News From the

MEDICARE COMMUNICATIONS GROUP

A Project of the House Republican Conference

June 8, 1995

Dear Republican Colleague:

During the Memorial Day recess Frank Luntz attended several town hall meetings and focus groups on Medicare. The attached memo summarizes the key findings from these meetings.

The Frank Luntz memo underscores that we must continue to stress our four basic themes:

1. Medicare is going bankrupt
2. Republicans are committed to saving Medicare
3. We will spend more money – an additional $1600 per person
4. We are listening and want ideas from constituents.

We hope this information is helpful and please give any us a call if you have any questions.

Sincerely,

Dan Miller Jim McCrery Jim Greenwood

Republicans are committed to protecting, preserving and strengthening Medicare

THE
LUNTZ RESEARCH COMPANIES

Luntz Research & Strategic Services ■ The Public Opinion Company ■ Luntz Corporate ■ Luntz Worldwide

Memorandum

To: Interested Parties
From: Frank Luntz
Re: Everything You Ever Wanted to Know About Communicating Medicare
Date: June 7, 1995

"We have a problem with the national attitude. There is a feeling that, if I can get it, why not take it. You see it in Medicare every day."

"We are the patriots of America. We're the ones who hang our flags out on Memorial Day. Why should we be the ones who are asked to sacrifice yet again?"

With the help of the ***United Seniors Association***, we have conducted more than a half dozen focus groups and three town hall meetings with pre-retirees and current Medicare recipients during the Memorial Day recess and over the past few weeks. This memo summarizes our key findings. We hope it will assist you in future communication efforts.

AT THE BEGINNING

1. **You MUST communicate to your supporters as well as the overall senior community.** Keep in mind that seniors are very "pack-oriented" and are very susceptible to following one very dominant person's lead. You must ensure that balance exists at each town meeting, and be careful to keep individual anecdotes or isolated incidents from dominating (and driving) the process.

2. **Distribute the Summary of the Trustees' Report to everyone over age 50.** If you can't get a hold of enough copies of the actual summary, xerox the key passages and distribute them to your constituents ***as they arrive*** for your meetings, or place them on their seats before they arrive. Nothing is more credible and powerful than the report itself, and informing your constituents of the Trustees' findings ***(reading to them word-for-word the most egregious conclusions)*** must be at the core of your communication strategy.

00 Wilson Boulevard ■ Suite 950 ■ Arlington, Virginia 22209 ■ Phone (703) 358-0080 ■ Fax (703) 358-0089

3 You absolutely must tell people at the outset that the Trustees include high-level Clinton Administration officials -- list who they are by name. Your audience will recognize many of the names, and that will give credibility to your defense that your efforts to strengthen Medicare are non-partisan. Remind your constituents that these Trustees warned in last year's report that Medicare was headed for bankruptcy. We cannot wait any longer to begin the rescue of the system.

4. Personalize YOUR interest in Medicare. This must take place at the very beginning of your presentation. Reassure your seniors that this issue affects you personally, and not just in theory (otherwise you may come across as an accountant rather than a human being). Talk about your parents, relatives or life-long friends currently on Medicare. For those of you in your late 50s or early 60s, you can talk about your own countdown to the day you yourself will qualify.

5. Your Number One Priority is to save Medicare. "Saving, preserving and strengthening" Medicare needs to be repeated as the central theme at the beginning, during the session and at the close. Let your seniors know that you personally will not allow a program for 37 million people to go bankrupt by ignoring its current problems.

GENERAL COMMUNICATION TIPS

There are certain communication *rules* that apply to Medicare that don't apply to other issues. Words are especially important, and setting the right tone at the outset is critical.

1. You MUST appear bi-partisan. The responses in our recent Town Halls say it all:

   -- *"We sent you all to Washington to work for us, not play sides! We want the best for all people, Democrats and Republicans. You need to work together for the good of all the country."*

   -- *"The unity of both parties is essential. A new broom sweeps cleaner."*

   Partisanship also affects whether or not people trust the Medicare numbers you offer. Right now, the Trustees' Report is the most credible source because it lacks partisan identification (CBO credibility is questionable because of the word "Congressional" -- and no one knows what the initials mean by themselves). Be careful not to come across too harshly against the Dems, but it is acceptable to ask rhetorically for President Clinton's help.

2. Don't talk about "improving" Medicare -- you are strengthening it. We cannot afford to raise expectations, but that's exactly what you will do if you tell seniors you're going to "improve" Medicare. When seniors hear the words *improve* and *Medicare* in the same sentence, they immediately think of lower deductibles, free prescription drugs, subsidized hearing aids and eye glasses, cheaper in-home care, and reductions in everything else they now have to pay for. ***The quickest path to defeat is to overpromise seniors.***

3. The newspaper is still very important to seniors. Seniors diligently read the newspaper, and they often clip articles about fraud and abuse involving Medicare. This is one issue where print media is as important as television or radio -- if not more so. Consequently, clip several local newspaper articles about Medicare waste and/or fraud and bring them to your town hall meetings to distribute to attendees. The word will spread rapidly.

4. Seniors read their mail and scrutinize their hospital and doctor bills. Everyone has a story to tell, though none as poignant as this one:

> *"I went in for eye surgery and they charged me for an autopsy. I complained and they came back and said 'I'm sorry Mrs. Colby but that should have been for an EKG.' I told them I didn't have one of those either."*

We were bombarded with anecdotes of over-billing, double-billing and false-billing. Ask your constituents to write your office with their accounts of abuse and also devote the first fifteen minutes of your meeting to "fraudtoids." Beginning this way helps pave the way for the following arguments about the need for change, while also letting you know at the outset who's with you and who's against you.

THE EDUCATIONAL PROCESS

The public in general, and the older population in particular, is moving in our direction, but it has been and will continue to be a slow, deliberate process. Seniors are distrustful of Washington, know their own strength as a political constituency, and simply do not believe their elected officials will turn their back on a such a strong voting block.

Knowledge

1. **No one believes Medicare will actually go bankrupt**. A growing number of seniors are familiar with the current Medicare debate, but they still enter the room skeptical. They have great difficulty trusting the government's numbers when they feel they've been lied to in the past (and proposed changes in how COLAs are calculated are making it worse).

2. **Seniors will not even consider changes in Medicare until they're convinced the system's going broke**. Before talking about new options the need for reform must be clarified. *Between now and the July 4th recess, you need to concentrate on educating the public on the problems with Medicare rather than talking about your solutions*. We will be hit hard in September if we have not laid the groundwork for our ultimate proposals.

3. **Explain what bankruptcy really means, and why dipping into general revenues to sustain Medicare is not an option**.

4. **The difference between Medicare and Medicaid is still not widely known**. As a recent front page *Washington Times* headline can attest, few people distinguish between Medicare and Medicaid. It is therefore not surprising that even when quoting written articles, seniors also don't know the difference between the two. Make sure you explain the difference early in your presentation.
Seniors particularly hate the idea that legal and illegal aliens are receiving government benefits in general, and Medicare or Medicaid in particular.

5. **Remind audiences about changes in retirement patterns over the past thirty years.** Seniors know their life expectancy is significantly longer now than it was in the 1960s. They recognize they will be spending more years in retirement, and are therefore taking more out of the system. This begins to build the case for Medicare transformation.

Cost/Financing

> *"I know I live in a never-never land. I don't care about the medical charges because I'm not paying for them."*
>
> *"The hospital tells me, 'Why are you worried about costs. You don't pay for it. Medicare does.' It's that attitude that causes prices to go up."*

This is at the crux of our argument. If we can't prove that Medicare is going bankrupt, we'll never be able to sell our solutions. Plan on spending no less than 30 minutes -- and up to an hour -- discussing the numbers alone. You cannot move on until your audience fully understands the financial ramifications.

1. **Seniors realize that they're getting a great deal. Understandably, they're reluctant to give it up.** It is therefore necessary to explain that while they may like what they have *now*, it won't be there *in the future* unless real changes are made. This is why so much effort must be devoted to the simple task of explaining that Medicare is going broke.

2. **Seniors use specific figures to make their points. So should we.** When discussing waste and over-billing, a surprising number of seniors point to $10 aspirins, $150 eye exams, and can remember the cost of their hospital bill to the penny. They have the ability to remember the cost of a single drug and a particular procedure because they *personalize* rather than *globalize* their medical care. We must do the same. **Informing Medicare recipients that the average couple will take out over $100,000 more from Medicare than they have contributed to the system personalizes Medicare's impending bankruptcy (use exact numbers) in the same manner as a $10 aspirin personalizes its abuses.**

3. **The potential need for increasing premiums by 300% is the "Killer Stat." No one knows this, but the information is believed.** After seniors are presented with the financial information on Medicare, they will inevitably ask for the consequences. Showing them the chart about what happens to Medicare if it goes bankrupt immediately disrupts the complacent atmosphere. The possibility that Medicare premiums will increase by 300% is simply not acceptable to seniors -- and they will do anything to prevent this from happening. (Note: The other options, such as increasing taxes on working class families, produce virtually no reaction.)

4. **Even if YOU keep Medicare and the budget separate, your constituents may not. Be prepared.** As more than one participant volunteered, *"Republicans say they're going to balance the budget in seven years, but they also tell us that Medicare is going broke in seven years. Is this just a coincidence?"* We are strengthening Medicare because we are committed to its survival. We are balancing the budget for our children and the next generation of Americans. We will succeed on both counts because we must succeed on both counts.

Waste, Fraud & Abuse

The same people who believe eliminating foreign aid will balance the budget also believe that eliminating waste, fraud, and abuse will solve the Medicare problem. For seniors, the government may be the enemy, but the real emotional venom is reserved for doctors and hospitals. What a paradox -- the very people who help keep them alive are the very people they hate the most. Everyone has a story or complaint:

- *"The doctors -- they all want a piece of the pie. Just yesterday, the doctor charged me $150 just to look at my nose."*

- *"The medical profession is milking Medicare -- the doctors, drug suppliers and others in the medical industry. They're making too much money. They all don't need to drive a Mercedes or BMW. Some should be driving Chevys."*

1. **Separate waste (defensive medicine) from fraud (deliberate defrauding) from abuse (double billing, mis-billing).** When seniors complain about "waste, fraud and abuse," they actually mean three very distinct problems with the current Medicare system. To seniors:

   Waste involves the unnecessary and costly tests and procedures that recipients have to undergo because the doctors and hospitals are practicing defensive medicine. Seniors have only limited sympathy for doctors and hospitals in this situation. *"Why don't we go after the medical community to decrease their fees, or at least stop recommending so many tests."*

   Fraud is the deliberate attempt by doctors and hospitals to milk Medicare for every dime. Seniors want these people prosecuted to the fullest extent of the law. *"Some of these doctors keep having their patients come back and come back and come back, and it's positively unnecessary."*

   Abuse is the non-deliberate billing mistakes that Medicare recipients believe take place all the time. Well over half of all seniors have personal experience with Medicare abuse -- and they all want to talk about it. *"Why can't the government train personnel to pull medical records like the income tax and check to see if doctors or hospitals overcharge? Maybe doctors and hospitals would be more careful if they thought they would be checked."*

   Understand that the combination of "waste, fraud and abuse" has produced a virulent anti-physician mentality in the eyes of seniors.

2. **Waste, fraud, and abuse cuts two ways.** We must be careful not to suggest to seniors that Medicare will be fine if we eliminate all the waste, fraud and abuse in the system. Seniors are willing to accept the need for reform because of the many problems they see with the system, but they will not understand why they have to pay more for what they have now even after all the waste, fraud and abuse is eliminated.

OTHER FINDINGS

1. **"Choice" is not a high priority with seniors.** Medicare recipients are less concerned with choice of plans than they are with stability and maintaining their current doctor-patient relationship. This is especially true with older seniors. They must be told again and again that they will be able to maintain their current Medicare situation if they so choose.

2. **Don't raise the Social Security issue.** Seniors with good memories recall when Congress told them Social Security was going broke. They remember that Congress made changes to the system, and they don't expect to have to revisit it anytime soon. Any mention of future problems with Social Security only angers seniors and makes them less willing to discuss changing the Medicare system.

AT THE END

1. **Let your constituents know that other seniors' groups exist.** Show your seniors that AARP is not the only seniors' representative on Capitol Hill or nationwide. Bring information about the *United Seniors Association* and other groups who are doing good work on behalf of the elderly, and encourage people to investigate alternative points of view. The more we educate seniors to AARP alternatives, the more successful we will be.

2. **Remind your audience that Republicans want to "*INCREASE* spending but at a slower rate."** This language works. Remind your constituents that only in Washington is an increase from $4,800 to $6,400 (a 33% increase) per recipient defined as a cut.

3. **Republicans must be seen as the party of hope; the party that took on the problems of Medicare head-on.** It is the Democrats who are using "scare tactics" by allowing a program to go broke, to be riddled with waste and fraud, to become overly bureaucratized without offering a solution or even acknowledging a problem -- all just to score political points. Republicans *will* find a solution. For our efforts to be successful, *we have to make the status quo a worse option than change.*

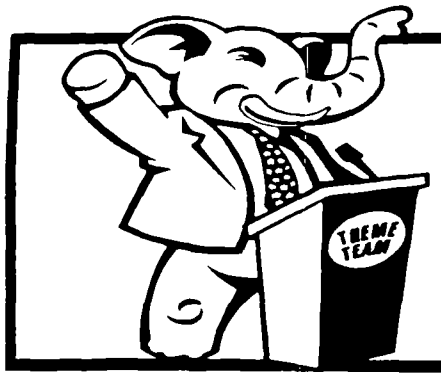
4. **You must solicit citizen input.** *"Government seems to be trying and is willing to listen to us old guys."* said one town hall participant. Public opinion and input must be a key component of the process. Allowing seniors – and not just Washington insiders -- to work on creating a strengthened Medicare system will help these seniors accept changes to the system.

