid has helped middle class families who have exhausted their savings to manage the overwhelming costs of nursing home care.

- **The Need to Address Health Care Spending.** But there are real problems in Medicare and Medicaid that need to be addressed. ~~I have consistently said that~~ We cannot get a hold of the deficit without addressing growing health care entitlement spending. Over the next five years alone, almost 40 percent of the growth in Federal spending will come from rising costs in Federal health care programs. In addition, the long-term solvency of the Medicare Trust Fund remains a problem. We must contain costs in these programs, but there is a right way and a wrong way to do so.

- **The Wrong Way to Address Health Care Spending.** The wrong way is:

  - To simply slash Medicare and Medicaid;
  - To use these programs as a bank to pay for tax cuts for the wealthy; and
  - To make changes in Medicare that call for coercion over choice.
  - The Republicans claim that they would increase choice by giving Medicare

beneficiaries vouchers to buy insurance in the private market. In reality, these vouchers would pay for only the low cost health plans in an area. Your choice would be simple: take the cheapest plan or pay more. That's not choice, that's financial coercion.

- **The Right Way to Address Health ~~Care~~ Spending.** The right way is through health care reform.

  - First, we need to build for our future and our childrens' futures by addressing the long-term solvency of Medicare Trust Fund.

    - The Medicare Trust Fund is in better shape now than it appeared two years ago because of the actions we took in our 1993 budget and because of the strong 1994 economy.

    - But, as with Social Security, we need to make a bipartisan commitment to keep Medicare sound and secure throughout the 21st century. The Trustees have recommended that a bipartisan commission be appointed to review this problem thoroughly, and I am prepared to work with Congress to get the commission in place.

  - And as we consider changes to Medicare and Medicaid this year, ~~the right way is to~~ ensure that any proposed change ~~protect~~s coverage, choice, quality and affordability for beneficiaries.

    I will have a simple test for every proposal. I will ask:

    (1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans?

    (2) **Choice.** Does it expand choice -- so that Medicare beneficiaries have the range of choices (like managed care and preferred provider plans) available in the private market -- or does it ~~financially~~ coerce beneficiaries into managed care plans?

    (3) **Quality.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these ~~simply arbitrary~~ and excessive cuts used to pay for other priorities -- like tax cuts for the wealthy?

    (4) **Affordability.** Will this ~~proposal~~ increase costs for beneficiaries so much as to make Medicare unaffordable ~~(who, Even with Medicare and Medicaid, today pay out of pocket health care costs more than three times greater than the rest of the population)~~?

- We also can and should work toward guaranteeing health security to all Americans and containing costs for all families and businesses and for the government. As I have said before, this year I believe we can take the first steps. Congress has already passed legislation that will make insurance more affordable for self-employed workers and their families. We can also:

  - Reform the insurance market -- so that people don't lose their health insurance when they lose their job or change jobs or a family member falls ill, and so that small businesses can afford to buy insurance for their workers;

  - Make coverage more affordable for working families;

  - Help workers who lose their jobs keep their health insurance;

  - Continue the start already made to level the playing field for the self-employed; and

  - And help families provide long-term care for a sick parent or disabled child. That is why we support expanding state administered home care services. And that is why we support tax clarifications for private long-term care insurance as well as consumer standards so that long-term care insurance policies are worth more than the paper they are written on.

- My Administration is also taking steps now to reform our health care system and to improve Federal health care programs. We have cracked down on fraud and abuse and will increase these efforts through a new program I am announcing today as part of our "Reinventing Government" proposal. [Waiting for language from Elaine Kamarck.] This is just one example of the "right way" to reform our health programs.

FAX TO: Jennifer Klein

FROM: Sally Garrett
HCFA
(202) 690-7356

DATE: April 27

RE: Medicare/Medicaid talking points that you received yesterday from HCFA

I need to add a qualifier to the sixth bullet point of the material I sent to you yesterday.

The first sentence of that bullet should read:

> And older Americans today enjoy better health and longer lives in part because of Medicare.

The "in part" needs to be added because other programs helped improve the health and lives of older Americans as well -- e.g. Older Americans Act, etc. Supporters of these other programs will be present at the WHCOA and would probably be disturbed if Medicare got all the credit....just want to be accurate.

Please call if you have any questions.

