Coalition to Save Medicare
August 3, 1995

For more information, contact:
Cristina Biro, Manager of Public Affairs
703-836-6200, 703-836-6080

Statement of Greg Scandlen
Executive Director
Council for Affordable Health Insurance

The Council for Affordable Health Insurance (CAHI) believes the best approach to solving the problems in the Medicare system is to maximize the individual's freedom of choice and to promote a robust competitive market. CAHI serves on the steering committee of the Coalition to Save Medicare because we agree with its goal: to preserve, simplify and strengthen the Medicare system.

Reforming the Medicare system is one of the greatest dilemmas facing Members of Congress today. CAHI has developed a proposal that will save the Medicare program by reducing spending. At its core are the following guiding principles.

1. **Free Market Principles.** The Medicare program should rely on free market principles and encourage regulation by market forces rather than bureaucratic controls. The program's structure should enable beneficiaries to make choices, such as using a voucher system to finance their health care.

2. **Freedom of Choice.** The program should provide the widest array of choices for consumers entering the program.

3. **Consumer Protection and Empowerment.** Medicare beneficiaries should be empowered to make the health care choices that best meet their health care needs. Adequate consumer protection mechanisms should be in place to protect Medicare beneficiaries.

4. **Level Playing Field.** Indemnity insurance carriers, managed care companies, Medicare risk contractors, Medicare supplemental insurers and other health care organizations that provide services to Medicare beneficiaries should compete on a level playing field.

5. **Sound Fiscal Policy.** Any proposal to reform Medicare must strive to reduce the rate of growth in Medicare expenditures, while sustaining both short-term and long-term solvency. Medicare should provide for reasonable provider reimbursement to eliminate cost shifting.

(MORE)

6. **State Regulation of Insurance.** The regulation of insurance should be returned to the jurisdiction of the states. Federal standardization of any insurance product, including Medicare supplement insurance, is contrary to free market principles and should be avoided.

CAHI supports all efforts to encourage policy makers to simplify and improve the Medicare system by opening it up to new options and opportunities. We will continue to work with the Coalition to Save Medicare to convince legislators the best way to save Medicare is to use market forces to reduce excessive costs and improve the quality of care available.

The Council for Affordable Health Insurance is an association of small to mid-sized insurance companies that was formed in March 1992 to fight for free market solutions to the problems in the health care system. Council members cover over four million people in the individual and small group insurance markets.

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Citizens for a Sound Economy Foundation

CSEF Talking Points

(202) 783-3870

August 3, 1995

Facts About Medicare

- If no reforms are made, Medicare Part A (Hospital Insurance) will be bankrupt in 2002.
- Traditional "fixes" such as tax increases won't work. Payroll taxes would have to more than double immediately to attain long-term financial soundness. That would mean almost $900 in new taxes for a worker earning $24,000 a year.
- This assumes that the "most likely" scenario for future costs is accurate. But Medicare's chief actuary says costs may exceed that estimate.
- Medicare part B is growing even faster than Part A. Over the past five years, outlays have increased 53 percent.
- Medicare trustees say that the taxpayer subsidies necessary to sustain Medicare part B will have to increase from $38 billion today to $147 billion in 2004 if reform does not take place.
- Rather than new taxes or simple benefit cuts, Medicare can be reformed by providing recipients more choice. Anyone enrolled in Medicare should be allowed the option to escape the government-run system and open an Medical Savings Account (MSA), or enroll in any type of alternative private plan.
- Experience in the private sector proves that giving individuals more control over their health care decisions lowers costs. Most notably, MSAs are currently used in the private sector with great success. Based on private-sector savings, an MSA option could easily reduce projected Medicare costs by the amount required under the Budget Resolution.

HEALTHCARE
LEADERSHIP
COUNCIL

Pamela G. Bailey

Pamela Bailey, president of the Washington, D.C. based Healthcare Leadership Council (HLC), has been involved in health care governmental relations, public policy and communications for nearly 25 years, including service in both the public and private sectors. The Healthcare Leadership Council (HLC) is a group of over 50 health care industry chief executives -- leaders from the hospital, insurance, pharmaceutical, technology, and physician/nurse sectors. The group was initiated in 1988 with the purpose of developing a health industry consensus on solutions to the problems confronting American health care.

During the early 1970's, Mrs. Bailey was a member of the White House Staff, rising from a research assistant to the President to Assistant Director of the Domestic Council.

From 1975 to 1981, she was director of government relations for the American Hospital Supply Corporation, and from 1981 to 1983, she was Assistant Secretary for Public Affairs for the Department of Health and Human Services (HHS). She joined the White House Staff again in 1983 as Special Assistant to the President and Deputy Director of the White House Office of Public Affairs. In 1987 she was named President of the National Committee for Quality Health Care.

Mrs. Bailey is one of the five founding members of the Healthcare Equity Action League (HEAL), a coalition of more then 600 major firms and organizations representing more than 1 million employers and 35 million employees. The group is united by concern over the current state of the nation's health care system and how that system can be reformed to better serve the public.

She graduated from Mount Holyoke College (A.B., 1970). She is married and has five children.

MANHATTAN PRIMARY CARE

Michael J. Kramer, M.D., F.A.C.C.

Dr. Kramer is the founder and Chief Executive Officer of Manhattan Primary Care, PC, a New York City medical group of forty physicians treating about 50,000 patients, 20% of whom are seniors. The group treats seniors enrolled in the standard Medicare program and approximately 500 enrolled in managed medicare programs.

Dr. Kramer is board certified in Internal Medicine and Cardiovascular Diseases and has been practicing in Manhattan since 1989. He received his medical degree from the University of Pennsylvania and completed his Internship and Residency at Mt. Sinai Hospital in New York.

Dr. Kramer is a Fellow of the American College of Cardiology, and a Member of the American College of Physicians, American Heart Association, and the New York County Medical Society.

THOMAS A. SCHATZ

President
Citizens Against Government Waste and
Council for Citizens Against Government Waste

Thomas A. Schatz is President of Citizens Against Government Waste (CAGW) and the Council for Citizens Against Government Waste (CCAGW).

CAGW was founded by J. Peter Grace and Jack Anderson in 1984 following the release of the Grace Commission report. It is a 501(c) (3) nonprofit, educational organization with more than 600,000 members nationwide. Mr. Schatz is a nationally recognized spokesperson on government waste and has appeared on hundreds of radio talk shows from coast to coast, including WBZ in Boston, WGN in Chicago, KABC in Los Angeles, WCBS in New York, and WOAI in San Antonio. His national television appearances include: "ABC News with Peter Jennings," "CBS News with Dan Rather," "NBC News with Tom Brokaw," CNN, CNBC, "Larry King Live," "The McNeil-Lehrer News Hour," and numerous local network affiliates.

