

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo w/attach	Mike Lux to Hillary Clinton, Ira Magaziner Re: Coalition Building Strategy Around Key Components Of Our Plan (4 pages)	9/30/93	P5

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Chris Jennings (Health Security Act)
OA/Box Number:

FOLDER TITLE:

September 1993 HSA [6]

gf107

RESTRICTION CODES

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

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

*prescription
drugs*

September 30, 1993

The Honorable Jim Florio
State House
CN 001
Trenton, New Jersey 08625

Dear Jim:

Thank you for your letter expressing your commitment to affordable, quality health care for all Americans. As always, I welcome your insights and concerns.

I want to take this opportunity to respond to your concerns regarding the impact of our plan on the pharmaceutical industry. I have heard from all sides on this issue. Before I do, I want you to know that I have heard from many distinguished people on all sides of the debate. One thing is clear, the compromise on the preliminary cost containment provisions we drafted seems far too weak to some and far too strong to others.

I can assure you that Hillary and I have every intention of maintaining the high quality of care and innovation that now exists in this country. I applaud the breakthroughs the American pharmaceutical companies have made in providing prescription drugs that have saved and improved the lives of people in this country, as well as around the world.

Like you, I believe that prescription drugs should be accessible and affordable for all Americans, especially the elderly, who too often have to choose between buying groceries and the medication they need. The challenge we face in providing a Medicare prescription drug benefit to older Americans is assuring that the federal government can afford to pay for these medications.

Increasingly, the private sector largely controls the cost of its purchases of prescription drugs by utilizing formularies and other managed care purchasing mechanisms. Although the pharmaceutical industry has stated they are comfortable with these mechanisms in the private sector, they vehemently oppose having the Medicare program have access to this purchasing technique. They are concerned that a Medicare formulary would effectively drive the rest of the market and have a significant and negative impact on their financial relationships with the private sector.

The only other way we know how we can contain prescription drug prices and afford to provide for a prescription drug benefit is to require a certain percentage rebate for every drug paid for by the Medicare program. This is similar to the current rebate mechanism under the Medicaid program.

For new drugs, because we responded to the pharmaceutical industries plea not to allow for Medicare formularies, we concluded that we needed to provide some authority to the Secretary of Health and Human Services to negotiate with manufactureres on new drug products. Since most of the new drug products are now set at prices that are at or below their competitors prices, I do not anticipate that these negotiations would occur often. However, when particular drugs literally threaten the financial integrity of the Medicare program, I believe we must at least have the option to negotiate.

As you know, the approach we have chosen actually provides less flexibility to the Secretary than private sector purchasers have through their use of formularies. Private purchasers, utilizing formularies, extract discounts from the industry because they not only can decide not to cover a drug; they can also decide not to cover a whole set of drugs sold by a particular manufacturer. I believe it is important to note that the approach that we are currently advocating is not without precedence. It is consistent with a provision passed by the Congress earlier this year to provide the same authority to the Secretary with regard to the purchase of immunization products.

Lastly, and perhaps most important, frequently overlooked provisions in the health care reform plan provide very strong incentives for large numbers of Medicare beneficiaries to join Medicare certified, locally administered Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs). Under these provisions, newcoming Medicare eligible populations have the option to remain in their private sector health plans. In addition, all HMO and PPO plans provided for the under 65 population must also make their plan available to Medicare beneficiaries.

As a result, more and more elderly will be signing up in non-fee-for-service plans that negotiate their own pharmaceutical prices with the drug industry. These plans will negotiate their own deals with the industry and not have access to either the rebates or the new drug prices negotiated by the Secretary. As more older Americans sign up for these options, the Medicare program will have fewer and fewer drugs purchased under the traditional Medicare program rebate and new drug negotiating mechanism we are proposing.

Having said all of the above, I understand and sympathize with your concerns. I am sure we can improve on the language that we have developed and I welcome any specific suggestions you may have.

As always, I appreciate hearing from you. Please don't hesitate to contact me again on this or any other issue of concern.