MESSAGE OUTLINE FOR WHITE HOUSE CONFERENCE OF AGING SPEECH

1. Recognition that health care entitlement spending is the major cause of deficit growth.

2. Health Care entitlements must be addressed, but there is a right way and a wrong way to do so.

3. Right way, is to do so through health care reform.

And right way is to ensure that when reforms are made to Medicare and Medicaid that they protect choice, quality and coverage.

Here is way that we will protect and expand choice in Medicare.

[Right way to address longterm Medicare Trust Fund issue is through Quadrennial Commission.]

4. There is also a Wrong way:

- Simply slash Medicare
- Use it as a bank to pay for tax cuts;
- Or promote options that call for coercion over choice.

If there are proposals like this, I will fight them.

Medicaid is also a Seniors Program

Call Elaine - get Fraud & Abuse ??

Outline for Health Care Portions of POTUS White House Conference on Aging Speech

I. Reiterate the historical importance of Medicare - lifts people out of poverty - e.g. of govt that works

II. Acknowledge last year's health care debate (i.e., what we fought for; what we admittedly did not achieve) and note that the problems in our health care system remain.

III. State that he is committed to working together

a. Note that we won't get everything we want, but that shouldn't prevent us from looking for common ground.

[b. Should he restate his vision for health care reform (i.e., State of the Union message)?]

IV. But emphasize that he has criteria for evaluating any health care proposal -- from the Administration or the Congress -- and note that the Medicare and Medicaid proposals being considered by the Republicans do not pass his test.

Long-term problem of Trust Fund that must be addressed. → As little as possible on trust fund.

(1) **Coverage.** Does it work toward our goal of expanding coverage or does it go backward and increase the number of uninsured Americans?

(1) In context of reform

(2) **Choice.** Does it expand choice -- particularly managed care choices for all Americans -- or does it coerce Medicare beneficiaries into managed care plans?
Force them to pay more

→ e.g. managed care

(3) **Reform.** Will this proposal reform the Medicare and Medicaid programs to make them more efficient without harming the delivery system, threatening quality and increasing cost shifting to small businesses? Or are these simply arbitrary and excessive cuts used to pay for other priorities?

Notion of Affordability --

Quality - no cuts that undermine quality

Cost

(4) **State Flexibility and Fairness.** Does this proposal give states greater flexibility to run their Medicaid programs in the way that works best for them? Or does it simply shift costs to states in the guise of greater flexibility?

Bi-partisan, long range

[(5) **Building for our Future.** This could address the longer-term issues like deficit reduction and the Trust Fund problem. It could also encompass some commitment to reinvest in Medicare beneficiaries (e.g., long-term care).]

V. Outline "some things we are doing right now" to expand choices, strengthen Medicare and Medicaid, educate beneficiaries, etc.

(1) Fraud and abuse and other REGO II proposals

(2) Managed care (general description rather than specific proposal)

(3) Mammography

[(4) HHS developing list]

JEN —

FIRST CUT AT non-health CARE WHCOA talking pts. Thoughts? Comments? JBA

24 April 1995

TO: Interested Parties

FROM: Jeremy Ben-Ami/Molly Brostrom
Domestic Policy Council

RE: Draft Outline for POTUS White House Conference on Aging Speech

The 1995 White House Conference on Aging provides an important opportunity for the President to present a message to older Americans -- more than 2,000 delegates will attend the Conference, and thousands more will listen at satellite conferences.

Attached is an outline of initial thinking on the President's remarks -- besides health care -- to the White House Conference on Aging (May 3). It is assumed that health care will be the central message of the speech, but the substance of that message is still to be determined. The attached document, therefore, addresses the three other categories we believe should be addressed in the speech: 1) general background on WHCoA; 2) Social Security; and 3) Administration accomplishments on behalf of seniors.

In addition, there appears to be growing consensus around the idea that the President should mention the Medicare/Medicaid REGO initiatives in his speech, but that those points will not be central to the speech. It looks likely/possible that the Vice President will address the Second Plenary (dinner on Thursday evening) -- the VP could flesh out the REGO initiatives in his speech. Alternatively, Secretary Shalala could follow up the President's speech with briefings for the press on the REGO initiatives; this could interfere, however, with the central message of the President's speech.

Please provide thoughts/ guidance on the above, as well as the attached.

1995 WHITE HOUSE CONFERENCE ON AGING
Outline of Points for President's Speech

I. **General**. *The 1995 WHCoA is a historic event: last WHCoA held in 1981. 1995 Conference is unique in grassroots approach, and results orientation. Two primary themes of Conference: intergenerational linkages and diversity of older Americans.*

- I am proud to convene the 1995 White House Conference on Aging. This historic event is the first Conference to be held since 1981, the fourth formal White House Conference on Aging, and will be the last Conference of this century.