According to official Office of Management and Budget figures, implementation of Grace Commission recommendations saved taxpayers $152.4 billion through 1990, and CAGW estimates another $100 billion have been saved since then. An additional $78 billion will be saved over the next five years from recommendations proposed by CAGW in 1993 and $54 billion will be saved over the next five years from recommendations proposed by CAGW in 1994.

As President of CCAGW, the 501(c) (4) nonprofit lobbying organization, Mr. Schatz spearheaded the expansion of the grassroots Taxpayers Action Network to more than 400 chapters nationwide. Mr. Schatz has also testified on government waste issues before committees of the United States Senate and House of Representatives.

During his nine years with CAGW, Mr. Schatz has been instrumental in a development program that increased membership from 5,000 to more than 600,000.

Prior to joining CAGW in 1986, Mr. Schatz spent six years as legislative director for Congressman Hamilton Fish and two years practicing law and lobbying.

Mr. Schatz holds a law degree from George Washington University and was graduated from the State University of New York at Binghamton with a BA degree, With Honors, in Political Science. He is married to Leslee Behar and has two daughters, Samantha and Alexandra.

DAVID M. WALKER, CPA

David M. Walker is a Partner and Managing Director of Arthur Andersen's Global Compensation and Benefits practice based in Atlanta and Washington, DC. In this capacity, he coordinates the Firm's activities with the legislative and executive branches of the Federal Government in the compensation and benefits areas and serves clients on a variety of issues, including strategic compensation planning, retiree health benefits, employee ownership arrangements and various ERISA fiduciary, investment, funding and termination matters. Mr. Walker also coordinates the Firm's employee benefit plan audit/compliance review, ERISA enforcement/litigation support and independent fiduciary services in the United States.

Prior to joining Arthur Andersen, Mr. Walker held a variety of positions in the Federal government with the Department of Labor and the Pension Benefit Guaranty Corporation. Among other things, Mr. Walker served as Assistant Secretary of Labor for Pension and Welfare Benefit Programs and Acting Executive Director of the Pension Benefit Guaranty Corporation.

Mr. Walker is active in a number of governmental, professional, trade and other organizations. He just completed serving as one of two Public Trustees for the Social Security and Medicare Trust Funds. In addition, he is a member of the Board of Directors of the Association of Private Pension and Welfare Plans (APPWP) and is Chairman of the American Institute of Certified Public Accountants' (AICPA's) Employee Benefit Plans Committee.

Mr. Walker is a frequent speaker and author and is widely quoted in a number of publications on a variety of compensation, benefits, investment, retirement and related issues. He has also won several awards for outstanding contributions to the employee benefit plans industry and related public policy areas.

NAM National Association of Manufacturers

JERRY J. JASINOWSKI
PRESIDENT
NATIONAL ASSOCIATION OF MANUFACTURERS

Jerry Jasinowski is president of the National Association Manufacturers and one of the nation's most frequently quoted authorities on the economy and the vital role manufacturing plays in America.

He has addressed audiences across the country -- from The Commonwealth Club of California to the National Press Club in Washington, D.C. -- in his role as:

- an astute analyst of the impact of federal policies on business
- an economist who can assess broad trends changing the economy
- co-author of a new book on manufacturing success stories, *Making It In America: Proven Paths to Success from 50 Top Companies*
- industry's "most powerful advocate on Capitol Hill," according to *Washingtonian* magazine

Under Jasinowski's leadership, the NAM has been hailed as Washington's most influential and respected business group, helping to shape national policy on exchange rates, exports and many other major issues. As Chairman of the American Energy Alliance, he led the coalition's national grassroots movement to defeat President Clinton's energy tax plan. More recently, he helped lead NAM's key role in the defeat of the striker replacement bill, passage of the North American Free Trade Agreement and the need for affordable and workable health care reform.

Jasinowski is widely quoted in the media and has appeared on almost every major national network and public affairs program, including ABC's *Good Morning America*, NBC's *Today* and *Meet the Press*, CNN's *Crossfire* and *Moneyline*, *John McLaughlin's One on One* and the evening network news shows. His opinion editorials have run in *The New York Times*, *Chicago Tribune*, *Harvard Business Review*, and other major publications.

Jasinowski became president of the NAM in January 1990, after serving as the association's executive vice president and chief economist for ten years. The NAM is the largest broad-based industry trade association in the United States, representing more than 13,000 manufacturing firms and subsidiaries, large and small, located in every state. Its members account for 85 percent of U.S. manufacturing employment and production.

A one-time factory worker, Jasinowski joined the U.S. Air Force as intelligence officer serving in the Far East in the mid 1960s. He went on to become assistant professor

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of economics at the U.S. Air Force Academy. In the early 1970's, Jasinowski came to Washington to manage research and legislative activities for the Joint Economic Committee of Congress. In 1976, he served as director of the Carter Administration's economic transition team for the departments of Treasury, Commerce, Labor, the Council of Economic Advisors and the Federal Reserve. He later was appointed assistant secretary for policy at the U.S. Department of Commerce.

A native of LaPorte, Indiana, Jasinowski received his B.A. in economics from Indiana University, his master's degree in economics from Columbia University, and is a graduate of the Harvard Business School's Advanced Management Program.

Jasinowski has three children and resides in Washington, D.C. with his wife, a public affairs specialist for The Goodyear Tire & Rubber Company.

-NAM-

JEFF SMEDSRUD

Executive Vice President
Communicating for Agriculture

Jeff Smedsrud is executive vice president of Communicating for Agriculture, a national rural advocacy group representing 80,000 farmers, ranchers and rural businesses. A Minnesota resident, Smedsrud has led the development of several private sector health plans for farmers. He has helped establish more than two dozen state programs for the medically uninsured, and was active in the formation of Minnesota's model program for rural integrated service network as a method to strengthen local health care purchasing options. He is married, with four children.