5. **You must have the last word in this debate.**

> *"I have gone from a negative opinion to a more positive one*
> *I think you will make progress on this matter."*

This is what we need to hear. For too many seniors, it will be the last word that ultimately sways them. We need it to be ours. Don't end your town meetings, interviews, or public communication efforts on a down note. Do not assume that just because AHA or AARP hasn't targeted your district, or that only two people came up and talked to you about Medicare last week, that you are out of the woods. This issue is *live* and will remain so right up until Election Day.

MEDICARE



Theme Team

Martin R. Hoke, Chairman

THEME TEAM WEEKLY REVIEW

July 14, 1995

Dear Republican Colleague:

Not only did temperatures on the outside of the Capitol building rise this week, but things were sizzling on the House floor as well. Theme Team is leading the debate over one of the hottest issues in Washington--Medicare. Republicans are committed to saving Medicare for future generations; Democrats just generate hot air about imagined Medicare "cuts."

I ENCOURAGE ALL MEMBERS TO PARTICIPATE IN ONE-MINUTE SPEECHES ON THE FLOOR. One-minute speeches are available on the floor every day. Members are also encouraged to speak on the floor during morning hour on Mondays and Tuesdays, and during Special Orders immediately following the legislative business each day. If you have any questions call Bill Greene at 5-5107.

Sincerely,

Martin R. Hoke

THEME TEAM WEEKLY REVIEW

JUNE 16--JUNE 22, 1995

Line of the Week:

J.D. Hayworth: "On July 30, 1995, our friend, Mr. Medicare, will turn 30 years old. His trustees recently told him that he is very sick. . . . Let us take a look at some of his birthday cards. . . . 'Dear Mister Medicare: We're very sorry to hear you will be dead in 7 years. We can't help find a cure because we're focusing all of our efforts on misleading the public about your illness. Sincerely, the Democrat caucus.'"

Monday, July 10:

Line of the Day:

Walter Jones, Jr.: "In his State of the Union Address, President Clinton implored politicians to just stop taking contributions from special interest donors. Now, several months afterward, he is blatantly practicing the very things he preached against. Unfortunately for him, actions speak louder than words."

Daily Quotes:

J.D. Hayworth: Top 10 reasons Democrats want to tie up the House with procedural votes: "(10) Build up voting percentage. (9) Journal vote important to the American people. (8) Like to work hard at nothing at all. (7) Manufactured rage makes me smile. (6) They say they are not for sale. What they won't say is nobody's buying their line anyway. (5) We don't want to work. We just want to bang on this gavel all day. (4) Monday night TV is just reruns anyway. (3) Holding breath until blue in the face doesn't work anyway. (2) Bonier told them to. (1) They have fallen and they can't get up."

Joe Scarborough: "Could this be the same President who a few years ago beat his chest and said, 'We will not put a 'for sale' sign on the front lawn of the White House?' Could that be the same President of the United States who is now saying, 'Hey, if you want to talk to me, pay me $100,000? The Democratic Party will even give you a special advisor." Well, my goodness, if this is putting an end to business as usual, I think we need to go another step further."

Tuesday, July 11:

Line of the Day:

Steve Chabot: "The Clinton White House has begun campaign efforts by starting their own version of the Publisher's Clearinghouse Sweepstakes. Instead of buying chances at winning the million dollar grand prize, big Clinton campaign contributors are buying chances at winning big White House favors. . . . They have yet to confirm if Ed McMahon will announce the winners of these special White House perks."

Daily Quotes:

Walter Jones, Jr.: "Since taking control of Congress, the Republican Party has stayed focused on the commitment we made with the American people--to change the status quo. While the Democrats are playing politics by creating a 'buyers market' for the White House, we are trying to save and protect Medicare for senior citizens and for future generations."

Joel Hefley: "Recently House Democrats have been posting signs outside their offices that read 'Not For Sale.' I guess their reasoning for doing so is to distance themselves from the current administration."

Gil Gutknecht: "Where's your plan Mr. President? Your own trustees agree that Medicare will go broke, yet you do nothing. Does that mean that you would rather stay on the political median than save Medicare from bankruptcy? The answer to that question is clear. Our President is once again absent without leadership."

Andrea Seastrand: "Liberal Democrats act so very concerned about Medicare. But let us ask this: Why have they not recognized the report by the Medicare Trustees saying that Medicare will go bankrupt in just 7 years? How come they have not put forth a program to save Medicare?"

J.D. Hayworth: "The only change the guardians of the old order want to make is to change the name from Medicare to Mediscare. They are intent on scaring senior citizens, despite the report of the Medicare Trustees who tell us that Medicare [will go] broke over the next few years if we fail to do anything."

Martin Hoke: "Every day that the House is in session, liberals take to the House floor and denounce and beat their chests about the floods of special interest money. Their self-righteous whimpers can be heard for miles from here. But we just had the disclosure that the DNC is not immune. For $100,000 you can go to dinner at the White House four times . . ."

Wednesday, July 12:

Line of the Day:

Frank Riggs: "We cannot sit back and do nothing while Medicare continues on its downward slide toward bankruptcy. Republicans want to preserve, protect, and improve Medicare for this and future generations. I ask the Democrats to stop their petty scare campaigns. Work with us to fix Medicare."

Daily Quotes:

Steve Chabot: "So, when hearing the liberal Democrats talk about how Republican spending increases will destroy Medicare, ask yourself a question that is based on facts: Who is hurting the poor, the party acting to save Medicare--the Republicans--or the party defending the status quo and allowing Medicare to go bankrupt--the Democrats? It is kind of like asking, 'Who's buried in Grant's tomb.'"

J.D. Hayworth: "I say to my colleagues, Look closely. The figures don't lie. The math is here. Believe the real math and not the new math of alleged school lunch cuts and all the other politics of fear being propagated by the guardians of the old order who always play upon the politics of envy instead of having the vision for the future this American nation needs."

Joel Hefley: ". . . the President who claims to 'feel your pain' . . . is selling himself to a privileged few for up to $100,000 per person. Now our friends on the Democratic side of the aisle would be going nuts if this was a Republican President doing this."

Dick Armey: "There they go again, my colleagues on the other side of the aisle feigning moral outrage about something they think they might have imagined they read."

Wally Herger: "The liberal Democrats in this Chamber have offered no real, substantive plan to protect Medicare. All they offer--in fact, all they really stand for any more--is paranoia."

Martin Hoke: "Inflation in the private sector with respect to health care is about 4.4 percent. In 1993 it was less than that. We have actually seen in the private sector health care costs have dramatically been reduced. Why is that? Because corporations, individuals, institutions have all said enough is enough; 13 to 14 percent compounded inflation is too much."

Walter Jones, Jr.: "Republicans are continuing to cut Government bureaucracy and waste today as we finish consideration of the energy and water appropriations bill. Keeping our promise to balance the budget by the year 2002, we have cut $1.6 billion from the 1995 funding level, which is $2 billion below the President's request."

Thursday, July 13:

Line of the Day:

Andrea Seastrand: "On Monday of this week the very first thing the Democrats wanted to do after a 9-day break for the Independence Day recess was to adjourn the House. We did not need a recess after 9 days off. . . . While [Republicans] are trying to strengthen, protect, and preserve Medicare, some just want to go home."

Daily Quotes:

Walter Jones, Jr.: "Medicare must be simplified so that all of us, not just lawyers, can understand the Medicare system. By simplifying Medicare, we can preserve and strengthen Medicare for those who are currently on it, and for those who are counting on it."

Martin Hoke: "Today's seniors deserve the right to the best medical care system possible, and tomorrow's seniors deserve to know that the money that they have paid in Medicare taxes will also have been a sound investment."

Cass Ballenger: "What do Robert Reich, Donna Shalala, and Robert Rubin have in common?
(a) They are all Democrats
(b) They all members of President Clinton's cabinet
(c) They all predict that the Medicare Trust Fund will go bankrupt by the year 2002
(d) All of the above
If you picked (d), you're right."

Dan Frisa: "Seniors can finally rest assured, because responsible Republicans have the courage and common sense to protect and preserve the Medicare system for our seniors in the future, while providing affordable increases so that they receive the care they deserve."

CONFERENCE NOTES...

A daily publication for House Republicans

June 30, 1995

MEDICARE:

message of the day

Republicans are serious about saving Medicare from certain bankruptcy

featured issue: budget

The Republican Conference on Thursday ratified its Statement of Republican Principles for Strengthening Medicare for the 21st Century. This set of principles will guide Republican efforts this year as we move to preserve, protect, and strengthen Medicare. These are the principles:

1. We must act immediately to preserve Medicare for current retirees and to protect the system for the next generation of beneficiaries.
2. Medicare spending must increase at a slower rate.
3. Senior citizens deserve the same choices available to other Americans.
4. Government must not interfere in the relationship between patients and doctors.
5. Senior citizens should be rewarded for helping root out waste, fraud, and abuse.
6. Strengthening Medicare is too important to be left to "politics-as-usual."

fyi

Medicare select conference report will be on the floor today.

"And I quote..."

"These reforms essentially address the problems of Medicare by shifting power from the government bureaucracy to individuals. That is what Republicans promised in the last election. That is what voters demanded. That is what the Republican plan under discussion delivers."

--Pete Dupont
Washington Times, 6/12/95

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House Republican Conference
U.S. House of Representatives
Washington, DC 20515

May 18, 1995

Dear Republican Colleague:

Many of you may have received a copy of a letter from the American Hospital Association in response to my earlier letter to you pointing out the AHA's heavy financial support of our Democrat colleagues.

I thought you may be interested in my response to the AHA. I have also enclosed a copy of their ad assaulting our efforts to preserve, protect and improve Medicare.

Sincerely,

John Boehner

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8TH DISTRICT, OHIO

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BARBARA VUCANOVICH
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ROOM [illegible]
LONGWORTH HOUSE [illegible]
202-225-[illegible]

House Republican Conference
U.S. House of Representatives
Washington, DC 20515

May 18, 1995

Mr. Rick Pollack
Executive Vice President
American Hospital Association
325 Seventh Street, NW, Suite 700
Washington, DC 20004

Dear Mr. Pollack:

I read the American Hospital Association's ad in Roll Call today attacking Republican attempts to preserve, protect and improve our nation's Medicare system. Therefore, I must say I was somewhat puzzled to also receive today your letter professing a willingness to work with House Republicans and to read in Congress Daily of your discussions regarding Medicare with Speaker Gingrich. All I can surmise is that your propaganda machine is disconnected from your policy machine.

The shrill partisan rhetoric used in your advertising and the Democrat "company line" regurgitated in your letter's enclosure causes me to doubt AHA's willingness to work with House Republicans.

Let me specifically address a few points made in your letter:

- Unless I am greatly mistaken, private sector health care costs grew by approximately 4% last year while Medicare's costs increased by 10.5%. It seems to me that allowing Medicare to continue to grow, but at a slower rate, say 6%, would help Medicare better reflect the private market. I don't believe, and I'm sure in all honesty, neither does your association, that this would make it harder for senior citizens to receive the level of care they need or that our rural and inner-city hospitals would be forced to close.

- Only in Washington would a person believe that spending $6300 per Medicare recipient in the year 2002 is a reduction of spending over the current level of $4700 per year. Your insistence on relying on pretend baseline numbers proffered by the Democrat Party demonstrates to me that AHA hasn't quite got the message yet that Congress is now

using honest numbers in its budget process. In the past, it may have been fun to budget on wishful thinking, but today, Republicans are serious about facing up to the challenge of saving Medicare and balancing the budget. Peddling a page of dishonest numbers for each Member's Congressional District adds nothing to the debate. If AHA would care to recalculate your "illustrative scenarios" based on fact, rather than fictional baselines, I'd be happy to review them with you.

- You may not be aware of this, but Lewin-VHI is a wholly owned subsidiary of Value Health, Inc., an Avon, Connecticut managed care health company. To trumpet the supposed independent findings of a company with an obvious financial self interest in the outcome of the Medicare debate as validation of your position strikes me as not the strongest argument on your part.

- If my criticisms of AHA funding of the Democrat Party and their candidates is of concern, all I can say is that sometimes the truth hurts. I would trust that AHA's involvement in the political campaign process is guided by your association's views and beliefs. By your actions in 1994, you clearly thought that the Democrat Party and their efforts to nationalize health care, increase the Federal debt, increase the regulatory burdens on the private sector and to raise taxes were of benefit to you.

As long as the American Hospital Association chooses to continue this dialogue by mimicking the Democrat line and running a paid fear campaign in the media, I feel is it is my responsibility as Chairman of the House Republican Conference to keep Conference members assessed of your public actions in opposition to our agenda. When you are ready to engage in a serious dialogue with House Republicans to preserve, protect and improve Medicare, based on fact and not hyperbole, I am confident we would welcome your participation.

Sincerely,

John Boehner
Chairman

SOME IN CONGRESS WANT TO REDUCE MEDICARE BY MORE THAN $250 BILLION

This is more than 3 times the largest Medicare reduction in history.

Who will be hurt the most? Certainly seniors will be harmed, because their Medicare is being reduced — again. But not only seniors — *everyone* will feel the impact if community hospitals have to reduce their services or close their doors.

A new study by Lewin-VHI, one of the nation's top research firms, finds that with reductions of $250 billion, *every hospital* will lose money treating Medicare patients.

WHAT WILL HAPPEN TO HEALTH CARE?

These reductions will mean:

- Money-losing but crucial services like trauma care, burn units and ICUs may have to be closed.
- Senior citizens will find it harder to receive the level of care they need as they grow older.
- New life-saving technology that people need could be delayed.
- Innovative community outreach programs that help millions of Americans could get trimmed.
- Needed hospitals in rural or inner-city communities could be forced to shut their doors, period.

Hospitals are successfully controlling costs, but these reductions go beyond what is reasonable. They're going to hurt—not just folks on Medicare, but anyone who may need the high quality care that only a hospital can give. And that will leave some very important people—you the voter—looking for answers.

Hospitals and Congress should work together to reform, restructure and save money in Medicare—but let's not gut it.