- Past White House Conferences on Aging have had a significant impact on aging policy, including initial conceptualizations of the Medicare program and the Older Americans Act. I am sure this Conference will continue in that tradition, and provide us important guidance in both meeting the needs of today's seniors and shaping aging policy for the 21st century.

- And this Conference could not come at a more critical time. [Elaborate on political climate, doubling of aging population...]

- I would also like to recognize the unique grassroots approach used by this Conference that has resulted in the involvement of tens of thousands of seniors across the country. The more than 800 local, State, and regional events in which many of you, as well as your friends and neighbors back home, participated helped formulate the ideas and agenda that will be addressed this week.

- I would also like to note that you set a tremendous example for the rest of us in the goals of this Conference. In the coming days, you have challenged yourselves to not only identify problems and concerns, but also to seek methods to effectively address these issues. And you will carry this challenge beyond Friday, to a series of post-Conference activities at the state and local level, that will focus on practical responses and implementation steps for the issues raised this week. I commend you for your responsible approach and pledge to work with you in addressing the issues identified.

- As you prepare to begin the nitty-gritty work of deliberations of this 1995 White House Conference on Aging, I wish that I could join you, to demonstrate the unity that I --as a "somewhat younger American"-- and your other "somewhat younger" and even "much younger" fellow citizens feel with you. The concerns and issues recognized by you as older Americans, are ones shared by the rest of the nation--not only because of the universal bond that ties each one of us to old age, but because you are the core threads in the fabric of our country.

- You are parents, grandparents, teachers and mentors to us. You have helped build this nation, defended the principles upon which our country was founded, nurtured children and grandchildren, and continue to give of yourselves -- through continued parenting and grandparenting, and through a host of volunteer activities -- I know X number of you are participating in the National Service Corps. I salute and thank all of you for the contributions you have made and continue to make to this nation.

- And finally, in these words of welcome, I want to say that, even as we address you as a bloc, a whole, as older Americans or seniors, I recognize that you are as diverse a group as we "somewhat younger" and those "much younger" fellow citizens are. It's a diversity that we celebrate as part of our distinct American nature. I am sure this diversity will be evident to all of you as you work to come to consensus around many of the issues you will address at this Conference.

II. **Social Security**. *Unions and many senior advocates have urged the President to re-emphasize his commitment to protecting and maintaining the universality of the Social Security program. The solvency of the Social Security Trust Fund, and what steps will be taken to secure it are high on lists of concerns. This year, the 60th Anniversary of the creation of Social Security program, provides a good backdrop to renew commitment to the program.*

- As your President, I want to reiterate my fundamental commitment to Social Security. This government has a solemn commitment to every working American, and to their families, that Social Security will be there for them when they need it.

- For decades, Social Security has provided economic security to the elderly, to Americans with disabilities, to families who have lost not just a loved one, but the family provider. It is a program that has made a difference in the millions of individual lives and in American society.

- Almost 60 years ago, President Franklin Roosevelt signed the legislation creating Social Security, saying that the program "will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age."

- To ensure that our Social Security commitments to future generations will be honored, we need to look to the future. We need to make a bipartisan commitment to keep Social Security safe, sound and secure throughout the 21st century.

- We have the time to make the right decisions about Social Security's future -- according to recent estimates of the Trustees, Social Security will have sufficient funds to pay benefits for the next 35 years.

- The important groundwork is already being laid. An Advisory Council on Social Security -- a bipartisan panel with a great deal of expertise and experience -- has begun developing policy recommendations aimed at achieving long-term solvency for Social Security, and is expected to report this fall. No significant change in the Social Security program has ever taken place without the groundwork being laid by this kind of bipartisan commission. The 1930s changes adding coverage for survivors and dependents, the 1960s recommendation for the creation of the Medicare program, and the 1983 changes that addressed the insolvency crisis -- all of these changes were preceded by commissions like our Advisory Council that were instrumental in developing sensible, effective change to the program.

- Whatever the recommendations, as we begin to pursue changes that will keep Social Security solid throughout the 21st century, I believe very strongly that we must protect the core principles that make Social Security work as well as it has for nearly 60 years.