N · A · W NATIONAL ASSOCIATION OF WHOLESALER-DISTRIBUTORS
1725 K Street, N.W. • Washington, D.C. 20006 • 202/872-0885 • FAX: 202/785-0586

NEWS

For Release August 3, 1995

For More Information Contact:
Leslie J. Aubin 202/872-0885

NAW APPLAUDS PROACTIVE EFFORTS OF

COALITION TO SAVE MEDICARE

Washington, D.C., August 3, 1995 -- The National Association of Wholesaler-Distributors (NAW) today lauded the *Coalition to Save Medicare* for its proactive and constructive efforts to address the fiscal crisis in the Medicare program.

The broad-based *Coalition* is mounting an effort to support changes in Medicare to preserve and strengthen the program while slowing its rate of growth.

NAW praised the *Coalition* and its commitment to be proactive. "The rhetoric is flying fast and furious on Medicare, and it is refreshing to hear a clear, constructive voice. Unlike those who would simply demagogue the issue, the *Coalition* is supporting legitimate and responsible proposals to ensure that Medicare will still be around in the decades to come," said NAW President Dirk Van Dongen.

"This is a problem we cannot afford to ignore; nor can we afford to waste time on name-calling and partisanship. The Coalition is actively working to address the problem and we are pleased to be a part of it," added NAW Senior Vice President Alan M. Kranowitz.

NAW is composed of Direct Member companies and a federation of national, regional, state and local aassociations and their member firms which collectively total more than 45,000 companies. NAW's core mission is to advocate its members' interests on national public policy issues which affect the entire wholesale distribution industry.

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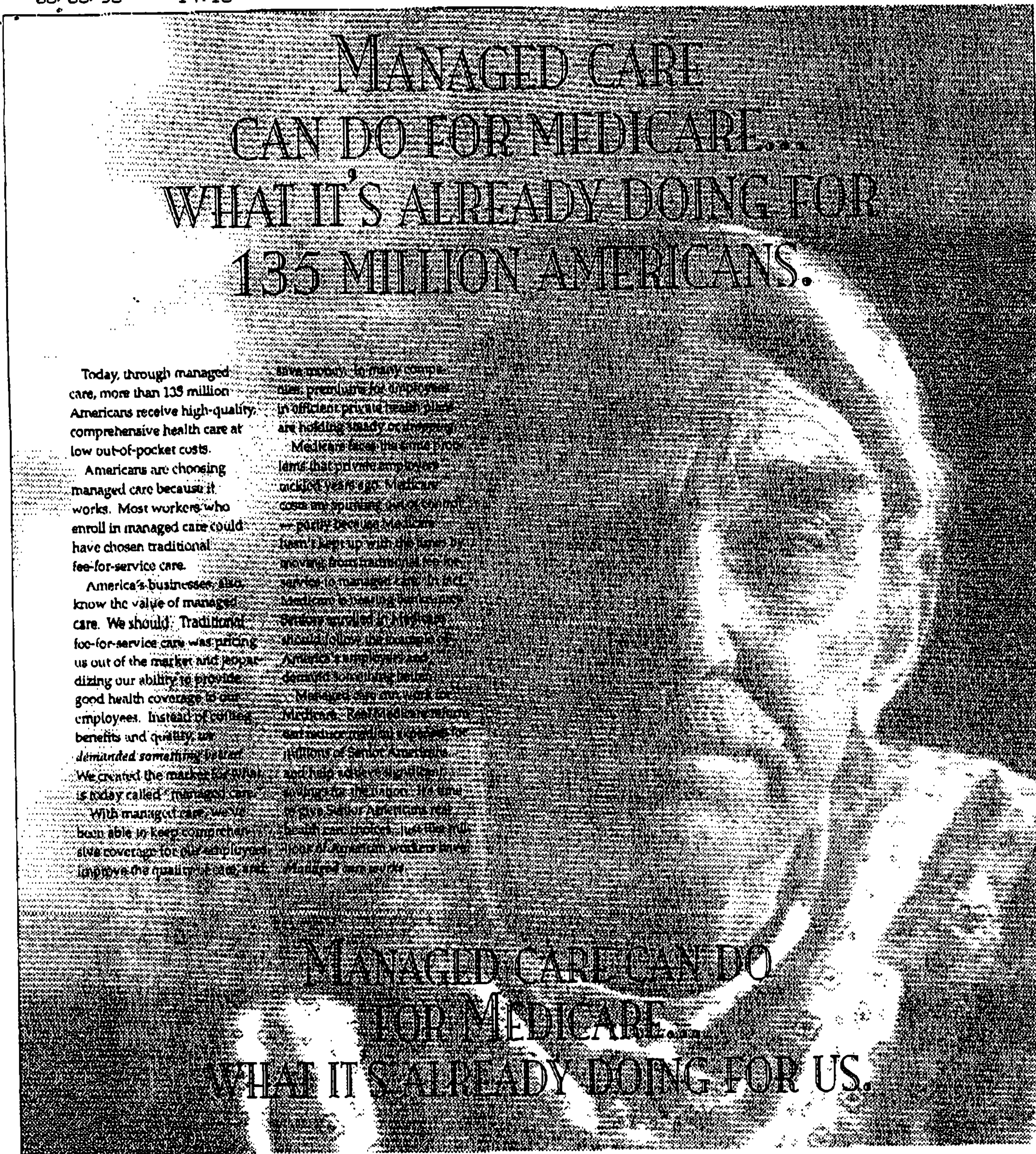

COMPANIES

Aetna • AlliedSignal Inc. • W.C. Bradley Co. • The BFGoodrich Company • Bethlehem Steel Corporation • Bridgestone/Firestone, Inc. • Business Health Companies, Inc. • CBI Industries, Inc. • Caterpillar Inc. • Chevron Corporation • CIGNA Corporation • The Coastal Corporation • Columbia Gas System • Cooper Industries, Inc. • Delta Air Lines, Inc. • The DuPont Company • Federal Express Corporation • First State Bank & Trust Co. • The Geon Company • Guardian Industries • Hershey Foods Corporation • Kraft Foods • MassMutual • William M. Mercer, Incorporated • MetraHealth • Motorola • The Nyhart Company Inc. • Pacific Telesis Group • Philip Morris • Pool Energy Services, Co. • Principal Financial Group • The Prudential Insurance Company of America • Purity Dairies, Inc. • Signet Bank • Slabaugh Morgan White & Associates • SunTrust Banks, Inc. • Tom's Foods Inc. • Vulcan Materials Company • Westinghouse Electric Corporation