Federation of American Health Systems

AHA American Hospital Association

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

Steering Committee Members

To date, July 21, 1995

Alliance for Managed Care
Citizens Against Government Waste
Citizens for a Sound Economy
Communicating for Agriculture
Council for Affordable Health Insurance
Healthcare Leadership Council
National Association of Manufacturers
National Taxpayers Union
The Seniors Foundation
U.S. Chamber of Commerce

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

For Immediate Release

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

Coalition to Save Medicare Comprised of Diverse Range of Groups
Formed to Shape and Monitor the Medicare Reform Debate

Washington, D.C. July 24, 1995 . . .The Coalition to Save Medicare (CSM) has been formed to support efforts to preserve, simplify and strengthen Medicare and will serve as a clearinghouse for Medicare reform information. The group, representing a wide range of interests from senior citizens, small and large businesses, to taxpayers and the health care industry, will provide grass-roots input and support for legislation to prevent the impending bankruptcy of the Medicare Trust Fund. Co-chairs of the coalition include Jake Hansen, vice president of government affairs, The Seniors Coalition, and Pam Bailey, president, Healthcare Leadership Council (HLC).

"Medicare is in trouble, and we've formed this group to get the message out that something needs to be done to prevent the system from going bankrupt by the year 2002," announced Hansen. "The makeup of our coalition membership itself sends a strong message that Medicare affects a diverse range of groups, such as businesses, health care groups, taxpayers and families -- not just seniors."

Mrs. Bailey added, "Medicare is too important of an issue to be left to politics. We hope our efforts will result in workable solutions which will give our older Americans choices and, most importantly, quality health care."

According to the CSM mission statement, the solution does not lie with higher taxes, dramatic cost-shifting or reductions in the quality of medical care available to seniors. 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.

The CSM believes the current fee for service Medicare program should remain available to any senior who wants it, but beneficiaries should also have the same health plan choices that are available to other Americans.

CSM will be sending out alerts, manning phone banks, and publishing op-eds and letters to editor across the country. Talk radio hosts will be receiving weekly updates about the progress of Medicare reform.

"By the time we're finished, voters in America will know what's at stake," said Hansen. They will know the reality behind the Medicare crisis and what is being done to save the system."

A mission statement and list of Coalition members appears on the following pages.

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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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
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.

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

P.O. Box 75033, Washington, D.C. 20013

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

Biographical Data

Chairs, The Coalition to Save Medicare

Jake Hansen, Vice President for Government Affairs, The Seniors Coalition

Jake Hansen serves as chief political strategist for The Seniors Coalition and is responsible for formulating and implementing all policies which support the concerns of the organization's membership. He directs lobbying initiatives on issues such as Medicare, taxation, spending, health care, Social Security. The Seniors Coalition is a non-partisan national organization which embraces a set of core beliefs: frugal and responsible government finance; tax policies that create rather than destroy jobs; strong and stable families; and the enduring compact between one generation and the next. It accepts no taxpayer money.

Pamela G. Bailey, President, Healthcare Leadership Council

Pamela Bailey has been involved in health care government 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.

HEALTHCARE
LEADERSHIP
COUNCIL

Statement by Pamela Bailey
President, Healthcare Leadership Council

Today marks the start of the week commemorating the thirtieth anniversary of Medicare. Yet, this important health program is facing a financial crisis so severe that its future is at risk. It is in response to this crisis that we are announcing today the formation of the Coalition to Save Medicare.

The Healthcare Leadership Council (HLC) represents leaders from every sector of the health care industry. We have joined with the Seniors Coalition to co-chair this coalition. This coalition will accomplish two major goals:

- To inform Americans of the urgent need to address the financial crisis facing Medicare; and
- To promote a public conversation over the right solutions to this crisis.

Joining me today are, Jake Hansen, from The Seniors Coalition, and representatives from other Steering Committee Members: Bruce Josten from the U.S. Chamber of Commerce, Wayne Nelson from Communicating for Agriculture, and David Keating from the National Taxpayers Union. These individuals speak for large and small businesses, farmers and ranchers, and taxpayers. Medicare touches every American, and this coalition will represent the cross section of interests in American society.

The Healthcare Leadership Council has made saving, simplifying, and strengthening Medicare our top legislative priority. There are two reasons why we decided to help build this coalition. First, America must come to grips with the financial crisis facing Medicare. This fact, recognized by leaders of both political parties and the Social

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202 347 3731

Security and Medicare Board of Trustees, is profound. Next year, Medicare will begin to spend its reserves. In seven short years, Medicare will be bankrupt. The long term outlook for Medicare is no better. The aging of the baby boomers and the reduced number of young people supporting an older population creates an unsustainable financing situation using current methods. This is of enormous importance to all generations of Americans and to the health care system.

The second reason for our active involvement is that the HLC brings a unique perspective to this important issue. The Healthcare Leadership Council represents the innovative and quality institutions in the health care industry. Its members include the chief executives of hospitals, managed care companies, pharmaceutical companies, medical device manufacturers, and health care providers. We provide a unique forum for people knowledgeable and experienced in the delivery of health care in which to find solutions to the challenges ahead. The HLC has been working for months on solutions for strengthening Medicare. We look forward to presenting our recommendations to the leadership of both political parties and the Coalition, and to working with the coalition to inform Americans about how to best preserve, strengthen and simplify the Medicare program.

Saving Medicare is an issue that can not be put off, nor is it an issue that we can push under the rug. An open, honest national discussion about how we can save Medicare and preserve its promise to America's senior citizens is critical to achieving the right solution. The Coalition to Save Medicare will be working with hundreds of organizations to raise the public awareness and understanding of these important issues.

The Seniors Coalition

Protecting the Future You Have Earned

FOR IMMEDIATE RELEASE
July 24, 1995

CONTACT: Vicki Lovett
202-546-1537

Seniors Coalition is Supports Efforts of Coalition to Save Medicare
Engaged in All-out Effort to Protect the Elderly

In a statement released today, Jake Hansen, vice president for government affairs of The Seniors Coalition and co-chair of the Coalition to Save Medicare, said, "Forming the Coalition is the best thing we could do to help protect and preserve the health care coverage of senior Americans -- for today and tomorrow."

The Coalition to Save Medicare (CSM), formed to support efforts to preserve, simplify and strengthen Medicare and serve as a clearinghouse for Medicare reform information, is comprised of a diverse range of groups. The CSM represents the interests of all Americans, from the elderly to farmers, taxpayers, businesses of all sizes and healthcare providers. Hansen adds, "As Medicare enters its 30th anniversary, we see many opportunities to help encourage the national dialogue on the Medicare crisis. We want to show that Medicare has been a good program, but is now in trouble, and that it has an across-the-board impact on the health, well-being, and lifestyle of all Americans of all ages, not just seniors. We know that if steps aren't taken to address the problems of Medicare, then we all will face dire consequences. Our message is clear: SAVE MEDICARE."

According to Hansen, The Seniors Coalition believes that choices are a key ingredient in the Medicare reform formula. "We believe that people entering retirement should be given the same choices that are prevalent in the private health care industry -- whether it be HMOs, PPOs, a voucher system or another form of selection." At the same time, he says that those who want to remain in the system should be allowed to do so.

Says Hansen, "We're excited about the prospects of the CSM and believe our actions will result in legislation that is good for seniors and good for our country. We hope all Americans will benefit from the effects of our efforts, as they recognize that we plan to preserve a system that has served so many so well."

The Seniors Coalition is a non-profit organization with two million members and supporters which represents the interests of older Americans. It keeps its members aware of issues affecting their lifestyle, health and well-being through a free bi-monthly newsletter, legislative action alerts, correspondence, free booklets, research papers, a monthly Q & A column and op-eds. It is totally member supported and accepts no taxpayer money.

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THE ALLIANCE FOR MANAGED CARE

Statement of Support for the
Coalition to Save Medicare

The Alliance for Managed Care is pleased to announce its participation in The Coalition to Save Medicare. The Alliance for Managed Care is made up of four of America's leading managed care companies. They are: Aetna, Cigna, MetraHealth, and The Prudential. Together, the members of The Alliance for Managed Care (AMC) provide health care coverage for over 60 million Americans. The AMC will serve on the Coalition's steering committee.

The AMC's concern over the future of Medicare is deeply held. This vital federal program is on the brink of financial collapse. The program's rate of growth is not sustainable. The crisis confronting Medicare threatens the health care security of current beneficiaries and future generations. As important, Medicare's runaway costs will continue to exacerbate all attempts to balance the federal budget. The AMC believes the Congress and President Clinton must act to save the program by giving senior Americans real health care choices...just like millions of American workers have. Managed care should be a health coverage option available to every Medicare beneficiary.

For the sake of current generations and the nation's fiscal well-being, AMC is pleased to announce its committed participation in The Coalition to Save Medicare.

U.S. Chamber of Commerce
1615 H St., NW
Washington, DC 20062-2000

Media Relations Department (202) 463-5682

NEWS

FOR IMMEDIATE RELEASE
Monday, July 24, 1995

Contact: (202) 463-5682 Frank Coleman
Laura Weller

U.S. CHAMBER LAUNCHES EFFORT TO SAVE MEDICARE

WASHINGTON -- The U.S. Chamber of Commerce today helped kick off a "herculean effort" to save Medicare at a press conference launching the Coalition to Save Medicare.

"We believe the Medicare crisis demands a timely collaborative effort by the Congress and the American people," said Bruce Josten, the Chamber's senior vice president for membership policy. "There is no other choice.

"Today Medicare is the fastest growing program in the federal government. This year alone, Medicare will add about $45 billion to the federal deficit, about one-fourth of the total deficit," Josten said. "Even worse, the Medicare Board of Trustees anticipates that Medicare will be bankrupt in seven years."

Josten called on Congress to redesign Medicare to protect, preserve and improve the program for current and future beneficiaries while providing choices of medical care to senior citizens and rooting out fraud, waste and abuse.

"Clearly, this is a crisis, but we must make it a crisis of opportunity. Sitting back and allowing Medicare to go bankrupt is not an option," he said. "Yes, this will be a herculean effort. But the cost of doing nothing is an unconscionable price to pay."

Josten noted that the Chamber membership supported the recently-passed 1996 Federal budget resolution, which provides for $1.4 trillion of Medicare spending over the next seven years.

The U.S. Chamber of Commerce is the world's largest business federation, with 215,000 member businesses, 3,000 state and local chambers of commerce and 1,200 trade and professional associations.

95-115

NAM National Association of Manufacturers

95-167

FOR IMMEDIATE RELEASE

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NEWS ALERT

REFORM, DON'T GUT, MEDICARE SAYS NAM

New Coalition Emphasizes Broad Need for Restructuring

WASHINGTON, D.C., July 24, 1995 -- "The NAM fully supports efforts to reduce our nation's budget deficit, but targeting Medicare and Medicaid for across-the-board spending reductions is not the solution. Instead, we must focus on modernizing Medicare to ensure its quality and efficiency, without shifting costs to the private sector," said National Association of Manufacturers Senior Vice President Paul Huard today.

"We're pleased to be a part of today's announcement to introduce the Coalition to Save Medicare. The very breadth and size of this group should be a clear indication of the importance and urgency of this issue," said Huard.

"In the 1980s, employers were battered by double digit health care cost increases. But innovative changes, such as the use of managed care, saved their health care programs. It's time for the federal government to take a page from the business community's play book," noted Huard.

Specifically, the NAM Board of Directors recommended modernizing Medicare to include incentives for greater use of managed care and other initiatives, and avoid transferring costs to employers.

"We must put some serious consideration into finding ways to make the system work more efficiently if we are going to both balance the budget and save Medicare from bankruptcy by 2002," Huard said.

-NAM-

COMMUNICATING FOR AGRICULTURE

112 E. Lincoln Ave.
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Phone (218) 739-3241

Statement by Wayne Nelson, President

RURAL AMERICANS SAY LET'S SAVE MEDICARE . . . AND MAKE IT BETTER.

Communicating for Agriculture has had a long history of actively working to improve health care in rural America. We led a coalition of more than 100 agriculture and commodity groups in the health care debate of 1993 and 1994.

CA has been a leader in the fight for tax fairness and to establish programs for those without health insurance. On behalf of the 80,000 farmers, ranchers and rural small businesses, we believe that Medicare needs to be saved, but to do so means that it must be changed.

Rural hospitals lean on Medicare - call it the crutch that stabilizes the bottom line. Since rural areas are home to a high percentage of the nation's seniors, it's no surprise that rural hospitals receive so much revenue from Medicare – typically more than half and in some hospitals, up to 80 percent.

With Medicare's bankruptcy approaching, rural communities won't be able to count on the federal insurance program as it exists today. Even today's Medicare is not perfect, especially when you look at it from rural America.

Rural hospitals are reimbursed less than their urban counterparts, and reimbursements don't reflect true costs. Below-cost reimbursements have forced rural hospitals to shift costs to patients with private insurance.

Clearly, it's time to make changes to save Medicare. Band-Aid solutions, such as higher copayments and lower payments to doctors and hospitals won't be enough.

Another easy option would be increasing the level of payroll taxes that fund Medicare. But as baby boomers move into retirement, the ratio of workers to Medicare recipients is going to shrink from four to one, to two to one. The tax increase necessary would be difficult to bear, especially among the self-employed and small business owners, the backbone of rural America.

To ensure that Medicare coverage will be available when our children and grandchildren retire, we need to make bigger changes. The biggest is a change in philosophy: giving seniors more choices. Let seniors select their own health care insurer. If they choose less expensive coverage with higher deductibles, seniors would share the cost savings with a rebate. Select more

comprehensive coverage, and seniors would pay the difference. This plan gives seniors the same choices as all Americans who purchase insurance and rewards them for making wise health care buying decisions.

Managed care can also be a part of the solution, too, including finding ways to change the reimbursement system so it is based on competitive bids.

Rural health care delivery is different from that in the city. There are fewer people, older people and more miles to cover. But that doesn't preclude rural Americans from quality health care. We need to modernize Medicare to make it work for everyone.