- First, Social Security has been so successful, so important to our society, because it is universal -- virtually every American participates in the program. The program works because we all participate in it, pooling our payroll contributions so that we share in the benefits the program provides -- whether as a senior citizen, a spouse or dependent who has lost a loved one who was still in his or her working years, or as one who has lost the ability to work because of a disability. Social Security is a vitally important package of economic protection that is there for us during our times of greatest vulnerability.

- Second, Social Security is effective because it promotes and rewards work by tying benefits to wage-earning labor, and we must protect that link between work and benefit eligibility, ensuring workers a fair return on their payroll tax dollars.

- And, finally, Social Security is so important to our society's well-being because it is the single most important instrument this nation has to keep our elderly out of poverty. We must protect the program so that it provides an adequate base for older Americans and continues to keep people from falling into poverty.

- I want to say a word to my fellow members of the baby boom generations as well as to citizens in their 20s and 30s who have doubts about Social Security's future, and who wonder whether they should still be a part of the program.

- Social Security has always been a model of intergenerational cooperation. The program works because current workers generate the revenues that provide retirement benefits for their eligible parents and grandparents. These benefits allow older Americans to live lives of dignity and independence, relying on their own resources, and not a burden to adult sones and daughters.

- For Social Security to stay strong in the future, we need people of all generations to work together. Younger people need to recognize the value Social Security plays in the lives of senior citizens. Older Americans must

understand that Social Security cannot be allowed to end with their generation, that we must share ideas and thoughts to ensure that the program lives on for decades to come.

- It has been almost 60 years since President Franklin Roosevelt's pen created a Social Security program that became one of the most successful and important initiatives this or any other government has ever created. The lives of tens of millions of Americans have been touched by Social Security during its existence. Our goal, our bipartisan goal, must be to ensure that Social Security will be around for another 60 years and beyond, providing economic security to generations of American workers and their families.

III. **Accomplishments/Other**. *The WHCoA provides an opportunity to highlight Administration accomplishments on behalf of seniors, and highlighted by the notable anniversaries of admired federal programs (Medicare, Social Security, Older Americans Act), the Conference provides the opportunity to discuss examples of government working.*

Could also recognize Oklahoma victims who worked on many of these programs.

- I think a universal belief about government is that one of its key roles is to protect society's most vulnerable. And the times when we are most vulnerable are at the beginning and end of life. I am proud that my Administration has fought hard to protect the youngest and the oldest in our nation. For older Americans, we have fought for programs that promote health and independence,... [Review select accomplishments, perhaps including:

  - Elevation of Commissioner of Aging to Assistant Secretary of Aging
  - Champion of long-term care, health security, strengthening Medicare (First Lady and Mommograms), containing spiralling health care costs
  - Establishment of independent Social Security Administration
  - Improving SSA customer service--e.g. Personal Earnings and Benefits Statement, reduction in pending disability claims.
  - Support for senior involvement in Americorps.
  - Laundry list of accomplishments being compiled.]

- I am proud that your country can offer you some assistance, protection after all you have given to your country. As we celebrate the 50th Anniversary of the end of World War II this year, I would particularly like to salute the contributions and protection given by our WWII veterans, many of whom are here today. You fought selflessly, to protect our community and our neighbors abroad; you and your generations have taught us the values of patriotism, community, selflessness, and self-reliance. This Administration is working to keep those values in our society...

- I pledge to work with you to continue fighting to protect our society's most vulnerable. I look forward to the guidance and recommendations that will come out of the 1995 White House Conference on Aging. I know that your desire to leave a legacy of hope for your children and grandchildren will be reflected in the outcomes of the Conference. I hope you will work with me, in a cooperative, bipartisan manner, to set a strong, hopeful course into the 21st century.

FAX TRANSMISSION

U.S. Department of Health and Human Services
Office of the Secretary

DATE: 4/25

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TOTAL NUMBER OF PAGES TRANSMITTED: _____

COMMENTS:

As requested

U.S. Dept. of Health and Human Services
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FOR RELEASE UPON DELIVERY
SUNDAY, APRIL 23, 1995

*REMARKS BY

DONNA E. SHALALA

SECRETARY OF HEALTH AND HUMAN SERVICES

SENIOR CITIZEN FAIR

ST. LOUIS, MISSOURI

*THIS TEXT IS THE BASIS OF SECRETARY SHALALA'S ORAL REMARKS. IT SHOULD BE USED WITH THE UNDERSTANDING THAT SOME MATERIAL MAY BE ADDED OR OMITTED DURING PRESENTATION.