ASSOCIATIONS AND COALITIONS

American Association of Preferred Provider Organizations • American Managed Care Review Association • Association of Private Pension and Welfare Plans • BlueCross BlueShield Association • Capital Area Health Alliance (MI) • Corporate Health Care Coalition • Business Health Care Action Group • Employer Health Care Alliance - Cincinnati, OH • Florida Gulf Coast Health Coalition • Group Health Association of America • Health Care Network of Wisconsin (HCN) • The Health Care Payers of New Jersey • Houston Health Care Purchasing Organization • Lane Health Coalition (OR) • Kansas Employer Coalition on Health • Miami Valley Health Action Council (OH) • Minnesota Business for Health Care Market Reform • National Association of Manufacturers • National Business Coalition on Health • National Employee Benefits Institute • Pacific Business Group on Health • Piedmont Health Coalition, Inc. • Society of Professional Benefit Admi[illegible]s • South Florida Health Coalition • Stark County (OH) Health Care Coalition, Inc. • [illegible] Business Group on Health • Tri-State Health Care Coalition (IL) • Utah Health Cost Management Foundation • [illegible] Lake Erie Employers' Coalition (OH)

Budget Working Group

Routing Slip

DATE: 8/ 5 /95

SUBJECT: **NOTES AND FACT SHEETS ON COALITION TO SAVE MEDICARE EVENT, AUGUST 3, 1995**

Name	Room		Name	Room	
John Angell	178		Lorrie McHugh	166	✓
Don Baer	196		Joseph Minarik	244	
Michael Barr	TREAS		Nancy-Ann Min	262	
Jeremy Ben-Ami	218		Julia Moffett	169	✓
Erskine Bowles	1/WW		Tom O'Donnell	2/WW	
Emily Bromberg	106	✓	Jack Quinn	276	
Susan Brophy	2/WW	✓	Bruce Reed	216	
Alan Cohen	TREAS		Alice Rivlin	252	
Barbara Chow	107/EW	✓	Jake Siewert	169	
Bill Curry	164		Stephen Silverman	160	
Paul Dimond	225		Greg Simon	288	
David Dreyer	TREAS		Doug Sosnik	G/WW	
Rahm Emanuel	1/WW		Gene Sperling	2/WW	
Martha Foley	178		George Stephanopoulos	1/WW	✓
Jason Goldberg	160		Todd Stern	G/WW	
Robert Gordon	223		Leslie Thornton	EDUC	
Mary Ellen Glynn	LP/WW		Barry Toiv	178	
Larry Haas	253		Laura Tyson	2/WW	
Karen Hancox	G/WW	✓	Loretta Ucelli	EPA	
Kitty Higgins	160		Michael Waldman	214	✓
Harold Ickes	1/WW		Anne Walley	184	
Chris Jennings	212	✓	Marilyn Yager	116	✓
Michele Jolin	314				
Jennifer Klein	2/WW	✓			
David Lane	231				
Jack Lew	252				
Mark Mazur	318				
Gaynor McCown	217				

FAX to Treasury: 622-0073
FAX to Education: 401-2098
FAX to EPA: 260-0279

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COALITION TO SAVE MEDICARE

"Mobilize to Save Medicare"

August 13, 1995
10:30 a.m. - 12:00 noon
Room 325 , Senate Russell Office Building

Press: At least seven cameras, several print reporters.

There was one very vocal senior (a gray panther) that interrupted several of the speakers.

Notes on the event:

I. Jake Hansen (Seniors Coalition) co-chair of the Coalition opened up the event. He introduced Pam Baily (Healthcare Leadership Council) the other co-chair. She introduced Sen. Dole.

II. **Sen. Dole** spoke briefly. He opened up his remarks using the 1983 efforts to rescue Social Security as an example of bipartisan efforts to solve a problem. The same efforts should be used to solve Medicare.

Sen. Dole noted that he voted against Medicare. He said he supported a better option -- Eldercare.

Commenting on the current debate he said, "We're not talking about devastating Medicare."

Sen. Dole discussed the Trustee's Report and the need for action. In approaching these efforts he said, "We want to make it last -- we don't want to make it political." **He then proceeded to attack the President's efforts saying, "He [the President] refuses to step up to the plate and say lets fix it."**

On the Republican plan he said, "Our plan is to preserve, protect and improve Medicare."

III. **Speaker Gingrich** had not arrived yet, so they went to **David Walker**, former member of the Social Security and Medicare Board of Trustees.

Walker gave a ten minute slide presentation. He said that the Trust Fund peaked in 1992 and will be out of money in 2002. Walker compared 1994's report to 1995's saying that many got a false sense of security. "We cannot support the growth" of the current Medicare system, he noted.

IV. **Speaker Gingrich** was next. He said he just "left a meeting with the AARP." His big points were that no matter what happens now, we are going to have a new set of

problems with the baby boomers. And, he made several promises: Medicare expenditures per senior citizen will go up over the next seven years; the GOP plan will be more generous, with more choices and opportunities than the current status; no senior citizen will be forced out of its current policy; and the plan will eliminate federal bureaucracy and waste.

V. **Former Congressman Tim Penny** was introduced next. **"I'm here today because at lest one Democrat should speak out in favor of reform,"Penny said.** "My party sees an opportunity to draw a wedge" with this issue, although both parties are committed to saving Medicare. "No member would want to dismantle the Medicare system." He used the Concord Coalition (he's a board member) as an example of bipartisanship. Highlighted the recent Concord Coalition poll on Medicare -- including their findings that Americans favor means testing for Medicare.

VI. **Next they moved into the "Perspectives" section.**

The National Association of Manufacturers speaker's big point was that in the global economy everything is becoming more competitive. Medicare, too, must be altered.

The Manhattan Primary Care speaker represents both a fee-for-service and an HMO. He had glowing things to say about HMOs.

Charlotte Stone told a moving (and long) story about how an HMO saved her life.

Georgia Republican Sen. Paul Coverdall laud this event and said "we need to be talking to each other."

Citizens Against Government Waste's speaker said that at least 10% of Medicare is lost to waste, fraud and abuse. He said in their polling, seniors were willing to sacrifice some of their Security Security and therefore would probably be willing to do the same for Medicare.

Congressman John Boehner briefly addressed the groups. He said we are in a communications war to get out our message.

The last speaker was from Communicating for Agriculture. They have set up 29 state programs including Medical Savings Accounts. "Medicare has not saved our hospitals." "Medicare has done nothing to help rural America." "The private sector can re-engine change."

Hansen and Baily closed.

