

THE WHITE HOUSE
WASHINGTON

April 23, 1997

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

cc: Bruce Reed, Gene Sperling, John Hilley, Melanne Verveer

SUBJECT: Introduction of a New Bipartisan Children's Health Bill

Tomorrow afternoon, Senator Chafee and Senator Rockefeller will lead a bipartisan group of at least 13 Senators (Hatch, Snowe, Collins, Jeffords, Breaux, Kerrey, Bingaman, Dodd, Kerry, D'Amato, and Kennedy) in introducing a new \$15 billion, Medicaid-based children's health coverage bill. They will suggest that their plan "targets" 5 million uninsured children, but their staffs are nervous about overpromising because estimates given to them by the Congressional Budget Office yesterday have, on a preliminary basis, projected a much lower number. Perhaps because of this, the sponsors will say that this legislation "complements," but does not replace the need for the Hatch-Kennedy grant program.

The Chafee/Rockefeller legislation includes: (1) your 12 month continuous coverage initiative; (2) an enhanced Federal match for children between 100 and 150 percent of poverty for those states that immediately cover all children up to age 18 to 100 percent of poverty (who are currently being phased-in over the next 5 years); and (3) a \$25 million a year state outreach grant. There will be no specific financing mechanism; apparently the sponsors agree with our current position that the more than \$120 billion in Medicare and Medicaid reductions that we are currently proposing is more than adequate to finance the \$15 billion investment. (As a reminder, we are currently carrying about \$19 billion for our new health coverage expansions.)

The introduction of yet another bipartisan children's health coverage bill clearly strengthens your hand in the balanced budget negotiations. It is particularly worth noting that a Chafee-Rockefeller type initiative can now easily be envisioned passing out of the Finance Committee since four of the Republican cosponsors sit on the Committee. This bill also helps respond to the Republican Budget Committee Chair's stated desire to avoid the establishment of new programs to address Presidential priorities.

We believe that the Chafee/Rockefeller bill still requires a good deal of work to most efficiently cover a greater number of uninsured children. It also seems likely that we will probably still need some type of grant program to build onto Medicaid improvements to get the most children for the least amount of money. Having said this, the introduction of this legislation undoubtably enhances the likelihood that a substantive children's coverage bill can emerge from the Congress.