NATIONAL
TAXPAYERS
UNION

NEWS

For Immediate Release
July 24, 1995

For Further Information, Contact:
Pete Sepp (202) 543-1300

Nation's Largest Taxpayer Group Urges Congress to Prevent Medicare Bankruptcy

(WASHINGTON, D.C.) -- The 300,000-member National Taxpayers Union (NTU), the nation's largest taxpayer association, today announced its active participation in the newly formed Coalition to Save Medicare. The Coalition, led by the Seniors Coalition and backed by other citizen and business organizations, will work for implementation of reforms to prevent Medicare's looming bankruptcy.

NTU executive vice president David Keating said, "Medicare's own Trustees predict the program will go bankrupt in just seven years. The Coalition to Save Medicare will work to inform the public that reforms are needed to avoid bankruptcy.

"The Trustees have diagnosed Medicare's condition as critical and unstable. The prognosis for taxpayers -- and seniors -- is grim unless Congress acts this year. Congress literally cannot afford to delay reforms that will control the growth of Medicare spending and rescue the system from certain doom.

"Some special interest groups say Medicare shouldn't be changed. The question is not whether changes need to be made, but when they will be made. The program is headed straight for a cliff. If Congress acts this year, drastic changes can be avoided later. If we wait until disaster strikes from Medicare's bankruptcy, the pain caused by changes will be far worse."

According to the 1995 Annual Report of Medicare's Board of Trustees, Medicare's Hospital Insurance (HI) Trust Fund will exhaust previously accrued surpluses and become insolvent by 2002. Forestalling this bankruptcy through tax hikes alone would, according to Keating, "place devastating new burdens on taxpayers and the economy. Medicare payroll taxes would jump by more than $1 trillion over the next seven years, or $1,500 every year for a worker earning $45,000."

These calculations do not account for rapid cost growth (over 10 percent annually) in the Supplementary Medical Insurance (Part B) portion of Medicare. Taxpayer subsidies for this program are expected to quadruple to $147 billion by the year 2004. Without other remedies, these costs could trigger tax hikes on top of those consumed by Medicare.

National Taxpayers Union, a non-profit, non-partisan citizen organization with 300,000 members in all 50 states, works for fiscal responsibility at all levels of government. NTU has led the national campaign for a Balanced Budget Amendment to the U.S. Constitution.

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COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE

NEWS

For Immediate Release
July 24, 1995

Contact: Sean Paige
(202) 467-5300

CCAGW Joins Coalition to Save Medicare

Washington, D.C. -- The Council for Citizens Against Government Waste (CCAGW) today joined with other prominent taxpayer, senior and business groups in an all-out effort to save, simplify and strengthen the Medicare system, which will be thirty years old this month. Without action now, according to the "Coalition to Save Medicare," the health care provider for seniors will go bust early in the 21st Century.

Last year, the President's Medicare Trustees, an independent panel whose job is to keep track of the financial health of the program, reported that Medicare was in poor shape and headed toward collapse. This year, the trustees made it even more explicit: Within one year, booming costs and an unsustainable growth rate will drain the Medicare Trust Fund. In seven years, the program will be bankrupt.

"A failure to reform the program today will exact a terrible toll on America's seniors and all taxpayers tomorrow" said CAGW President Thomas. A. Schatz. "But before we even begin to look at adjusting benefits, we should launch a vigorous effort to eliminate the tens of billions of dollars in waste, fraud, and abuse within Medicare. Every dollar pilfered from Medicare by the goulish gang of grifters who prey on it should be seen as a personal attack upon its particularly vulnerable beneficiaries and the taxpaying public."

"Time is too precious, and the stakes are too high, to waste another minute in fear-mongering, denial, and demagoguery," said Schatz. "Every major poll reports that the public -- and Medicare enrollees in particular -- demand that Congress take the steps necessary to strengthen the program, to simplify its rules, and to protect every patient's right to a relationship with their physician while offering a reasonable number of health-care choices and alternatives to the present system. Long-standing proposals such as medical savings accounts, which are strongly endorsed by CCAGW members, will likely now be enacted as one of the choices offered to Medicare enrollees."

CCAGW will work with the Coalition to Save Medicare and the

House and Senate leadership to preserve the system for current and future beneficiaries.

CCAGW is a 600,000-member non-partisan, nonprofit organization lobbying to eliminate waste, fraud and mismanagement in government.

1301 Connecticut Avenue, NW • Suite 400 • Washington, DC 20036 • 202-467-5300

Council for Affordable Health Insurance

Coalition to Save Medicare
July 24, 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) is proud to be a partner in the Coalition to Save Medicare. The Coalition's goal is to preserve, simplify and strengthen the Medicare system. This theme fits with CAHI's mission to allow market forces to reduce costs and improve quality of care.

CAHI supports maximum choice of insurance options for seniors. Medical savings accounts, or MSAs, can be a vehicle for seniors to pay for health care expenses in retirement. CAHI's position is that the best way for seniors to finance their health care needs is through private vehicles rather than through government programs such as Medicaid.

Reforming the Medicare system is one of the greatest dilemmas facing Members of Congress today. CAHI has submitted a comprehensive list of short-term revenue solutions and is working on long-term fixes for the Medicare program.

CAHI encourages all groups to support the mission of the Coalition to Save Medicare. Senior citizens deserve the same health care choices available to other Americans. CAHI agrees with the Coalition's goal of encouraging policy makers to simplify and improve the Medicare system by opening it up to new options and opportunities.

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 nearly 4,000,000 people in the individual and small group insurance markets.

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MEDICARE PRESENTATION
SUGGESTED TALKING POINTS

GENERAL THEMES

- Bipartisan agreement that Medicare is going bankrupt
- You are personally committed to saving the Medicare system
- Traditional Medicare will remain -- but it may cost more
- We can protect, preserve and strengthen Medicare
- Medicare spending per individual will increase from $4800 to $6700 - an increase of nearly 40 percent

CHART 1:

- Purpose of the Town Hall meeting is to talk about saving Medicare
- Bipartisan consensus that this is a vital program
- Unfortunately, Medicare is in deep financial trouble
- It can be fixed -- and we can continue to increase spending
- Holding this forum to give constituents information -- and to listen to their ideas on how to fix Medicare
- We're listening to experts around the country and gathering input from seniors.
- We want to do this right.

CHART 2:

- Many Americans still don't realize the serious financial crisis facing Medicare
- *Ask how many people knew Medicare was going bankrupt before they came to the meeting)*
- The first part of the meeting I want to discuss the problem with you

CHART 3:

- April 3 report of the Medicare Trustees shows Medicare is going bankrupt ***(Hold up a copy of the report)***
- Stress the bipartisan nature of the Trustees -- Shalala, Rubin, Reich, Commissioner of Social Security and two public Trustees -- including a Republican appointed by George Bush

CHART 4:

- Bill Clinton and Newt Gingrich agree --- Medicare is going bankrupt.
- But Clinton's budget proposal still allows Medicare to go bankrupt
- We hope he and Congressionbal Democrats will work with us to save Medicare

CHART 5:

- Problem begins next year. In 1996, the Medicare Trust Fund begins to spend more money than it is taking in.
- First time in thirty year history of the program this has happened

CHART 6:

- According to the bipartisan Trustees report, by 2002 the Trust Fund is empty.
- After 2002 the problem grows exponentially worse as we approach the baby boomers retirement.
  (Point to how steeply the line plunges after 1999)

CHART 7:

- The problem is out-of-control spending. Medicare spends more per beneficiary than the beneficiary pays into the system in premiums and taxes.
- This is not anybody's fault -- that's just how the system is designed -- full of incentives for waste, fraud and misuse
- But the problem must be fixed -- a system that spends $117 thousand more per couple than is paid into the system is not sustainable.

CHART 8:

- The problem must be solved now or else it grows worse every year.
- There will be fewer workers supporting each retiree on Medicare as the baby boomers retire

CHART 9:

- The alternative to slowing the growth of Medicare is to raise taxes on working Americans -- and killing jobs.

CHART 10:

- We are listening to all Americans. We have told doctors and hospitals that they have a responsibility to help us find a solution and we want to hear what you have to say about what does and doesn't work in Medicare today.
- ***(Stop and take comments on what they think is wrong today)***

CHART 11:

- We believe the private sector can teach us how to slow the growth of Medicare.
- The private sector has increased choice and controlled costs.
- There is no reason why Medicare spending must increase at twice the rate of the private sector.

CHART 12:

- Keeping growth above private sector growth allows us to keep Medicare from going bankrupt and still increases spending.
- We have strengthened our commitment to Medicare.
- Medicare spending can increase, it just can't continue to increase at over ten percent a year.
- Medicare will increase its commitment from $4800 per beneficiary to $6700 per beneficiary

CHART 13:

- We will spend $1900 more person than we do today.
- We account for increased population and still spend $1900 more per person

CHART 14:

- Learning from the private sector, we will give seniors the right to choose
- We want seniors to have the same rights as other Americans -- including Members of Congress.

- Like Members of Congress, you will have the right to choose from a series of plans.

- There are several concepts used in the private sector that we are considering for Medicare options.

Basic Medicare will remain. Premiums will increase, just as they would if did nothing.

Managed Care is another option available to millions of Americans, including Members of Congress. Managed Care uses a network of physicians to organize care for patients. It may provide more benefits and/or lower premiums. If that's what important to you, you can choose it.

Employer/Association-based Medicare: Right now, when a senior turns 65, he or she is forced off their health care plan and onto Medicare. Many retirees want the right to stay on their private plan. If you want to stay on your private plan, we will remove the

bureaucratic obstacles so that your employer or labor union has the opportunity to offer that choice to you.

Medical Savings Accounts is a new idea designed to give seniors more control over their health care dollars. Beneficiary would have a high deductible catastrophic insurance policy. Medicare deposits funds in your own interest-bearing Medical Savings Account each year. You keep any money you don't use. Each year, a beneficiary gets another deposit from Medicare. At the end of life, any unspent funds pass tax-free to your love ones. The Medisave option provides more control over medical dollars.

CHART 15

- The private sector has controlled costs by increasing competition.
- The options will force providers to serve your needs -- not Washington's needs

CHART 16

- We will simplify the Medicare system. If you want traditional Medicare -- you don't have to do anything -- it's that simple.

CHART 17

- If you want to consider other options, you will receive information on each plan -- just the way Members of Congress choose each year.

CHART 18

- After taking time to discuss with family and friends, choose the best plan for you -- and know that next year you will be able to choose again.

CHART 19

MEMORIZE THE PRINCIPLES

- These are options we are considering, which have been suggested by experts and by seniors who use the system and know where the problems are now
- None of the options are finalized
- We are still collecting your comments and ideas
- When we put together the details, we will make sure they are consistent with these principles

MEDICARE

We are committed to preserving, protecting, and strengthening this vital program

Time is Running Out on Medicare

- Medicare's hospital trust fund will spend more than it takes in next year.
- The trust fund will be empty in seven years.

What the Clinton Trustees Said in April of This Year About Medicare's Hospital Program:

- *"Under all the sets of assumptions, the **trust fund is projected to become exhausted** even before the major demographic shift begins."* (page 3)

- *"The fact that exhaustion would occur under a broad range of future economic conditions, and is expected to occur in the relatively near future, indicates **the urgency of addressing the HI trust fund's financial imbalance.**"* (page 13)

Source: April 1995 Annual Report of the Board of Trustees of the Federal Hospital Insurance Program, signed by Secretaries Rubin, Shalala and Reich

MEDICARE REFORM IS A BIPARTISAN ISSUE

"We cannot leave the system the way it is .... When you think about what the baby boomers require ... that's going to require significant long term structural adjustment. We'll have to look at what we can do there. But the main thing we can't do -- we can't have this thing go broke in the meanwhile."

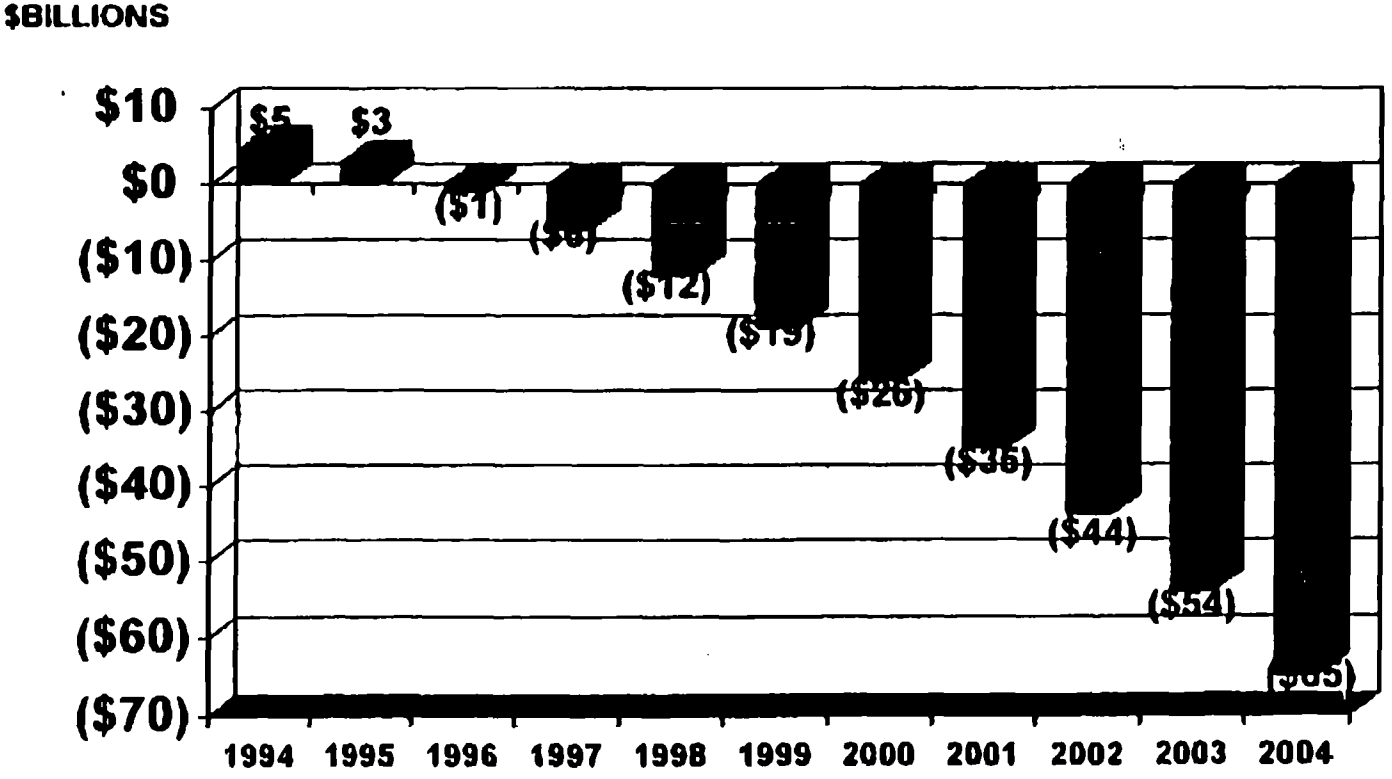
(President Clinton, 6/11/95)

"I do think the President put his finger on something here where I think we analyze it slightly different but we both have the same commitment ... I think in spirit we're not that far apart. The thing that is driving us is that the trustees reported that Medicare will go broke by 2002."