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

MOBILIZE TO SAVE MEDICARE

Thursday, August 3, 1995
10:30 a.m. - 12:00 noon
Room 325, Senate Russell Office Building

Agenda

I. Introduction and Opening Statement

II. Preserving Medicare for Current and Future Generations
House Speaker Newt Gingrich
Senator Majority Leader Bob Dole
Other members of House Leadership

III. Medicare's Finances Today and Tomorrow
David Walker, Member, Social Security and Medicare Board of Trustees

IV. Medicare Reform: A Non-Partisan Issue
The Honorable Tim Penny

V. Solutions to the Medicare Crisis: Different Perspectives

- Jerry Jasinowski, National Association of Manufacturers
- Charlotte Stone, Beneficiary
- Michael Kramer, M.D., Manhattan Primary Care, PC
- Jeff Smedsrud, Communicating for Agriculture
- Tom Schatz, Citizens Against Government Waste

VI. Communicating with America on the Medicare Crisis
Senator Paul Coverdell

VII. Closing Remarks

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

Members

The Seniors Coalition, **Chair**
Healthcare Leadership Council, **Chair**

Alliance for Managed Care
American Association of Preferred Provider Organizations
Bayer Corporation
Citizens Against Government Waste
Citizens for a Sound Economy
Communicating for Agriculture
Council for Affordable Health Insurance
Morrison Restaurants Inc.
National-American Wholesale Grocers' Association/
International Foodservice Distributors Association (NAWGA/IFDA)
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Council of Chain Restaurants
National Restaurant Association
National Taxpayers Union
Pharmaceutical Research and Manufacturers of America
Physicians Health Plan
Physicians Health Services, Inc.
Small Business Survival Committee
Swedish Medical Services
U.S. Chamber of Commerce
60 Plus Association

...and growing

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

FOR IMMEDIATE RELEASE
August 3, 1995

Contact: John Gibbons, Coalition to Save Medicare
202-347-5731
Claire del Real, Healthcare Leadership Council
202-347-5731
Vicki Lovett, The Seniors Coalition
202-546-1537

DOLE, GINGRICH ATTEND MEDICARE TEACH-IN

Featured Democrat Demonstrates Bipartisan Concern About Medicare's Future

Washington, DC, August 3 -- Senior citizens, business leaders and members of the health care community converged on Capitol Hill today to hear Republicans and Democrats speak on the need to take steps to save Medicare from bankruptcy. The non-partisan event was designed to educate citizens on the status of the Medicare program and to mobilize them to support efforts to restore Medicare's solvency.

House Speaker Newt Gingrich (R-GA) and Senate Majority Leader Robert Dole (R-KS) discussed the need to strengthen and simplify Medicare, as well as to expand the health care choices seniors currently have. They will be working on a plan to save Medicare during the next two months.

The event was sponsored by the newly formed Coalition to Save Medicare (CSM), which is co-chaired by Pamela G. Bailey, President of the Healthcare Leadership Council, and The Seniors Coalition's Jake Hansen. The CSM -- which represents seniors, taxpayers, large and small businesses, and members of the health care industry -- believes Medicare can be strengthened and its solvency restored by giving seniors more choices.

"Medicare is facing a financial crisis that will not go away," Mrs. Bailey said. "We must act now to put Medicare back on sound financial footing. Waiting is not an option."

Mr. Hansen observed, "Both parties have acknowledged that Medicare is headed toward bankruptcy, and both parties should work together to fix it."

David Walker, a member of the Social Security and Medicare Board of Trustees, informed those attending the event of Medicare's looming insolvency. Walker pointed out that Medicare's hospital trust fund will begin spending more than it takes in next year and will run completely dry by the year 2002.

Former Democratic Congressman Tim Penny of Minnesota also spoke at the event, noting that Medicare's financial problems should be a concern to Democrats and Republicans alike. He said both parties need to work together to find a solution so that Medicare can be preserved for the retiring baby boom generation and their children.

A diverse panel representing a shared interest in Medicare -- consisting of a senior citizen; a business leader; an expert on waste, fraud and abuse; and a representative from rural America -- offered their personal perspectives on Medicare and the need to strengthen it. Groups like this will be mobilized to take the "Save Medicare" message to the grassroots throughout the country in the coming weeks.

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

Mission Statement:

The Medicare system is in a state of crisis, and the Coalition to Save Medicare is dedicated to preserving, simplifying and strengthening Medicare. We believe that the solution does not lie with higher taxes, dramatic cost-shifting or reductions in the quality of medical care available to the elderly. Instead, policy makers should simplify and improve the system by opening it up to new options and opportunities while avoiding inappropriate government intervention or selection, thus using market forces to reduce excessive costs and improve the quality of care available.

The Coalition to Save Medicare further believes that strengthening Medicare is too important to be left to "politics as usual." Rather, we must act immediately to preserve Medicare for current retirees and to strengthen the system for future generations by holding the Medicare spending increase to a slower rate of growth. We also believe that while we must preserve the existing program for those who want it, senior citizens deserve the same choices that are available to other Americans and that they need to be encouraged to help root out waste, fraud and abuse in the system.

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

Fact Sheet

The Problem

- **Medicare will be bankrupt in seven years.**
  The Medicare Trustees 1995 Annual Report states that by the year 2002, the program will be unable to pay hospital benefits.

- **Average beneficiaries receive far more than they put in.**
  The average two earner couple receives **$117,200** more than it contributes (plus earned interest) to the program. The average one earner couple receives **$126,700** more.

- **The pool of taxpayers funding Medicare is ever shrinking.**
  In 1965 there were 5.6 taxpayers to each Medicare beneficiary. Today there are 3.3 to each, and in 2002 there will be only 3.1 taxpayers for each beneficiary. By 2035 the ratio will be just 2 to 1.

- **Medicare is a bureaucratic monopoly without the efficiencies that have been developed in the competitive market.**
  Last year, private employers' premiums fell by a per capita average of 1.1%. Medicare grew by 10% in 1994.

- **Failure to act would be disasterous.** The Medicare Trustees say benefits will have to be reduced by thirty percent or taxes will need to be raised by 44 percent to restore Medicare's solvency, unless changes are made to the program.

The Solution

The long term solution to slowing Medicare's growth rate is to give consumers choices. Choices will drive competition while bringing prices down. This will also give consumers more benefit options. Quality and innovation will be the standard by which plans are chosen. This isn't a new idea. It's working today for both business and Members of Congress.