Sincerely,

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For a complete list of items withdrawn from this folder, see the
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MEMORANDUM

TO: Roger Altman Phil Lee Paul Starr
Ken Apfel Larry Levitt Gene Sperling
Bernie Arons Ira Magaziner Ken Thorpe
Gary Claxton Nancy Ann Min Laura D'Andrea Tyson
Judy Feder Len Nichols Bruce Vladeck
Sherry Glied Leon Panetta Marina Weiss
Rick Kronick Robert Rubin Walter Zelman
Alice Rivlin

FROM: Steve Ricchetti, Legislative Affairs

RE: Health Care Workshops for Members of Congress

DATE: September 13, 1993

The President and the First Lady would like you to participate in intensive briefings sessions for Members of Congress scheduled for Monday, September 20th and the morning of Tuesday, September 21st. The sessions will be held jointly for both Houses on a bipartisan basis. While meetings and consultations with the Congress is already under way, this will be the first opportunity for many of the Members to hear about the President's plan. The President and the First Lady believe that these are critical presentations and will have a significant impact on how the plan is received by the Congress.

These "Health Care Workshops" are designed to give Members an overview of reform as well as more in depth sessions on topics of particular interest including impact on business, providers, the elderly and others. Attached please find a schedule for the briefings. We hope you will be able to arrange your schedules so that you will be able to take part in this important educational effort. By lending your expertise to the Health Care Workshops, you will help to successfully launch the Administration's health reform initiative.

We will be holding practice sessions for the overview briefings on Saturday, September 18th. The lead presenter of the session should contact the other members of the team to coordinate the presentation and hold a meeting no later than Thursday, September 16th to prepare the briefing. The First Lady is eager to see that these briefings go well and will be stopping by the practice sessions on Saturday.

We will be sending an outline of the presentations for your review, shortly. And will be contacting you regarding the time of the Saturday practice sessions. Please contact Steve Edelstein in the Health Care War Room, 456-2566, regarding your attendance. He will also be able to answer any questions you have about this event.

HEALTH CARE WORKSHOPS

MONDAY, SEPTEMBER 20TH:

9:30 am - 12:00 pm **OPENING SESSION -**

Hillary Rodham Clinton

- Overview of Plan, Design and Philosophy

Invited to attend:

Donna Shalala, Lloyd Bentsen, Robert Reich, Ron Brown,
Janet Reno, Jesse Brown, Leon Panetta, Carol Rasco,
Tipper Gore

2:00 - 5:00 pm **GENERAL SESSION - 5 Sections**

Includes:

- Consumers in the New System
- Cost Containment and Budgets
- Savings and Financing

Section 1

Ira Magaziner

Others:

Robert Rubin
Gene Sperling
Rick Kronick
Phil Lee
Charlotte Hayes
Communications Staff

Section 2

Judy Feder

Others:

Leon Panetta
Len Nichols
Larry Levitt
Steve Ricchetti

Communications Staff

Section 3

Paul Starr

Others:

Alice Rivlin

Nancy Ann Min

Bernie Arons

Karen Pollitz

Communications Staff

Section 4

Ken Thorpe

Others:

Roger Altman

Marina Weiss

Walter Zelman

Ken Apfel

Chris Jennings

Communications Staff

Section 5

Bruce Vladeck

Others:

Laura D'Andrea Tyson

Sherry Glied

Gary Claxton

Jerry Klepner

Communications Staff

TUESDAY, SEPTEMBER 21ST

8:30 - 9:30 am BREAKOUT SESSIONS -

- **BUSINESS IN THE NEW SYSTEM**

Roger Altman, Treasury
Erskine Bowles, SBA

Others: Ken Thorpe, HHS
Walter Zelman
Steve Finan, Labor
Alexis Herman, OPL
Joe Stieglitz, CEA