Thank you, Congressman Gephardt, for that gracious introduction.

I always love speaking to groups of seniors, because I get to quote my heroes and role models, Franklin and Eleanor Roosevelt.

FDR inspired us to "always hope ... that there is a better life, a better world, beyond the horizon."

And Eleanor inspired us to act, to believe that "our own success, to be real, must contribute to the success of others."

Armed with hope and conviction, the Roosevelts believed government could be a force of good.

By creating Social Security for seniors and millions of jobs for workers, by bringing electricity into people's homes and new roads to their communities, the Roosevelts put government back on our side.

And so today, when the Republicans propose slashing the school lunch program and aid for disabled children ...

... we have to ask, "Whose side are they on?"

When they propose wiping out good programs that make a difference -- like the Drug Free schools program and the Summer Jobs program ...

... we have to ask, "Whose side are they on?"

When they propose repealing the ban on assault weapons because the gun lobby tells them to ...

... we have to ask, "Whose side are they on?"

And when they talk about scaling back Medicare and Medicaid -- instead of strengthening them ...

... we have to ask, "Whose side are they on?"

Anybody who wants to cut back on programs targeted for seniors, working families, and children to pay for a big tax break for the rich ...

... isn't on my side, isn't on Congressman Gephardt's side, and certainly isn't on your side.

The other party isn't cutting government -- they're gutting government, and with that, they're gutting our historic commitment to Americans who have worked hard and played by the rules all of their lives.

Some of the Republicans are saying that our Medicare and Medicaid programs can be cut with a meat ax -- and, in the case of Medicaid -- shifted to the states in the form of a block grant without doing serious harm to older Americans and their hardworking, middle class families.

That's like saying up is down.

That's like saying cruel is kind.

That's like saying ketchup is a vegetable.

Let's be very clear: Between 1996 and 2002, their proposals would take about half-a-trillion dollars out of our health system.

This reminds me of that old saying that the only difference between genius and stupidity is that genius has its limits!

Because there is no limit to the stupidity of slashing Medicare and Medicaid, and jeopardizing your health security.

And make no mistake, that's what's on the line here.

The Medicare cuts could mean a steady decline in services over the next decade.

They could mean higher co-payments for you at hospitals and the doctor's office -- which is like lowering your Social Security check.

And they could mean forcing you to enroll in a managed care plan -- an HMO -- instead of allowing you to make the choice yourself, which is what the Clinton administration favors.

The Medicaid cuts are just as bad ....

They could mean the impoverishment of the 4 million seniors who rely on Medicaid to supplement Medicare.

And they could mean fewer long-term care options for seniors.

There's a common misperception that Medicaid only helps low-income women and children, when in fact, about two-thirds of its funds are spent on older Americans and people with disabilities.

These people are solid members of the middle class who have exhausted all their savings and assets and now depend on Medicaid to help with the overwhelming cost of nursing home care.

You have to wonder about politicians who would put these older Americans and their families behind the eight ball and abandon the American tradition of compassion.

In contrast, this President has a very different vision for our country and our seniors:

One that brings people together instead of driving them apart ...

One that honors the sweat and the sacrifice and the long-term planning of our citizens.

One that puts people first and refuses to roll back the clock on our historic success in lifting seniors out of poverty.

We believe that there is a better America beyond the horizon -- and we have put our bodies and souls in motion to get there.

We're the ones who helped creat more than 6 million jobs while dramatically cutting the deficit we inherited.

We're the ones who beat back all attempts to put Social Security on the chopping block.

We're the ones who passed The Family and Medical Leave Act.

We're the ones who increased funding for the biomedical war against heart disease, breast cancer, AIDS, and Alzheimer's.

We're the ones who have lifted the veil of silence from neglected tragedies like elder abuse and malnutrition.

We the ones who came in and made huge improvements to Medicare -- simplifying the way we handle your payment claims and cracking down big-time on waste, fraud, and abuse.

And we're the ones who are sending out the Personal Earnings and Estimate Benefits Statement at Social Security -- PEBES, for short.

The PEBES form helps you plan for retirement by telling you how much money you can expect to receive from Social Security.

Everybody 60 and over should have gotten theirs by now -- and if you're under 60, you can write in and ask for one -- like I did.

This is a proud record of achievement -- but let me tell you, the Clinton administration will not slow the pace when it comes to fighting for your rights and your security.