COALITION TO SAVE MEDICARE

"We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis."
Social Security and Medicare Board of Trustees, 1995

THE MEDICARE TRUSTEES' REPORT: A NON-PARTISAN WARNING

Each year, the Medicare trustees issue a report on the status of the Medicare trust funds. On April 3, they disclosed that Medicare will soon be bankrupt and urged Congress to respond swiftly to this crisis.

- The Medicare trustees are a non-partisan, impartial board that reports on the status of Medicare each year.
  - The trustees consist of four Clinton Administration officials -- the Treasury Secretary, the Labor Secretary, the Health and Human Services Secretary and the Social Security Commissioner -- and two non-Administration officials who represent the public.

- The Medicare trustees warned that Medicare is headed toward bankruptcy.
  - The trustees' report said Medicare's hospital trust fund (Part A), which covers hospital services for seniors, will begin to experience "increasing annual deficits" in 1996 and will be depleted in 2002.
  - In addition, the costs of Medicare's supplementary medical insurance program (Part B), which pays doctor bills, has grown by 53 percent over the past five years.

- The Medicare trustees said that, under the current system, balancing Medicare's hospital trust fund for the next 25 years would require tax increases or a reduction in benefits.
  - The trustees report stated, *"either outlays would have to be reduced by 30 percent or income increased by 44 percent (or some combination thereof)."*

- The Medicare trustees urged Congress to act quickly to address Medicare's problems.
  - The trustees said the hospital trust fund *"is severely out of financial balance and the trustees believe that the Congress must take timely action to establish long-term financial stability for the program."*

Medicare at 30: An Opportunity for All Americans

A GHAA Discussion Paper, July 1995

The Group Health Association of America (GHAA), which represents the nation's health maintenance organizations, believes that modernizing and strengthening Medicare are among America's most urgent priorities. HMOs, which offer comprehensive, coordinated, high-quality, cost-effective health care to more than 50 million Americans, are prepared to play a key role in modernizing Medicare, and this discussion paper is offered as a contribution to that process. GHAA expects to offer additional recommendations as the policymaking process evolves.

The Problem: Medicare

Medicare will be bankrupt in seven years.
The Medicare Trustees 1995 Annual Report states that by the year 2002, the program will be unable to pay hospital benefits.

Average beneficiaries receive far more than they put in.
The average two-earner couple receives $117,200 more than it contributes (plus earned interest) to the program. The average one-earner couple receives $126,700 more.

One side

The pool of taxpayers funding Medicare is shrinking.
In 1965, there were 5.6 taxpayers to each Medicare beneficiary. Today there are 3.3 to each, and in 2002 there will be only 3.1 taxpayers to each beneficiary. By 2035, the ratio will be just 2 to 1.

Medicare is an outdated, bureaucratic monopoly that features none of the efficiencies that the private, competitive market has developed.
In 1994, private employers' premiums fell by a per capita average of 1.1 percent. Medicare grew by 10 percent in 1994.

The Solution: Strengthen Medicare

- Under a reformed Medicare system, senior citizens would have access to health plans that would pay for: prescriptions, eye exams, eyeglasses, routine physicals, ear care and hearing aids, podiatry care and other services not covered by Medicare now.
- Medicare reform would simplify a system that most people can't understand.
- Medicare reform would give seniors a choice to remain in traditional Medicare or enroll in other types of health plans which offer more services and are available to other Americans. Seniors would still be able to choose their doctors.
- Seniors would still be able to choose a health plan with limited out-of-pocket costs (typically a $5 or $10 copayment).
- Medicare reform is good for senior citizens. Medicare reform is good for America. If we don't strengthen Medicare now, we won't have Medicare for future generations.

Other

THE LONG TERM SOLUTION TO SLOWING MEDICARE'S GROWTH RATE IS TO GIVE CONSUMERS CHOICES. CHOICES WILL DRIVE COMPETITION WHILE BRINGING PRICES DOWN. CHOICE ALSO WILL GIVE CONSUMERS MORE BENEFIT OPTIONS. QUALITY AND INNOVATION WILL BE THE STANDARD BY WHICH PLANS ARE CHOSEN. THIS ISN'T A NEW IDEA. IT'S WORKING TODAY FOR BOTH BUSINESSES AND MEMBERS OF CONGRESS.

Coalition to ve Medicare

Dear Mr. President:

Please join Congress in a bipartisan effort to protect, preserve, and improve Medicare.