(Speaker Gingrich, 6/11/95)

MEDICARE HOSPITAL TRUST FUND STARTS GOING BROKE IN 1996

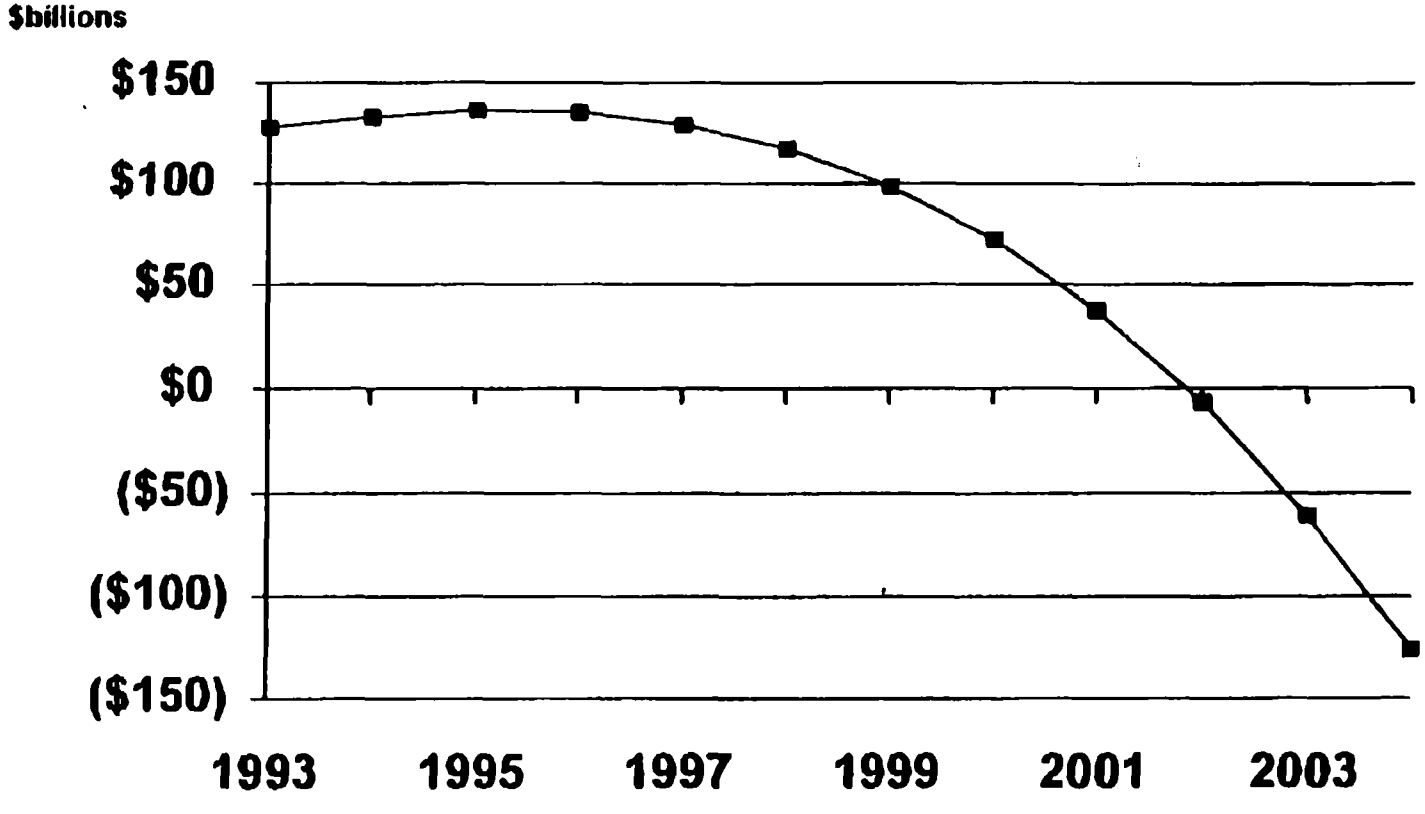
(spending greater than revenue)



Source: 1995 Annual Report of the HI Trustees, April 1995 p. 13

MEDICARE HOSPITAL TRUST FUND EMPTY IN SEVEN YEARS

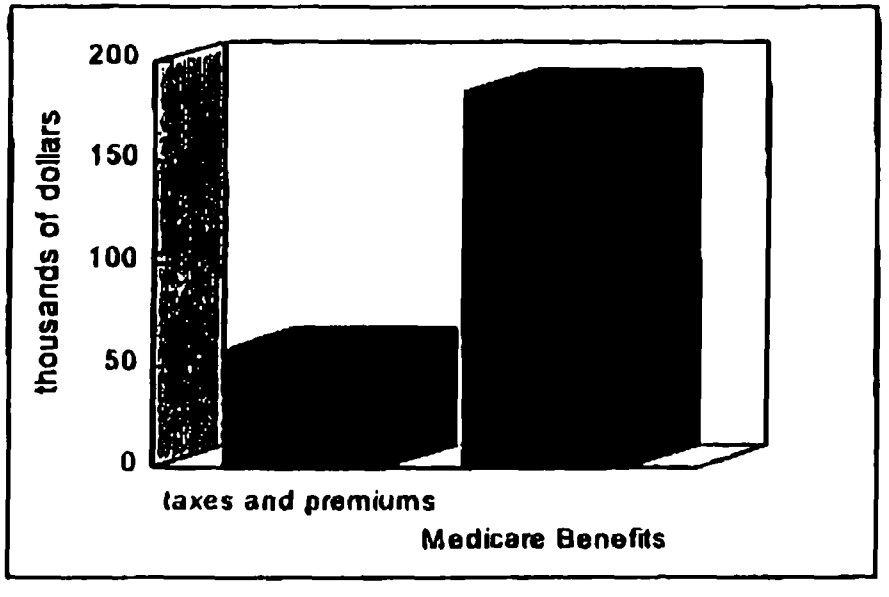
(Trust Fund Reserves)



Source: 1995 Annual Report of the HI Trustees, April 1995, p. 13

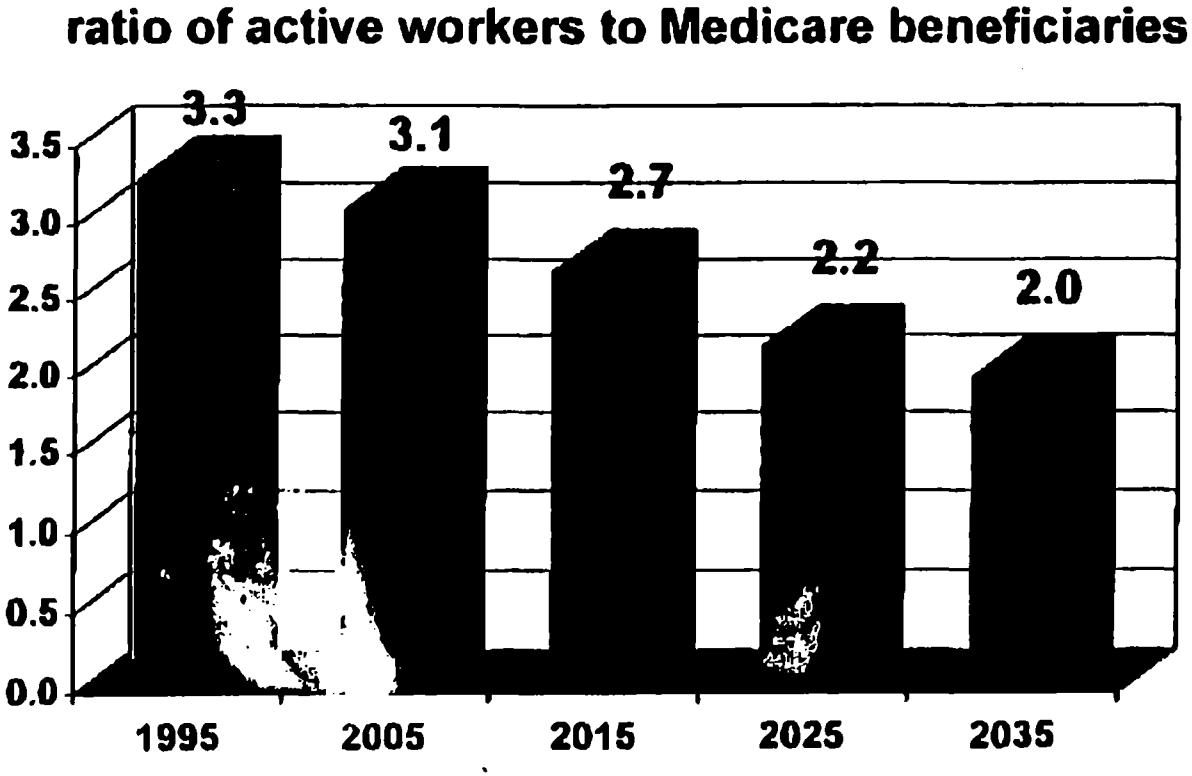
Medicare Spending Per Beneficiary Exceeds Contributions

For a two-earner couple retiring in 1995, over their lifetime, Medicare will spend $117 thousand more than the couple paid in taxes and premiums



Source: Gene Steurle, Urban Institute

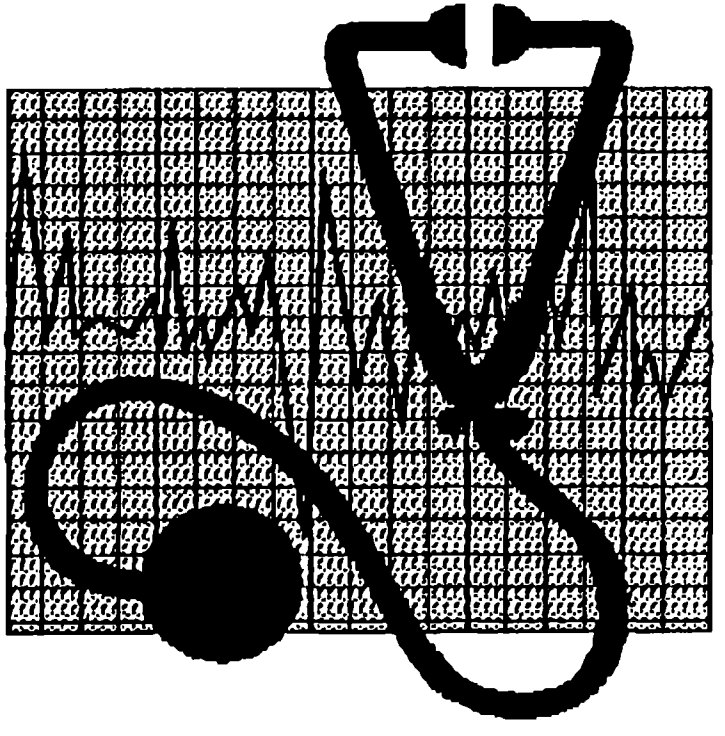
Current Medicare Crisis Will Only Get Worse as Population Ages



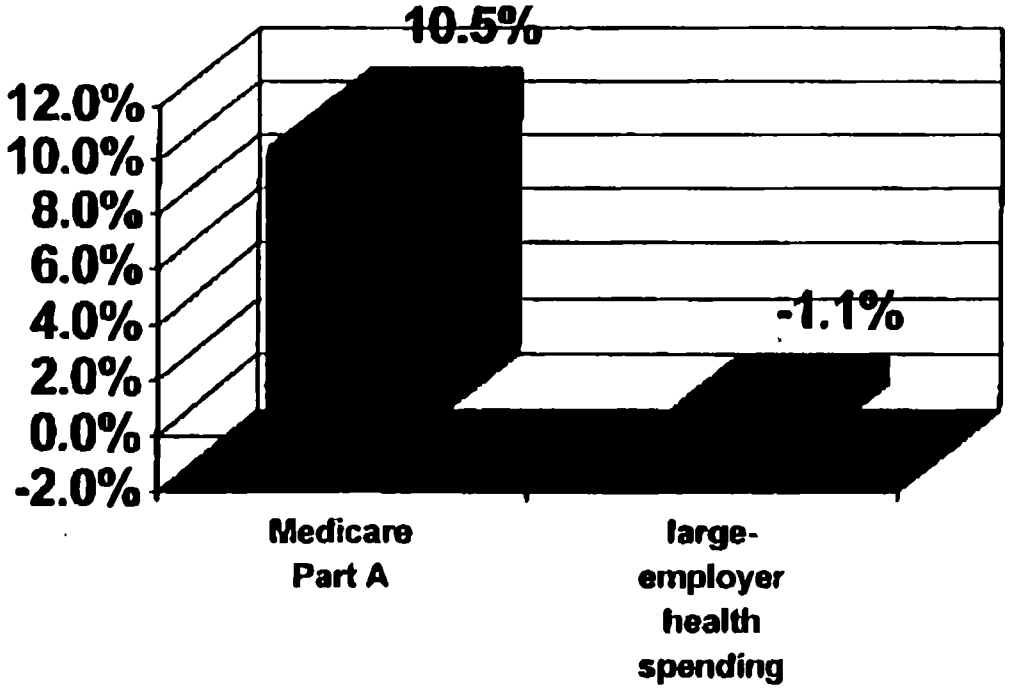
If We Don't Reform Medicare, Payroll Taxes Will Have to Double by 2020 to Avoid Bankruptcy

Source: 1995 Annual Report of HI Trustees, page 20

We are working to make Doctors and Hospitals part of the **Medicare solution,** not part of the Medicare problem.