In two weeks, aging issues are going to be on the front burner all across the country, when President Clinton hosts the first White House Conference on Aging in fourteen years.

It's no secret that our predecessors never got around to holding the Conference like they were supposed to, but Bill Clinton has a real record -- and it tells you exactly whose side we're on.

We're on the side of the 64 year-old self-employed shop owner who can't afford private health insurance but will soon be eligible for Medicare.

We're on the side of the 78 year-old shelter volunteer who has got his books balanced perfectly and can't afford higher co-payments.

We're on the side of the 93 year-old mother of three, who needs Medicaid to stay in her nursing home --

-- and on the side of her three 50-something children who are loving, courageous, tireless and proud they live in America.

And so, I came here today to bring a special message from President Clinton.

You helped build this country with your heads and your hearts and your hands.

You kept this country straight in times of trouble and turmoil.

And you delivered the peace and prosperity that too many people now take for granted.

We know that you will continue to give great gifts to our country for years to come:

You will work fulltime in every field.

You will start businesses and second careers.

You will volunteer in our communities.

You will fight for political change.

You will raise children and grandchildren.

And through it all, Social Security, Medicare and Medicaid will be there for you.

They are the soil of productive and healthy senior years -- and we believe, with FDR, that "the nation that destroys its soil destroys itself."

These great government programs provide something more precious than diamonds: They provide freedom --

Freedom to choose.

Freedom to be independent.

Freedom to travel.

Freedom to work as long as you want.

Freedom to enjoy family and community and each other.

And freedom to plan long and healthy lives.

We won't let anyone turn back the clock -- erase the legacy of the Roosevelts -- and put out a contract on your futures.

Thank you for listening, and thank you for being here.

OFFICE OF THE VICE PRESIDENT

WASHINGTON, DC

April 26, 1995

Jennifer -

The 15+ four proposals on the attached release are designed to improve Customer service and should be mentioned in the President's speech.

If you have any questions, please call Elaine or me, 62816.

Don Smith

THE WHITE HOUSE
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE
Wednesday, April 12, 1995

CONTACT: 202-456-7035

VICE PRESIDENT ANNOUNCES REINVENTION OF SOCIAL SECURITY OPERATIONS

WASHINGTON--As part of the Clinton Administration's continuing efforts to reinvent the federal government, Vice President Al Gore today announced a set of reinvention initiatives for the Social Security Administration. While the President was in Warm Springs, Georgia, commemorating the 50th anniversary of the death of President Franklin D. Roosevelt, Vice President Al Gore said: "Social Security is one of FDR's most important legacies to the nation."

In unveiling reinvention proposals to improve social security operations while preserving FDR's legacy, the Vice President said: "We'll have a system ready for the next century, providing world class service to its customers."

The Clinton-Gore reinvention recommendations for Social Security include:

PAYMENT DAY CYCLING FOR NEW BENEFICIARIES: Monthly payments are currently paid on the third of each month. This results in peak workloads for SSA and the banking and business communities. With approximately 3.5 million beneficiaries coming on the rolls annually, there is real concern that SSA could not cope with the workloads. Therefore, new beneficiaries will have their payments staggered over a number of payment dates throughout the month to eliminate workload spikes and allow SSA to provide better customer service without adding staff.

In developing this proposal the Social Security Administration followed the practice of the Administration's National Performance Review by using customer input to improve SSA operations. Interviews with the public conducted in "focus groups" showed that many retirees have already built their monthly activities around the day their payment arrives. Social Security Commissioner Shirley Chater said: "To change that practice would be disruptive to them, so the payment day for those already on SSA's roles will remain the same unless they ask to participate in our new cycling of payments." That is why payment cycling will apply only to new Social Security beneficiaries. One day of every week in the month would, in fact, become "payment day" for a certain number of new Social Security beneficiaries.

IMPROVE 1-800 TELEPHONE SERVICE: SSA spent the last six months meeting with some of American's top rated customer telephone service companies to determine

the best ways SSA can provide world class telephone service. SSA learned that these companies rely on modern computer systems to give them the capacity and capability to provide quick and accurate service. SSA is striving to develop the same capability. Commissioner Chater said, "We need to create a technological infrastructure that will allow us to do more and do it better without asking for more resources. Nothing is more important to our agency than getting this infrastructure up and running and serving our customers."