- **PROVIDERS IN THE NEW SYSTEM**

Risa Lavizzo-Mourey, HHS
Helen Smits, HCFA

Others: Karen Pollitz, HHS
Cliff Gaus
Arnold Epstein
Kathy Buto
Lynn Margherio, EOP

- **FEDERAL/STATE ROLES**

Larry Levitt, HHS
Sally Richardson, HHS

Others: Gary Claxton, HHS
John Hart, EOP
Christine Heenan, EOP
Nancy Delew, HHS

- **ELDERLY AND PERSONS WITH DISABILITIES IN THE NEW SYSTEM**

Judy Feder, HHS
Fernando Torres-Gil, HHS
Robyn Stone

Others: Barbara Cooper, HHS
Portia Mittleman, HHS

• **UNDERSERVED (RURAL AND URBAN POPULATIONS)**

Lois Quam (Rural)

Phil Lee, HHS (Urban)

Rural: Denise Denton
Dena Puskin, HHS
Jeff Human, HHS
Mike Lincoln, IHS

Urban: Kristine Gebbie, HHS
Jo Ivy Buford, HHS
Claudia Baquet, HHS
Richard Veloz, HHS
Roz Lasker

9:45 - 10:45 a.m. Breakout Sessions

11:00 - 12:00 p.m. Breakout Sessions

12:15 - 1:15 p.m. Breakout Sessions

DRAFT

HEALTH CARE WORKSHOPS

OPENING SESSION – All Attendees (Overview of Plan, Design and Philosophy)

Main Presentation: Hillary Rodham Clinton

Remarks (3–5 Minutes Each):

Donna Shalala, Lloyd Bentsen, Robert Reich,
Ron Brown

In Attendance: Janet Reno, Jesse Brown, Leon Panetta,
Carol Rasco, Tipper Gore

GENERAL SESSION – 4 Sections (Beginning Sunday) (Includes Discussion of Consumers in the New System; Cost Containment and Budgets; and Savings, Costs and Financing)

[Each sessions will have representatives of the economic team and the health team making the presentations. Because we were not sure of the comfort level of the economic team members with health care, each has been assigned economic staff support. We did not believe that the health team members required similar staff support. There is also a congressional/political person and a communications person assigned to each session to assist with the Q & A and to keep things under control.]

Presenters:

Session A1

Laura D'Andrea Tyson
(Staff Support – Sherry Glied)
Ken Thorpe
Larry Levitt
Bernie Arons
Chris Jennings
Communications Staff

Session A2

Robert Rubin
(Staff Support – David Cutler)
Ira Magaziner
Rick Kronick
Phil Lee
Charlotte Hayes
Communications Staff

DRAFT

Session A3

Alice Rivlin

(Staff Support – Gene Sperling)

Judy Feder

Paul Starr

Karen Pollitz

Communications Staff

Session A4

Roger Altman

(Staff Support – Len Nichols)

Bruce Vladeck

Gary Claxton

Walter Zelman

Jerry Klepner

Communications Staff

GENERAL SESSION – 2 Sections (Beginning Monday)

(Includes Discussion of Consumers in the New System; Cost Containment and Budgets; and Savings, Costs and Financing)

Session A5

Laura D'Andrea Tyson

(Staff Support – Sherry Glied)

Phil Lee

Paul Starr

Chris Jennings

Communications Staff

Session A6

Robert Rubin

(Staff Support – David Cutler)

Ira Magaziner

Rick Kronick

Bruce Vladeck

Charlotte Hayes

Communications Staff

BREAKOUT SESSIONS -

Session B - Business in the New System

Leads: Roger Altman
Erskine Bowles, SBA

Others: Ken Thorpe, HHS
Walter Zelman
Steve Finan, Labor
Alexis Herman, OPL
Joe Stieglitz

Session C - Providers in the New System

Leads: Phil Lee, HHS
Risa Lavizzo-Mourey, HHS

Others: Helen Smits, HCFA
Karen Pollitz, HHS
Arnold Epstein
Kathy Buto
Lynn Margherio, EOP (?)