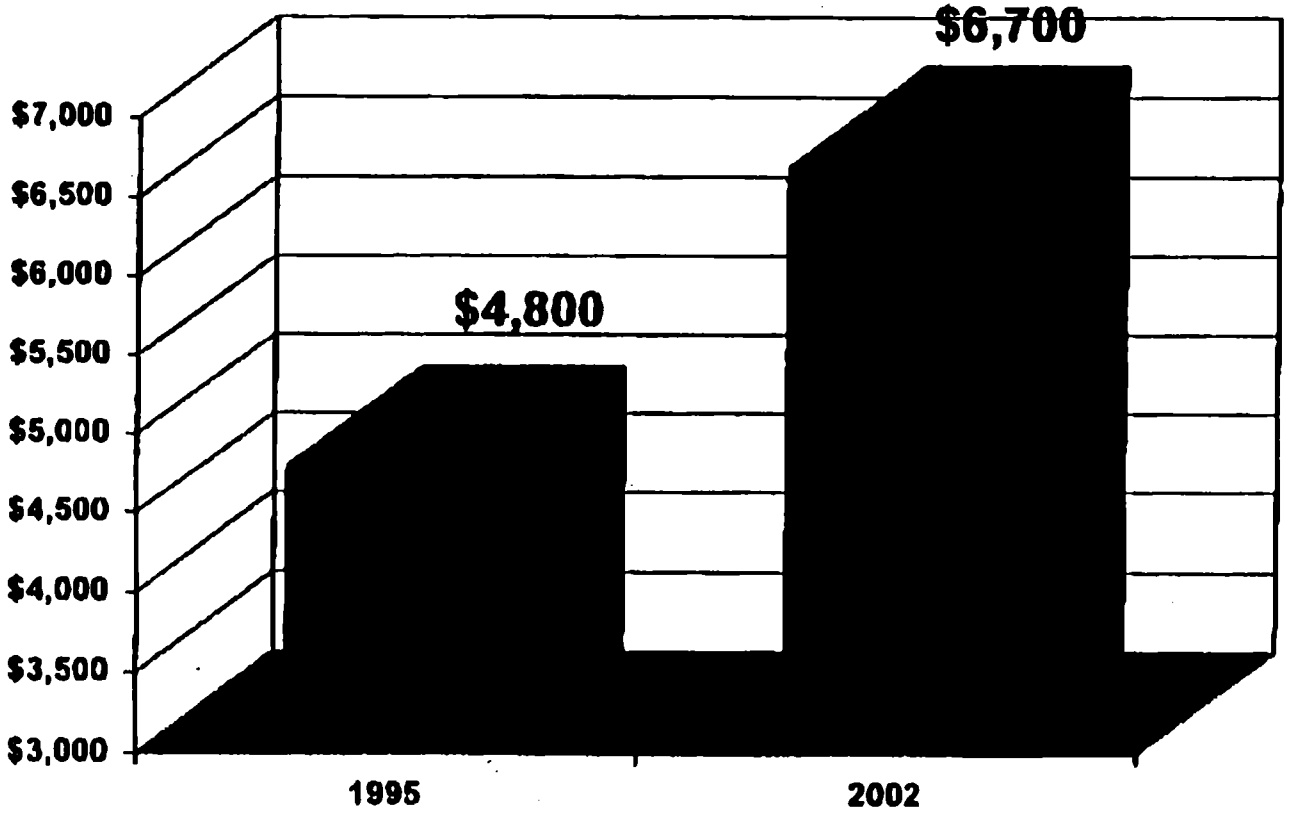


There is Hope: Private Sector Has Made Improvements that Can Help Medicare (1994 Spending Growth)



Sources: 1995 Annual Report of HI Trustees and HCFA actuaries

Per Beneficiary Spending Will Increase 40 Percent



Medicare Spending Will Increase $1,900 per Person

SENIORS SHOULD HAVE THE RIGHT TO CHOOSE

OPTIONS WE ARE EXPLORING

Your Current Medicare Plan
Coordinated Care choices
Employer/Association based Medicare
Medical Savings Accounts

THE RIGHT TO CHOOSE WILL HELP SLOW THE GROWTH OF MEDICARE

- √ Private sector forces providers to compete for the individual's business -- not the government's business

- √ Private sector forces providers to **simplify** the system and give seniors more information

- √ Bureaucrats will no longer be allowed to make all the decisions and keep all the information in Washington.

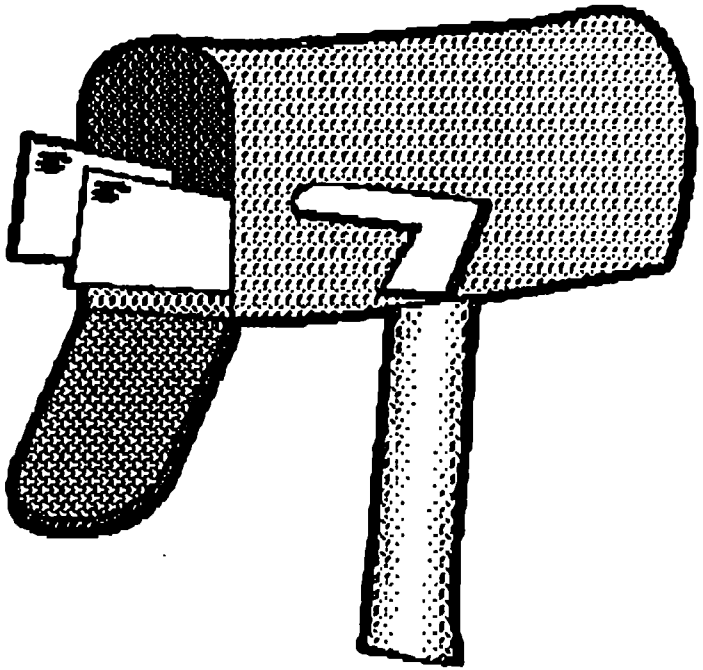
IF YOU WANT TO KEEP YOUR MEDICAL

YOU DON'T HAVE TO DO ANYTHING

YOU ARE AUTOMATICALLY ENROLLED
YOUR BENEFITS WILL CONTINUE

THE RIGHT TO CHOOSE WILL BE REAL:

Each Year Medicare Beneficiaries will Receive Information About the Medicare Menu of Options



YOU HAVE THE RIGHT TO CHOOSE THE PLAN THAT BEST SUITS YOUR INDIVIDUAL HEALTH CARE NEEDS

AND THE NEXT YEAR -- IF YOUR NEEDS CHANGE -- YOU CAN CHOOSE AGAIN

Strengthening Medicare for the 21st Century
A Statement of Principles

- √ We must act immediately to preserve Medicare for current retirees and to protect the system for the next generation

- √ Medicare spending must increase, but at a slower rate

- √ Senior citizens deserve the same choices available to other Americans

- √ Government must not interfere in the relationship between patients and their doctors

- √ Senior citizens should be rewarded for helping root out waste, fraud, and abuse

- √ Strengthening Medicare is too important to be left to "politics-as-usual"

MEMORANDUM

TO: Laura Tyson
Carol Rasco

July 24, 1995

FR: Chris J.

RE: Medicare Speech/Coalition to Save Medicare

cc: Gene Sperling
Jen Klein

Attached is the current draft of the speech with the suggested comments of Dick Morris. We will be following the evolution of this speech very closely. As soon as we receive an updated copy, we will forward it to you immediately.

Also attached is the press packet released at the "Coalition to Save Medicare" press conference. As you will note, at least on the cover page, the Concord Coalition is not listed as a founding member. I believe this is very good for us.

The final attachment is a copy of the document distributed amongst Republicans concerning the proper way to discuss Medicare with constituents. I believe this was a document referenced in Sunday's Post.

I will be talking with you soon; if you have any questions, please do not hesitate to call me at 6-5560.

draft 7/24/95 10:00 am

REMARKS BY PRESIDENT WILLIAM JEFFERSON CLINTON
30TH ANNIVERSARY OF MEDICARE
THE U.S. CAPITOL
JULY 25, 1995

[Acknowledgements: Vice President Gore for introduction; Eugene Glover, President, National Council of Senior Citizens (NCSC); Larry Smedley, retiring Executive Director, NCSC; Senator Kennedy; Senator Daschle; Congressman Dingell; Congressman Gephardt; Dr. Arthur Fleming and family; Genevieve "Mother" Johnson and family, 96-year-old seniors' advocate and president of NCSC's D.C. State Council of Senior Citizens]

Standing here in the shadow of the U.S. Capitol, we also stand in the light of all of you and so many others who worked so hard to create the great social contract we call Medicare.

We stand in the light of Franklin Roosevelt, who understood more than 60 years ago society's moral obligations to its elders.

We stand in the light of Harry Truman, who said more than 50 years ago that the time had come for action to help America's senior citizens attain the full measure of opportunity to achieve and enjoy good health.

We stand in the light of John F. Kennedy who would not live to see his dream of health security for older Americans realized.

We stand in the light of Lyndon Johnson, who on July 30, 1965 honored the memory of so many who had, inch by inch, moved us to the moment of victory. With the following words, President Johnson also honored millions of older Americans who had looked with such hope to that day. He said, "There are those, alone in suffering, who will now hear the sound of some approaching footsteps coming to help. There are those fearing the terrible darkness of despairing poverty -- despite their long years of labor and expectation -- who will now look up to see the light of hope and realization."

Thirty years ago the American people reached common ground on the need to provide guaranteed health security to older Americans. It is important to remember that before Medicare, 50 percent of the elderly had no health insurance and even more were underinsured. Older Americans who had fought our wars and built this country from the ground up found themselves having to choose between food and shelter and medical care. Men and women who had given a life-time to raising families and serving their communities were one illness away from total destitution. As the Vice President's father, Senator Al Gore, Sr. said in 1965, this was "a disgrace in a country such as ours."

The American people deserved better, and many of you in this room were directly responsible for crafting and passing what has become, along with Social Security, the most important legislation on behalf of American seniors in the history of this great country.

Today, 37 million older and disabled Americans carry a Medicare card that gives them access to the best health care in the world. Medicare has dramatically increased access to health care and has relieved older Americans of the terrible anxiety they suffered when they did not have health insurance and could not pay for their own care. We also know that Medicare has helped older Americans live longer, healthier lives. Medicare works. And it does something else which I have been working hard to promote for all Americans the past two-and-a-half years: It helps millions of citizens make the most of their God-given potential, not just in the first 65 years of life, but for as long as they live.

And let's not forget that America gave birth to twins in July of 1965. The same legislation that created Medicare also created Medicaid. And now, fully two-thirds of the Medicaid budget goes to care for older Americans and disabled citizens. Middle class families struggling to raise and educate their children, would face nursing home bills for their parents that average $38,000 a year if it were not for this program. So we need to celebrate and recommit ourselves to Medicaid today too.

But, even as we gather in the light of celebration, there are those outside this room who would cast a dark shadow on the extraordinary progress we have made.

We are now at an historic moment, because for the first time in a long time, the leaders of both parties agree that for the health of our nation, we must balance the budget. And everybody knows we must get health care spending under control. I'm for a balanced budget. I'm for getting health care costs under control. But, there is right way and a wrong way to accomplish these goals.

The right way is what my Administration has been doing for the past two-and-a-half years. The economy is up, inflation is down, trade is expanding, interest rates and unemployment are down. We've cut the deficit by a third, and we're in the process of reducing it for three years in a row for the first time since Harry Truman was President.

At the same time, we have maintained and strengthened our investments in American families and in the things that will prepare us to compete and win in the global economy: education and training, college loans, research, and health care. But we must do more.

My balanced budget plan cuts spending by more than $1 trillion. But, it doesn't place unnecessary and harsh burdens on those who can least afford to bear them. It is simply wrong to cut Medicare by $270 billion to pay for a $245 billion tax cut for the well-off. It is wrong to reduce coverage or coerce beneficiaries into managed care.

Medicare is currently a guaranteed benefit to 37 million older Americans. A person can take his or her Medicare card to virtually any doctor or hospital in this country to get the help they need.

The Republican plan would replace this benefit guarantee with a so-called "voucher" system. Under their voucher plan, beneficiaries who wish to keep their fee-for-service plan and a guarantee of their choice of doctor will have to pay significantly more.

~~The voucher option that Republicans offer would leave seniors to fend for themselves.~~ They would have to accept a fixed amount of money, in the form of a voucher, which they would use to purchase health care private plans, ~~which may not even be available in some parts of the country~~.

Let's be clear: Republican proposals to save $270 billion through vouchers are not about Medicare reform -- they are about reducing federal spending at the expense of seniors. They say the voucher will create more choice. And it does look that way on the surface. But the truth is, in order for them to achieve the $270 billion in savings, they are going to have to limit the growth of voucher payments to only 4.9 percent per year -- well below the CBO projection of a 7.1 percent annual increase in health care costs from 1996 to 2002. That means that every year, for every Medicare beneficiary, the cost of what they'll need to buy will grow faster than the value of the Republican voucher. So, seniors will either have to pay the difference out-of-pocket, or sign up for policies with inferior benefits. That's not choice, that's financial coercion.