DIRECT DEPOSIT/ ELECTRONIC BENEFITS TRANSFER SERVICES: SSA will increase the number of recipients who are paid by direct deposit in three phases over four years. The first, already underway, is directed to all new beneficiaries who have bank accounts. The second phase will focus on those with bank accounts and who do not use direct deposit services. The final phase will require that all beneficiaries without bank accounts must select one of the electronic benefits transfer services that will be available to receive their monthly benefit payments.

More than forty percent of Social Security's 43 million beneficiaries are still paid by check. Direct deposit would save $.35 per check, or $70 million per year. In addition, more than 35,000 checks are reported lost each month, and the overwhelming majority of these problems would be eliminated by going to direct deposit.

ONE STOP BENEFIT APPLICATION: The Administration wants to give people who are applying for retirement or Medicare benefits more options. Many people may find it more convenient and more comfortable to file for benefits through their own personnel office at work. Today, about one percent of people filing for benefits use this option--and where they are able to do so they use the old paper application process.

The Social Security Administration wants to create a controlled, confidential, electronic process through which employees at large companies can quickly file for retirement and/or Medicare through the company personnel office. This option would allow workers to apply for a company pension, Social Security and health benefits all at one time and in one place.

REGIONAL OFFICE CONSOLIDATION: SSA will be moving hundreds of front-office administrative employees into direct service positions by consolidating 10 regional offices into five. "In an age of instantaneous electronic communication, we will be able to function just as efficiently with five fewer administrative sites," Commissioner Chater said.

STOP COLLECTING ATTORNEYS' FEES: SSA will no longer be a collection agency for attorneys who have clients who appeal Social Security judgments. SSA now approves the fee an attorney (or non-attorney representative) may charge and withholds a part of past due benefits for the attorney. "We are getting out of that business," Commissioner Chater said. "The agency will no longer approve fees or withhold benefits to pay attorneys." Social Security workers now involved in paying

attorneys would now be able to provide direct service to beneficiaries. She noted, however, that there will be statutory limits on what attorneys may charge.

EMPLOYERS' ELECTRONIC WAGE REPORTING: All employers, except those who employ only household workers, will be required to file W-2 wage reports with SSA on magnetic media or by electronic transmission. Time and effort now spent in processing and checking paper will be eliminated to allow Social Security to focus more on the important needs of customers.

IMPROVE THE DISABILITY ADJUDICATION PROCESS: State agencies currently have the authority to make disability determinations, fully financed by SSA and following SSA rules. Average claim processing times vary greatly by state, ranging from as low as 42 days to as high as 115 days. SSA will work with the states to jointly establish minimum performance standards and a period of time during which states will be required to meet these standards. In addition "performance enhancement teams" from the highest performing states will be made available on an as needed basis to provide on site assistance. SSA will also encourage the formation of labor/management partnerships in order to find ways of increasing performance. This initiative is intended to raise the level of the lowest performing states and to narrow the gap between the highest and lowest performing states.

IMMIGRATION AND NATURALIZATION SERVICE (INS) WILL PROCESS APPLICATIONS FOR SOCIAL SECURITY CARDS: Aliens will apply for Social Security cards at the time they complete INS immigration paperwork. Currently, the alien applicant is required to furnish almost the same information to SSA as to INS. This will provide "one stop" service, will reduce the potential for issuing cards based on fraudulent INS documents and will result in efficiencies for the government.

END DUPLICATIVE SSA-IRS FILING: Beneficiaries who work and earn over the exempt amount are required to report their earnings to SSA by April 15th each year. Beneficiaries are also required to report their wages for the prior year. To reduce the paperwork burden on the public and provide "one-stop" service, beneficiaries will only report to IRS and include on their income tax return the amount that would otherwise be reported to SSA. IRS will issue any payment due to SSA beneficiaries. In addition, SSA and IRS will work together to determine how IRS can offset overpayment against tax refunds.

These proposals will result in $850 million in savings from FY 1997 to FY 2000.

PRESIDENT CLINTON: WORKING FOR OLDER AMERICANS

"Our senior citizens have made us what we are."

President Clinton, State of the Union, 1995

"My position is, I haven't and don't support cuts in Social Security, and I would support savings in the Medicare program only if they're used to advance the cause of health care."

President Clinton, October 23, 1994

BRINGING SENIORS TO THE TABLE *Our nation's seniors are central to our communities. The Clinton Administration is committed to addressing the concerns of Older Americans and including them in decision-making.*

- Elevation of Commissioner of Aging. President Clinton elevated the position of Commissioner on Aging to Assistant Secretary status to make sure the interests and concerns of older Americans are at the table when decisions are made.