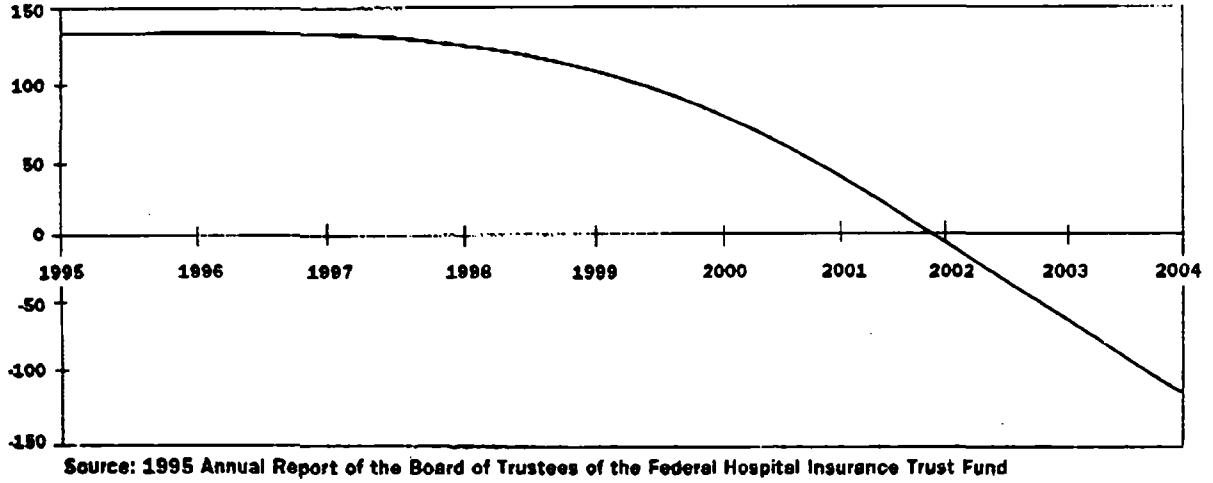
Sincerely,

Name _____

Address _____

City, State, Zip Code _____

Medicare's Path to Bankruptcy

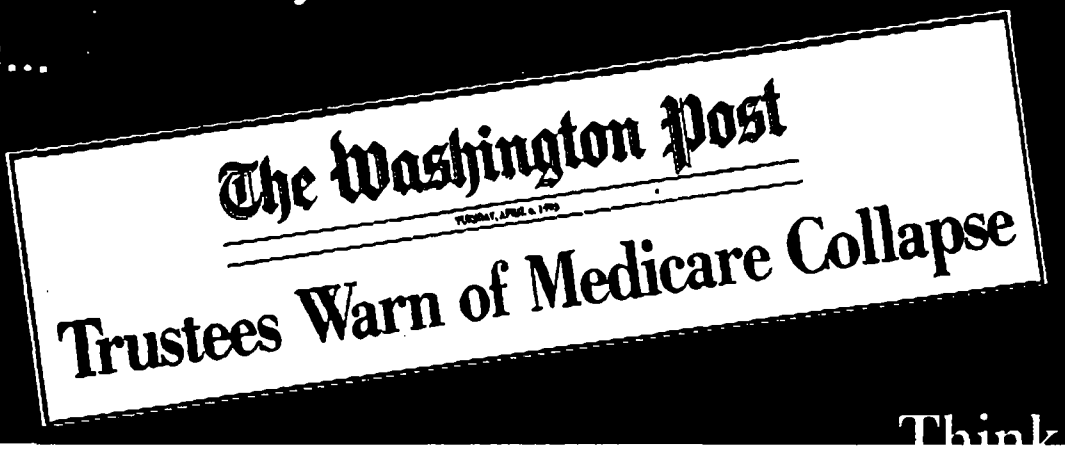


Source: 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund

The Trustees report the Medicare trust fund will be bankrupt in seven years. If that happens, the federal government, by law, must stop paying for inpatient hospital and other trust fund-paid Medicare services.

The Seniors Coalition, 11166 Main Street, Suite 302, Fairfax, VA 22030, 703-591-0663

If you think
Medicare will always
be there...



Think again

"The Federal Hospital Insurance (HI) Trust Fund, which pays inpatient hospital expenses, will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range."

--The Medicare Board of Trustees' 1995 Annual Report

This is the second year in a row the trustees have warned of Medicare's impending bankruptcy. The trustees include three members of President Clinton's Cabinet: Treasury Secretary Rubin, Labor Secretary Reich and Health and Human Services Secretary Shalala.

Hospital Insurance (Part A) Trust Fund

Calendar Year	Total Income	Total Disbursements	Net Change	Fund at end of year
1996	124.1	125.0	-0.9	135.4
1997	129.3	135.6	-6.2	129.2
1998	134.6	146.5	-11.9	117.3
1999	139.4	158.2	-18.8	98.4
2000	144.5	170.8	-26.3	72.1
2001	149.7	184.5	-34.7	37.4
2002	154.9	199.0	-44.1	-6.7*

Source: 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Trust Fund (dollars in billions)

The situation is so serious the trustees say Medicare's *short-term survival* requires an

Immediate increase in payroll taxes of 44 percent or immediate decrease in Medicare spending of 30 percent

(Trustees' 1995 Report, pg. 27)

These options are *unacceptable*. The administration and Congress must immediately address this crisis.

More than 32 million senior citizens and four million disabled people rely on Medicare for their health care security. Yet the president's FY '96 budget does not address the trust fund's impending bankruptcy.

Delegates to the White House Conference on Aging and other Americans are ready to participate in developing reforms that protect, preserve and improve Medicare. Medicare is too important—and the crisis is too deep—to ignore.

But we cannot save Medicare until President Clinton and Congress address the problem.

Postage goes here

President Bill Clinton
The White House
Washington, DC 20500

CITIZENS AGAINST GOVERNMENT WASTE

MEDICARE REALITY CHECK

The War on Waste:

Chronicles of Medicare Waste, Fraud and Abuse

CONGRESSIONAL ALERT: Number 1 **August 3, 1995**

SAVE MEDICARE FROM WASTE, FRAUD AND ABUSE

According to Medicare's Trustees, Medicare will go bankrupt in seven years if the current rate of spending is not reduced. If Medicare is allowed to go bankrupt, our parents and grandparents, who currently receive benefits, will be cut off by the year 2002. Congress must save Medicare.

In fiscal year 1994, "federal spending for the Medicare program totaled an estimated $162 billion or more than $440 million per day. The Congressional Budget Office estimates that, in less than a decade, Medicare spending will more than double, exceeding $380 billion in 2003." *General Accounting Office (GAO), High-Risk Series: Medicare Claims, February, 1995, p. 6.*

June Gibbs Brown, Inspector General of the Department of Health and Human Services said, "fraud and abuse permeate all aspects of Medicare." She said up to $17 billion, 10 percent of Medicare's budget, will be wasted because of fraud. *Congressional Quarterly, Congressional Monitor, August 1, 1995, p. 7.*

GAO reports that the Health Care Financing Administration (HCFA), responsible for administering Medicare, "is aware that flawed payment policies and abusive billing practices plague Medicare, but the exploitation of the program continues."

- Medicare has been charged rates as high as $600 per hour for speech and occupational therapy, though therapists' salaries range from under $20 to $32 per hour.
- A scam involving mobile physiology labs grew into a multi-million dollar fraud, initially involving Medicare before moving on to other public and private payers, by taking advantage of Medicare's weak control over billing numbers.
- Hospitals and other health providers owed Medicare millions of dollars in mistaken payments. In the absence of HCFA guidance and monitoring, Uncle Sam failed to recover the erroneous payments.

Why is Medicare subject to such enormous waste? The GAO report states that the program's internal controls are inadequate. Consider:

- Physicians, supply companies, or diagnostic laboratories have about three chances out of 1,000 of having Medicare audit their billing practices in any given year.
- Medicare pays more claims with less scrutiny today than at any other time over the past five years.
- In fiscal year 1993, Medicare processed almost 700 million claims about 250 million more than it processed five years earlier.

Taxpayers know that Medicare loses billions of dollars each year. In fact the 10 percent going to waste equals the 10 percent increase in Medicare spending each year. To save, strengthen, and simplify Medicare, the first step is to eliminate the fraud and abuse.