Session D - Federal/State Roles

Leads: Larry Levitt, HHS

Others: Sally Richardson, HHS
Gary Claxton, HHS
John Hart, EOP
Christine Heenan, EOP (?)
Nancy Delew, HHS (?)

Session E - Elderly and Persons with Disabilities in the New System

Leads: Judy Feder, HHS
Fernando Torres-Gil, HHS
Robyn Stone

Others: Barbara Cooper, HHS
Portia Mittleman, HHS (?)

DRAFT

Session F – Underserved (Rural and Urban Populations)

Leads: Lois Quam
?

Rural: Lois Quam
Denise Denton
Dena Puskin, HHS
Jeff Human, HHS
Mike Lincoln, IHS
Tom Hoyer, HCFA

Urban: Claudia Baquet, HHS
Kristine Gebbie, HHS
Richard Veloz, HHS
Roz Lasker
Tom Ault, HCFA

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HEALTH CARE WORKSHOPS

OPENING SESSION – All Attendees (Overview of Plan, Design and Philosophy)

Presentation: Hillary Rodham Clinton

The following people will be invited to attend. Their presence will signal their support. They will be seated so as to be available to be called upon by you to answer questions or to address specific issues associated with their departments or within their expertise:

Donna Shalala, Lloyd Bentsen, Robert Reich, Ron Brown, Janet Reno,
Jesse Brown, Leon Panetta, Carol Rasco, Tipper Gore

GENERAL SESSION – 5 Sections

(Includes Discussion of Consumers in the New System; Cost Containment and Budgets; and Savings, Costs and Financing)

[The presentations will be made by the lead presenters. The economic validators will make very brief focused remarks solely on the positive economic impact and need for reform. The additional staff support are there as resources. They will not make presentations but will be available to help address questions and issues.]

Presenters:

Session A1
Ira Magaziner, Lead

Support:

Robert Rubin, Economic Validation
Gene Sperling
Rick Kronick
Phil Lee
Charlotte Hayes
Communications Staff

DRAFT – 9/5/93

Session A2

Judy Feder, Lead

Support:

Leon Panetta, Economic Validation
Len Nichols
Larry Levitt
Steve Ricchetti
Communications Staff

Session A3

Paul Starr, Lead

Support:

Alice Rivlin, Economic Validation
Nancy Ann Min
Bernie Arons
Karen Pollitz
Communications Staff

Session A4

Ken Thorpe, Lead

Support:

Roger Altman, Economic Validation
Marina Weiss
Walter Zelman
Chris Jennings
Communications Staff

Session A5

Bruce Vladeck, Lead

Support:

Laura D'Andrea Tyson, Economic Validation
Sherry Glied
Gary Claxton
Jerry Klepner
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Leads: Roger Altman
Erskine Bowles, SBA

Others: Ken Thorpe, HHS
Walter Zelman
Steve Finan, Labor
Alexis Herman, OPL
Joe Stieglitz, CEA

Session C - Providers in the New System

Leads: Phil Lee, HHS
Risa Lavizzo-Mourey, HHS

Others: Helen Smits, HCFA
Karen Pollitz, HHS
Arnold Epstein
Kathy Buto
Lynn Margherio, EOP (?)

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Sally Richardson, HHS

Others: Gary Claxton, HHS
John Hart, EOP
Christine Heenan, EOP (?)
Nancy Delew, HHS (?)

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Fernando Torres-Gil, HHS
Robyn Stone

Others: Barbara Cooper, HHS
Portia Mittleman, HHS (?)

Session F – Underserved (Rural and Urban Populations)

**Leads: Lois Quam
Kristine Gebbie**

**Rural: Lois Quam
Denise Denton
Dena Puskin, HHS
Jeff Human, HHS
Mike Lincoln, IHS**

**Urban: Kristine Gebbie, HHS
Jo Ivy Buford, HHS
Claudia Baquet, HHS
Richard Veloz, HHS
Roz Lasker**