- 1995 White House Conference on Aging. President Clinton demonstrated his commitment to older Americans by calling for the fourth White House Conference on Aging, after the 1991 Conference failed to take place.

PROMOTING ECONOMIC SECURITY *People who work hard and play by the rules should be rewarded. The Clinton Administration is committed to promoting economic security and opportunity across generations.*

- A stable Social Security System The Administration is committed to preserving Social Security benefits and ensuring long-term integrity of the Trust Fund. Social Security benefits should not be used to balance the budget or pay for tax cuts for the wealthy.

- Bolstering Public Confidence By strengthening and streamlining the program, we're bolstering public confidence in Social Security. We worked with the Congress to make SSA an independent agency, and now SSA is working hard to improve customer service and satisfaction -- through its 800 number, by reducing the number of pending disability claims and by mailing Personal Earnings and Benefit Estimate Statements (PEBES) so Americans know the retirement benefits they can expect.

- A Reliable Pension System People deserve a pension system that they can rely on -- so President Clinton signed the Retirement Protection Act in December 1994. Now, workers and retirees will be able to count on receiving the pensions they have earned.

- Enhanced IRAs The President's Middle Class Bill of Rights allows people to set up an Individual Retirement Account and withdraw it tax-free for the cost of education... or first time home buying... or the care of a parent... or health care.

THE CLINTON ADMINISTRATION CONTINUES TO FIGHT FOR REAL HEALTH CARE REFORM *We remain firmly committed to guaranteeing health security to all Americans and to containing health care costs for families, businesses and federal, state and local governments.*

- First Steps As the President has consistently stated, this year we can take the first steps. The Congress can, and should, reform the insurance market, make coverage affordable for working families, continue the start made already to help workers who lose their jobs keep their health insurance; level the playing field for the self-employed; and **help families provide long-term care** for a sick parent or a disabled child.

- Long Term Care We know that long-term care is of critical importance to the elderly. That's why we have consistently supported expanding state administered home care services. It's also why we support tax clarifications for private long-term care insurance and consumer standards for long-term care so that insurance policies are worth more than the paper they're written on.

- Fighting Republican Cuts We're fighting to protect health care for mothers, children, the disabled and aged Americans. Republicans want to cut Medicare by about $250 billion and federal Medicaid spending by about $160 billion between now and 2002. These cuts will mean shifting a staggering financial burden to elderly and disabled Medicare beneficiaries; dropping coverage or shrinking benefits for the elderly, disabled, or mothers and children on Medicaid; and significant cuts in payments to hospitals, physicians and other providers.

- Making Medicare and Medicaid Responsive to Beneficiary Needs We're supportive of an expansion of managed care options to increase choices for beneficiaries -- not as a smokescreen for deep and arbitrary cuts. And, we're streamlining regulations and cutting paperwork.

- Health Reform Critical to Deficit Reduction The President has consistently said that we cannot get a hold of the deficit without passing meaningful health reform. Over the next five years alone, almost 40 percent of the growth in total federal spending will come from rising costs in federal health care programs. We must contain costs in these programs. But we must do it as we reform our health care system as a whole -- not by arbitrarily cutting programs that serve the most vulnerable Americans.

A BETTER QUALITY OF LIFE *The Administration is committed to fighting for a better quality of life -- safe streets, high-quality and affordable education for everyone, and making services available where they're needed most -- at the community level.*

- Fighting Crime The Administration passed the smartest, toughest, and most comprehensive Anti-Crime bill in this country's history... a bill that provides police, prisons, punishment and prevention... so that the streets families live on are safer.

- Education President Clinton has signed the Student Loan Reform Act, Goals 2000, School-to-Work and expanded Head Start. His "Middle Class Bill of Rights" calls for tax cuts for parents trying to put their kids through school... and a $500 tax cut for families with children under 13.

- Promoting community service 20,000 young people are devoting their time to community service through the Administration's Americorps; some work with seniors in their community. And, Senior Corps programs like Foster Grandparent and the Retired and Senior Volunteer Program boast 526,000 participants.

- Reinventing Government The Administration has eliminated 102,000 jobs and continues to cut obsolete regulations; reward results, not red tape; taking power away from federal bureaucracies and giving it back to communities.

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