Citizens Against Government Waste, 1301 Connecticut Ave., Suite 400, Washington, DC 20036
Telephone: 202/467-5300 Fax: 202/467-4253

CITIZENS AGAINST GOVERNMENT WASTE

MEDICARE REALITY CHECK

The War on Waste:

Chronicles of Medicare Waste, Fraud and Abuse

CONGRESSIONAL ALERT: Number 2 **August 3, 1995**

SAVE, STRENGTHEN AND SIMPLIFY MEDICARE

We all love our grandparents and parents, which makes the prospect of Medicare's possible insolvency not only troubling, but a national tragedy. Medicare's Trustees say that Medicare will go bankrupt if nothing is done to control the costs of the program. One sure way of controlling costs is to eliminate the chronic waste, fraud and abuse that is debasing the program. Congress must save Medicare.

According to June Gibbs Brown, Inspector General of the Department of Health and Human Services, fraud, waste and abuse will cost Medicare $17 billion this year, equal to 10 percent of the system's budget. *Congressional Quarterly, Congressional Monitor, August 1, 1995, p. 7.*

Republicans on the Senate Special Committee on Aging released a report in 1994 estimating that $100 billion is lost each year throughout America's health-care system, through fraud and abuse. The report, Gaming the Health Care System, also claimed that over the last five years, losses from fraudulent activities totaled nearly $418 billion throughout the public and private health-care sector.

Some of the cases of waste and fraud would make the most robust taxpayer queasy:

- A speech therapist submitted false claims to Medicare for services "rendered to patients" several days after they had died.

- A husband and wife in Michigan allegedly stole more than $25 million from Medicare in false claims for providing incontinence supplies for nursing home patients. When auditors initiated proceedings to review claims before paying them, the couple allegedly incorporated a new billing company in order to avoid detection auditors.

- A California medical supply company billed Medicare $5 million for post-surgical dressings for nursing home patients who had never even had surgery. Medicare paid numerous nursing homes in several states for the surgical dressings, and the nursing homes also paid a percentage to the supply company.

- A Georgia chiropractor, his wife, and 15 former patients were ordered to pay $3.2 million in fines after being convicted of Medicare and private insurer fraud. The couple recruited patients for their clinic by promising kickbacks of up to one third the amount that Medicare or the insurance companies reimbursed. On one day, bills were submitted for 169 patients.

- Several Michigan pharmacists obtained large supplies of expired drugs and dispensed them, at full cost to Medicare, to nursing home patients. When confronted by a technician, one of the pharmacists stated "those people are old, they'll never know the difference, and they'll be dead soon anyway."

Medicare fraud, waste and abuse affect all our families by driving up costs and restricting the availability of reliable health. It is time to save, strengthen, and simplify Medicare by eliminating the waste, fraud and abuse.

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CITIZENS AGAINST GOVERNMENT WASTE

MEDICARE REALITY CHECK

The War on Waste:

Chronicles of Medicare Waste, Fraud and Abuse

CONGRESSIONAL ALERT: Number 3 **August 3, 1995**

SAVE MEDICARE

Medicare spending is growing three times the rate of inflation, and according to the program's Trustees' the program will go bankrupt by the year 2003. Medicare's bankruptcy would be a tragedy for our parents and grandparents. One way to control Medicare spending is to reduce the fraud, waste and abuse, that according to the Inspector General of the Department of Health and Human Services comprises an estimated 10 percent of the program's spending. Congress must save Medicare.

In recent years, the Department of Health and Human Services' Inspector General (IG) has catalogued a horrific history of Medicare fraud that has driven up the cost of the program and brought it closer to bankruptcy.

- Twenty people were sentenced in a New Jersey and New York conspiracy which defrauded 10 hospitals through phony billing schemes, diversion of shipments, kickbacks, sale of stolen x-ray film, phony invoices, money laundering, bribery, and no-show jobs. An estimated $10 million was defrauded from hospital funds comprised of Medicare and private insurance monies.

- The owner of an Arkansas medical equipment company was sentenced to 12 months' home detention for billing Medicare for equipment not requested or delivered. He agreed to pay the federal government $1.5 million to settle claims against him and his company.

- A hospital in Washington, DC signed a $2.5 million agreement to settle charges that it had counted as income and failed to return excess Medicare payments amounting to more than $1.6 million.

- A Pennsylvania laboratory agreed to pay $2.4 million in settlement claims that it defrauded Medicare by manipulating doctors into ordering unnecessary tests.

- In Florida, the IG reported that five persons were sentenced for fraudulently billing Medicare $5.2 million for oxygen concentrators, nebulizers, medications, and tests.

- Again in Florida, more than a dozen companies, set up to supply Medicare patients with liquid nutritional supplements and feeding kits, defrauded Medicare of an estimated $20 million. The "kingpin" of the scheme fled the country, but was found in Venezuela and extradited.

- A Louisiana ambulance company agreed to pay more than $1.8 million to settle charges of submitting false claims for transporting dialysis patients who did not qualify for Medicare coverage.

Taxpayers know that Medicare loses billions of dollars each year. In fact the 10 percent going to waste equals the 10 percent increase in Medicare spending each year. To save, strengthen, and simplify Medicare, the first step is to eliminate the fraud and abuse.

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NAM National Association of Manufacturers

95-175

FOR IMMEDIATE RELEASE

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NEWS ALERT

MEDICARE REQUIRES QUALITY IMPROVEMENTS TO SURVIVE, SAYS NAM

WASHINGTON, D.C., August 3, 1995 -- "Without some significant restructuring, Medicare will be bankrupt and unable to pay any new claims by 2002," National Association of Manufacturers President Jerry Jasinowski today told a gathering of diverse organizations all interested in improving and preserving Medicare.

Noting that the annual growth rate for Medicare is currently 10.4 percent, Jasinowski said: "The employer community, faced with double digit health care cost increases in the 1980s, realized they had to make some drastic changes in the way they operated their health care plans. Their innovative changes have translated into much lower health care cost growth rates, with some larger companies even experiencing flat or 1 percent increases.

"The Federal Government should take a page from the business community's play book," Jasinowski told the Coalition to Save Medicare. "Some of our member companies' most successful changes include: greater emphasis on quality; use of managed care; making physicians more accountable; educating employees to make wise choices and use of services; seeking competitive bidding for their health care business; and making extensive use of wellness programs and preventive services.

"In 1994, the U.S. Government spent $163 billion on Medicare and by 2002 they will spend $344 billion if nothing is done," continued Jasinowski. "It's not unreasonable to believe the government can achieve an annual Medicare growth rate in the range of 5 percent by instituting some of the same changes employers have found to be so effective.

"We certainly have our work cut out for us if we are going to both balance the budget and save Medicare from bankruptcy by 2002. But we can cut the budget deficit and improve Medicare at the same time," Jasinowski said.

-NAM-