Let's look at what these cuts will mean to the average citizen. Preliminary estimates by the Department of Health and Human Services show that by the year 2002, the Republican plan would increase out-of-pocket costs by tens of billions of dollars.

- In the year 2002 alone, the average Medicare recipient of skilled nursing home services would pay at least $1400 more.

- Even worse, the average beneficiary receiving home health care services would pay at least $1700 more.

Since 75 percent of Medicare beneficiaries have incomes below $25,000, it's hard to imagine how they will be able to afford

these higher costs.

In human terms this means that a middle aged couple trying to juggle the expenses of putting their children through college and saving for their own retirement could be put at grave financial risk if their aging parents become sick and can no longer afford the care they need. For the elderly parents who worked hard all their lives, their pride and independence is shattered when they have to shift this burden to their children.

Under the Republican voucher plan, an elderly chronically ill man who has been seeing the same doctor for decades could be financially forced to join a managed care plan. Because the Republican plan constrains the growth in the voucher well below private sector health costs, his new benefit plan will erode and his costs will increase. Paying more to get less is not what the Medicare Contract is all about.

It is true that we have to reduce the rate at which Medicare costs are increasing, but we have to make sure that Medicare will be there, not only for the seniors of today, but for those of us who will be the seniors of tomorrow.

I presented a budget proposal that reaches balance in 10 years, while protecting Medicare beneficiaries from any new cost increases. It ensures the solvency of the Trust Fund and preserves coverage. Our plan also takes steps toward comprehensive health care reform. We make a real a commitment to prevention and long-term care. We make a much more aggressive pursuit of fraud and abuse. We propose real insurance reform.

We balance the budget and strengthen Medicare, not by slashing coverage to pay for tax cuts for the wealthy. We do it by protecting the interests of seniors.

The Republicans are saying that they have to make these drastic changes in order to protect the Medicare Trust Fund. But consider this: The Trust Fund is in better shape today than it was when I took office. My 1993 budget which strengthened the Medicare Trust Fund for an additional three years, didn't get one Republican vote. And in my balanced budget proposal I assure that payments for beneficiaries will be secure for at least the next decade. So, their argument is false. You don't have to decimate Medicare to save it. And you certainly wouldn't even need to be talking about putting older Americans at risk if it were not for their proposed $245 billion tax cut for the well-off.

So I say, let's balance the budget, but let's do it in 10 years, not seven. Just three extra years will preserve the dreams of millions of Americans, and allow us to continue to invest in the education and health care priorities that all Americans support.

Let me close with this thought: We must not lose the common ground we stood upon together 30 years ago. I don't believe that any of us wants to turn back the clock to the days when older Americans were mostly poor, mostly sick, and mostly neglected.

There are twice as many older Americans today as there were 30 years ago. And 30 years from now we will have twice as many again. People over 65 are younger, healthier, better educated and more productive than ever -- thanks in large part to the miracle of Medicare. Our job is to make use of the accumulated experience, talents and wisdom of older Americans to make our country stronger in the future.

We can continue the progress we are celebrating today. We can expand opportunity and improve the quality of life for older Americans. We can solve the budget crisis and the health care crises. But, only if we continue to honor our 30 year contract with elderly and disabled Americans. I want to thank all of you who have led us this far. And I hope you will stay with us as we continue this journey to guarantee health security for the older Americans of today and the older Americans of tomorrow.

Thank you, and God bless you all.

To: Don Baer

MEDICARE SPEECH

-Dick Morris

This week we celebrate the thirtieth anniversary of the passage of Medicare legislation. This historic law provided basic protection for elderly Americans from the costs of illness and medical care.

Today, all elderly know that they will never grow sick and die for lack of ability to afford proper medical care. It was not always so. In the years leading up to the 1965 passage of Medicare, half?? of the elderly lacked insurance coverage and many were covered by plans more notable for their loopholes than for their protections.

Our parents came together and demanded the passage of Medicare, protecting their parents then and themselves now from medical costs. It took vision and generosity and courage and it took the joint efforts of Democrats and Republicans to take this historic step.

But now that common ground is in question again as good faith members of Congress seek to bridge the gap between our spending and our revenues and to balance the budget. In June, I proposed a ten year plan to balance the budget. At its core was the idea that we would ask providers of medicare services to reduce their costs of services by $108 billion, while we asked beneficiaries to increase their share of these costs by only 16 billion.

But the Senate and the House passed a very different plan. They would achieve budgetary balance by asking $135 billion from providers of service and an identical sum of $135 from the elderly themselves. This increased contribution from the elderly threatens to make Medicare a safety net with huge holes eaten in its webbing by cuts, premiums, deductibles, and copayments.

And why must the Congressional budget come down so hard on the elderly beneficiaries while mine can afford to be so lenient? The difference between the contribution I ask of the elderly and the one they ask is $119 billion. The difference between the tax cut they seek and the one I want is $130 billion(?). If they cut taxes by as much as I want to cut taxes, we would not need the harsher Medicare cuts they propose. Its that simple.

This extra sum of cuts proposed by Congress does not just represent more contribution by beneficiaries, it raises, for the first time in thrity years, the real risk that hundreds of thousands of elderly will simply not be able to afford the medical care they need. And will not get it.

For example, the plan increases the premium the elderly must pay for doctor's or skilled nursing services by $700 a year by the seventh year of its implementation. If you can afford the $700, fine. If you can't you don't get the services. Today, 97% of the elderly pay the premium, but when the cost more than doubles, who knows?

The plan forces the elderly to pay $1,000 deductible each year for the prvilege of help in caring for themselves at home and avoiding institutionalization. If they can afford the money, fine. If not, they can't get the help.

The plan provides for vouchers the elderly will receive for a set amount each year, supposedly enough to buy medical insurance. Each year, the amount of the voucher is to increase by less than 5% in the hope that these market policies will succeed in holding down medical care costs. In the beginning, perhaps the vouchers will suffice to cover care costs, but in the years ahead, medical costs would have to remain usually flat for these vouchers to meet their burden.

If the vouchers are inadequate, the elderly must make up the difference out of their own pockets.

The vouchers may be fine for the healthy and younger elderly, but what of the older and the sicker? There is no clear provision to give a larger voucher for a patient with cancer than for one who is healthy. There is no clear provision to stop companies from turning people down based on their medical condition. There is no clear provision to stop companies from cutting people off when they get sick.

The plan provides for tax deductable medical IRAs which the elderly can use to amass savings to buy catastrophic insurance against high medical bills. But the plan provides that once you enter the IRAs, you cannot go into a hospital and get standard fee-for-service care. If you get sick and exhaust your resources and can't pay your premiums, you could be dropped from the insurance program and not be able to get fee for service care. You'd fall between the cracks and not get the care you need.

2. We must not cut Medicare just to have a bigger tax cut

3. We must reduce medical cost inflation over a decade and use these reductions to cut Medicare spending

4. We must not make the elderly pay more than they now pay in premiums.

I ask congress to affirm a principles Republican Presidents Nixon, Ford, Reagan, and Bush reaffirmed -- the national consensus that we guarantee, with no ifs ands or buts, that the elderly get the medical care they need.

(I SEE THE NEXT PIECE AS THE SOUND BITE, SO LETS KEEP IT UNCLUTTERED TO GET ALL OF IT ON TV)

Can the elderly afford $700 extra in premiums, more than double? Who knows?

Can they afford a $1,000 deductable for home care? Who knows?

Will vouchers protect them if they get sicker against sudden premium increases? Who knows?

Will medical care costs stay sufficiently under control to permit the vouchers to cover full costs of care? Who knows?

One thing we do know. If this social exeriment with Medicare fails, it is the elderly who will bet their lives.

And why must they bet their lives? Not to balance the budget, we can do that anyway. But the Congress cuts $119 billion more than I want from Medicare to pay out $130 billion more than I want in tax cuts. America must decide if that's worth it. I say no.
(END OF SOUND BITE -- 50 seconds)

The right way to balance the budget is to cut the costs of medical care and therefore be able to bring down the amount we have to pay for medical care for the elderly. The best way to do this is to require insurance comanies to cover those with pre existing conditons, to encourage preventative care, to encourage home care as an alternative to nursing homes, to let workers take insurance coverage with them when they change jobs.

We need to cut our reimbursement to hospitals by about 1% a year below its projected rate to encourage reduction of costs. We need to offer incentives so the elderly voluntarily choose to enter managed care.

And, most of all, we need to achieve these reductions over a decade and not try to compress them into seven years as Congress proposes.

So let us come back to the common ground we have all held for thirty years, let the Congress join me in four basic principles:

1. We must be sure that all elderly get medical care they can afford.

Chris

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

Steering Committee Members

To date, July 21, 1995

Alliance for Managed Care
Citizens Against Government Waste
Citizens for a Sound Economy
Communicating for Agriculture
Council for Affordable Health Insurance
Healthcare Leadership Council
National Association of Manufacturers
National Taxpayers Union
The Seniors Foundation
U.S. Chamber of Commerce

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

For Immediate Release

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

Coalition to Save Medicare Comprised of Diverse Range of Groups
Formed to Shape and Monitor the Medicare Reform Debate

Washington, D.C. July 24, 1995 . . .The Coalition to Save Medicare (CSM) has been formed to support efforts to preserve, simplify and strengthen Medicare and will serve as a clearinghouse for Medicare reform information. The group, representing a wide range of interests from senior citizens, small and large businesses, to taxpayers and the health care industry, will provide grass-roots input and support for legislation to prevent the impending bankruptcy of the Medicare Trust Fund. Co-chairs of the coalition include Jake Hansen, vice president of government affairs, The Seniors Coalition, and Pam Bailey, president, Healthcare Leadership Council (HLC).

"Medicare is in trouble, and we've formed this group to get the message out that something needs to be done to prevent the system from going bankrupt by the year 2002," announced Hansen. "The makeup of our coalition membership itself sends a strong message that Medicare affects a diverse range of groups, such as businesses, health care groups, taxpayers and families -- not just seniors."

Mrs. Bailey added, "Medicare is too important of an issue to be left to politics. We hope our efforts will result in workable solutions which will give our older Americans choices and, most importantly, quality health care."

According to the CSM mission statement, the solution does not lie with higher taxes, dramatic cost-shifting or reductions in the quality of medical care available to seniors. 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.

The CSM believes the current fee for service Medicare program should remain available to any senior who wants it, but beneficiaries should also have the same health plan choices that are available to other Americans.

CSM will be sending out alerts, manning phone banks, and publishing op-eds and letters to editor across the country. Talk radio hosts will be receiving weekly updates about the progress of Medicare reform.

"By the time we're finished, voters in America will know what's at stake," said Hansen. They will know the reality behind the Medicare crisis and what is being done to save the system."

A mission statement and list of Coalition members appears on the following pages.

-30-

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
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.

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

P.O. Box 75033, Washington, D.C. 20013

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, including a review of the program's financing methods, benefit provisions, and delivery mechanisms."
Social Security and Medicare Board of Trustees, 1995

Biographical Data

Chairs, The Coalition to Save Medicare

Jake Hansen, Vice President for Government Affairs, The Seniors Coalition

Jake Hansen serves as chief political strategist for The Seniors Coalition and is responsible for formulating and implementing all policies which support the concerns of the organization's membership. He directs lobbying initiatives on issues such as Medicare, taxation, spending, health care, Social Security. The Seniors Coalition is a non-partisan national organization which embraces a set of core beliefs: frugal and responsible government finance; tax policies that create rather than destroy jobs; strong and stable families; and the enduring compact between one generation and the next. It accepts no taxpayer money.

Pamela G. Bailey, President, Healthcare Leadership Council

Pamela Bailey has been involved in health care government 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.

HEALTHCARE
LEADERSHIP
COUNCIL

Statement by Pamela Bailey

President, Healthcare Leadership Council

Today marks the start of the week commemorating the thirtieth anniversary of Medicare. Yet, this important health program is facing a financial crisis so severe that its future is at risk. It is in response to this crisis that we are announcing today the formation of the Coalition to Save Medicare.

The Healthcare Leadership Council (HLC) represents leaders from every sector of the health care industry. We have joined with the Seniors Coalition to co-chair this coalition. This coalition will accomplish two major goals:

- To inform Americans of the urgent need to address the financial crisis facing Medicare; and
- To promote a public conversation over the right solutions to this crisis.

Joining me today are, Jake Hansen, from The Seniors Coalition, and representatives from other Steering Committee Members: Bruce Josten from the U.S. Chamber of Commerce, Wayne Nelson from Communicating for Agriculture, and David Keating from the National Taxpayers Union. These individuals speak for large and small businesses, farmers and ranchers, and taxpayers. Medicare touches every American, and this coalition will represent the cross section of interests in American society.

The Healthcare Leadership Council has made saving, simplifying, and strengthening Medicare our top legislative priority. There are two reasons why we decided to help build this coalition. First, America must come to grips with the financial crisis facing Medicare. This fact, recognized by leaders of both political parties and the Social

Healthcare Leadership Council
1500 K Street NW, Suite 350
Washington, D.C. 20005
202 [illegible]

Security and Medicare Board of Trustees, is profound. Next year, Medicare will begin to spend its reserves. In seven short years, Medicare will be bankrupt. The long term outlook for Medicare is no better. The aging of the baby boomers and the reduced number of young people supporting an older population creates an unsustainable financing situation using current methods. This is of enormous importance to all generations of Americans and to the health care system.

The second reason for our active involvement is that the HLC brings a unique perspective to this important issue. The Healthcare Leadership Council represents the innovative and quality institutions in the health care industry. Its members include the chief executives of hospitals, managed care companies, pharmaceutical companies, medical device manufacturers, and health care providers. We provide a unique forum for people knowledgeable and experienced in the delivery of health care in which to find solutions to the challenges ahead. The HLC has been working for months on solutions for strengthening Medicare. We look forward to presenting our recommendations to the leadership of both political parties and the Coalition, and to working with the coalition to inform Americans about how to best preserve, strengthen and simplify the Medicare program.

Saving Medicare is an issue that can not be put off, nor is it an issue that we can push under the rug. An open, honest national discussion about how we can save Medicare and preserve its promise to America's senior citizens is critical to achieving the right solution. The Coalition to Save Medicare will be working with hundreds of organizations to raise the public awareness and understanding of these important issues.

The Seniors Coalition

Protecting the Future You Have Earned

FOR IMMEDIATE RELEASE
July 24, 1995

CONTACT: Vicki Lovett
202-546-1537

Seniors Coalition is Supports Efforts of Coalition to Save Medicare
Engaged in All-out Effort to Protect the Elderly

In a statement released today, Jake Hansen, vice president for government affairs of The Seniors Coalition and co-chair of the Coalition to Save Medicare, said, "Forming the Coalition is the best thing we could do to help protect and preserve the health care coverage of senior Americans -- for today and tomorrow."

The Coalition to Save Medicare (CSM), formed to support efforts to preserve, simplify and strengthen Medicare and serve as a clearinghouse for Medicare reform information, is comprised of a diverse range of groups. The CSM represents the interests of all Americans, from the elderly to farmers, taxpayers, businesses of all sizes and healthcare providers. Hansen adds, "As Medicare enters its 30th anniversary, we see many opportunities to help encourage the national dialogue on the Medicare crisis. We want to show that Medicare has been a good program, but is now in trouble, and that it has an across-the-board impact on the health, well-being, and lifestyle of all Americans of all ages, not just seniors. We know that if steps aren't taken to address the problems of Medicare, then we all will face dire consequences. Our message is clear: SAVE MEDICARE."

According to Hansen, The Seniors Coalition believes that choices are a key ingredient in the Medicare reform formula. "We believe that people entering retirement should be given the same choices that are prevalent in the private health care industry -- whether it be HMOs, PPOs, a voucher system or another form of selection." At the same time, he says that those who want to remain in the system should be allowed to do so.

Says Hansen, "We're excited about the prospects of the CSM and believe our actions will result in legislation that is good for seniors and good for our country. We hope all Americans will benefit from the effects of our efforts, as they recognize that we plan to preserve a system that has served so many so well."

The Seniors Coalition is a non-profit organization with two million members and supporters which represents the interests of older Americans. It keeps its members aware of issues affecting their lifestyle, health and well-being through a free bi-monthly newsletter, legislative action alerts, correspondence, free booklets, research papers, a monthly Q & A column and op-eds. It is totally member supported and accepts no taxpayer money.

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THE ALLIANCE FOR MANAGED CARE

Statement of Support for the
Coalition to Save Medicare

The Alliance for Managed Care is pleased to announce its participation in The Coalition to Save Medicare. The Alliance for Managed Care is made up of four of America's leading managed care companies. They are: Aetna, Cigna, MetraHealth, and The Prudential. Together, the members of The Alliance for Managed Care (AMC) provide health care coverage for over 60 million Americans. The AMC will serve on the Coalition's steering committee.

The AMC's concern over the future of Medicare is deeply held. This vital federal program is on the brink of financial collapse. The program's rate of growth is not sustainable. The crisis confronting Medicare threatens the health care security of current beneficiaries and future generations. As important, Medicare's runaway costs will continue to exacerbate all attempts to balance the federal budget. The AMC believes the Congress and President Clinton must act to save the program by giving senior Americans real health care choices...just like millions of American workers have. Managed care should be a health coverage option available to every Medicare beneficiary.

For the sake of current generations and the nation's fiscal well-being, AMC is pleased to announce its committed participation in The Coalition to Save Medicare.

U.S. Chamber of Commerce
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Media Relations Department (202) 463-5682

NEWS

FOR IMMEDIATE RELEASE
Monday, July 24, 1995

Contact: (202) 463-5682 Frank Coleman
Laura Weller

U.S. CHAMBER LAUNCHES EFFORT TO SAVE MEDICARE

WASHINGTON -- The U.S. Chamber of Commerce today helped kick off a "herculean effort" to save Medicare at a press conference launching the Coalition to Save Medicare.

"We believe the Medicare crisis demands a timely collaborative effort by the Congress and the American people," said Bruce Josten, the Chamber's senior vice president for membership policy. "There is no other choice.

"Today Medicare is the fastest growing program in the federal government. This year alone, Medicare will add about $45 billion to the federal deficit, about one-fourth of the total deficit," Josten said. "Even worse, the Medicare Board of Trustees anticipates that Medicare will be bankrupt in seven years."

Josten called on Congress to redesign Medicare to protect, preserve and improve the program for current and future beneficiaries while providing choices of medical care to senior citizens and rooting out fraud, waste and abuse.

"Clearly, this is a crisis, but we must make it a crisis of opportunity. Sitting back and allowing Medicare to go bankrupt is not an option," he said. "Yes, this will be a herculean effort. But the cost of doing nothing is an unconscionable price to pay."

Josten noted that the Chamber membership supported the recently-passed 1996 Federal budget resolution, which provides for $1.4 trillion of Medicare spending over the next seven years.

The U.S. Chamber of Commerce is the world's largest business federation, with 215,000 member businesses, 3,000 state and local chambers of commerce and 1,200 trade and professional associations.

95-115

NAM National Association of Manufacturers

NEWS ALERT

95-167

FOR IMMEDIATE RELEASE

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REFORM, DON'T GUT, MEDICARE SAYS NAM

New Coalition Emphasizes Broad Need for Restructuring

WASHINGTON, D.C., July 24, 1995 -- "The NAM fully supports efforts to reduce our nation's budget deficit, but targeting Medicare and Medicaid for across-the-board spending reductions is not the solution. Instead, we must focus on modernizing Medicare to ensure its quality and efficiency, without shifting costs to the private sector," said National Association of Manufacturers Senior Vice President Paul Huard today.

"We're pleased to be a part of today's announcement to introduce the Coalition to Save Medicare. The very breadth and size of this group should be a clear indication of the importance and urgency of this issue," said Huard.

"In the 1980s, employers were battered by double digit health care cost increases. But innovative changes, such as the use of managed care, saved their health care programs. It's time for the federal government to take a page from the business community's play book," noted Huard.

Specifically, the NAM Board of Directors recommended modernizing Medicare to include incentives for greater use of managed care and other initiatives, and avoid transferring costs to employers.

"We must put some serious consideration into finding ways to make the system work more efficiently if we are going to both balance the budget and save Medicare from bankruptcy by 2002," Huard said.

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COMMUNICATING FOR AGRICULTURE

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Statement by Wayne Nelson, President

RURAL AMERICANS SAY LET'S SAVE MEDICARE . . . AND MAKE IT BETTER.

Communicating for Agriculture has had a long history of actively working to improve health care in rural America. We led a coalition of more than 100 agriculture and commodity groups in the health care debate of 1993 and 1994.

CA has been a leader in the fight for tax fairness and to establish programs for those without health insurance. On behalf of the 80,000 farmers, ranchers and rural small businesses, we believe that Medicare needs to be saved, but to do so means that it must be changed.

Rural hospitals lean on Medicare - call it the crutch that stabilizes the bottom line. Since rural areas are home to a high percentage of the nation's seniors, it's no surprise that rural hospitals receive so much revenue from Medicare -- typically more than half and in some hospitals, up to 80 percent.

With Medicare's bankruptcy approaching, rural communities won't be able to count on the federal insurance program as it exists today. Even today's Medicare is not perfect, especially when you look at it from rural America.

Rural hospitals are reimbursed less than their urban counterparts, and reimbursements don't reflect true costs. Below-cost reimbursements have forced rural hospitals to shift costs to patients with private insurance.

Clearly, it's time to make changes to save Medicare. Band-Aid solutions, such as higher copayments and lower payments to doctors and hospitals won't be enough.

Another easy option would be increasing the level of payroll taxes that fund Medicare. But as baby boomers move into retirement, the ratio of workers to Medicare recipients is going to shrink from four to one, to two to one. The tax increase necessary would be difficult to bear, especially among the self-employed and small business owners, the backbone of rural America.

To ensure that Medicare coverage will be available when our children and grandchildren retire, we need to make bigger changes. The biggest is a change in philosophy: giving seniors more choices. Let seniors select their own health care insurer. If they choose less expensive coverage with higher deductibles, seniors would share the cost savings with a rebate. Select more

comprehensive coverage, and seniors would pay the difference. This plan gives seniors the same choices as all Americans who purchase insurance and rewards them for making wise health care buying decisions.

Managed care can also be a part of the solution, too, including finding ways to change the reimbursement system so it is based on competitive bids.

Rural health care delivery is different from that in the city. There are fewer people, older people and more miles to cover. But that doesn't preclude rural Americans from quality health care. We need to modernize Medicare to make it work for everyone.

NATIONAL TAXPAYERS UNION

NEWS

For Immediate Release
July 24, 1995

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Nation's Largest Taxpayer Group Urges Congress to Prevent Medicare Bankruptcy

(WASHINGTON, D.C.) -- The 300,000-member National Taxpayers Union (NTU), the nation's largest taxpayer association, today announced its active participation in the newly formed Coalition to Save Medicare. The Coalition, led by the Seniors Coalition and backed by other citizen and business organizations, will work for implementation of reforms to prevent Medicare's looming bankruptcy.

NTU executive vice president David Keating said, "Medicare's own Trustees predict the program will go bankrupt in just seven years. The Coalition to Save Medicare will work to inform the public that reforms are needed to avoid bankruptcy.

"The Trustees have diagnosed Medicare's condition as critical and unstable. The prognosis for taxpayers -- and seniors -- is grim unless Congress acts this year. Congress literally cannot afford to delay reforms that will control the growth of Medicare spending and rescue the system from certain doom.

"Some special interest groups say Medicare shouldn't be changed. The question is not whether changes need to be made, but when they will be made. The program is headed straight for a cliff. If Congress acts this year, drastic changes can be avoided later. If we wait until disaster strikes from Medicare's bankruptcy, the pain caused by changes will be far worse."

According to the 1995 Annual Report of Medicare's Board of Trustees, Medicare's Hospital Insurance (HI) Trust Fund will exhaust previously accrued surpluses and become insolvent by 2002. Forestalling this bankruptcy through tax hikes alone would, according to Keating, "place devastating new burdens on taxpayers and the economy. Medicare payroll taxes would jump by more than $1 trillion over the next seven years, or $1,500 every year for a worker earning $45,000."

These calculations do not account for rapid cost growth (over 10 percent annually) in the Supplementary Medical Insurance (Part B) portion of Medicare. Taxpayer subsidies for this program are expected to quadruple to $147 billion by the year 2004. Without other remedies, these costs could trigger tax hikes on top of those consumed by Medicare.

National Taxpayers Union, a non-profit, non-partisan citizen organization with 300,000 members in all 50 states, works for fiscal responsibility at all levels of government. NTU has led the national campaign for a Balanced Budget Amendment to the U.S. Constitution.

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COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE

NEWS

For Immediate Release
July 24, 1995

Contact: Sean Paige
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CCAGW Joins Coalition to Save Medicare

Washington, D.C. -- The Council for Citizens Against Government Waste (CCAGW) today joined with other prominent taxpayer, senior and business groups in an all-out effort to save, simplify and strengthen the Medicare system, which will be thirty years old this month. Without action now, according to the "Coalition to Save Medicare," the health care provider for seniors will go bust early in the 21st Century.

Last year, the President's Medicare Trustees, an independent panel whose job is to keep track of the financial health of the program, reported that Medicare was in poor shape and headed toward collapse. This year, the trustees made it even more explicit: Within one year, booming costs and an unsustainable growth rate will drain the Medicare Trust Fund. In seven years, the program will be bankrupt.

"A failure to reform the program today will exact a terrible toll on America's seniors and all taxpayers tomorrow" said CAGW President Thomas. A. Schatz. "But before we even begin to look at adjusting benefits, we should launch a vigorous effort to eliminate the tens of billions of dollars in waste, fraud, and abuse within Medicare. Every dollar pilfered from Medicare by the goulish gang of grifters who prey on it should be seen as a personal attack upon its particularly vulnerable beneficiaries and the taxpaying public."

"Time is too precious, and the stakes are too high, to waste another minute in fear-mongering, denial, and demagoguery," said Schatz. "Every major poll reports that the public -- and Medicare enrollees in particular -- demand that Congress take the steps necessary to strengthen the program, to simplify its rules, and to protect every patient's right to a relationship with their physician while offering a reasonable number of health-care choices and alternatives to the present system. Long-standing proposals such as medical savings accounts, which are strongly endorsed by CCAGW members, will likely now be enacted as one of the choices offered to Medicare enrollees."

CCAGW will work with the Coalition to Save Medicare and the House and Senate leadership to preserve the system for current and future beneficiaries.

CCAGW is a 600,000-member non-partisan, nonprofit organization lobbying to eliminate waste, fraud and mismanagement in government.

Coalition to Save Medicare
July 24, 1995

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Statement of Greg Scandlen
Executive Director
Council for Affordable Health Insurance

The Council for Affordable Health Insurance (CAHI) is proud to be a partner in the Coalition to Save Medicare. The Coalition's goal is to preserve, simplify and strengthen the Medicare system. This theme fits with CAHI's mission to allow market forces to reduce costs and improve quality of care.

CAHI supports maximum choice of insurance options for seniors. Medical savings accounts, or MSAs, can be a vehicle for seniors to pay for health care expenses in retirement. CAHI's position is that the best way for seniors to finance their health care needs is through private vehicles rather than through government programs such as Medicaid.

Reforming the Medicare system is one of the greatest dilemmas facing Members of Congress today. CAHI has submitted a comprehensive list of short-term revenue solutions and is working on long-term fixes for the Medicare program.

CAHI encourages all groups to support the mission of the Coalition to Save Medicare. Senior citizens deserve the same health care choices available to other Americans. CAHI agrees with the Coalition's goal of encouraging policy makers to simplify and improve the Medicare system by opening it up to new options and opportunities.

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 nearly 4,000,000 people in the individual and small group insurance markets.

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