DATE: March 2, 1993
TO: Chris Jennings
FROM: Andie King
RE: meeting request

This is to request that you arrange a meeting for the House leadership/committee chairmen with Ira or anyone else appropriate, as soon after Tollgate III as possible.

The purpose of the meeting would be to walk the Members through the options under consideration and receive their political feedback -- so that this information can be available for the decision memo.

If there are concerns about confidentiality, we could make this a Member-only meeting.

Please call me about this. Thanks.

- Peter R
- Lerner Grossk + Pell

Kathy → Rockefeller → 224-9841

Vendor / Sync Meeting

Get budget

- Rand — document vendor

- Bob Reichheimer

[redacted] P6/b(6)

John Hart memo from Charley

Cooper 16831

Rockefeller → next week → Rockefeller

Florida Business List

National Leadership Coalition

John Hilley ?
- Bob meeting
- Reconciliation strategy
-

[redacted] P6/b(6)

— Mike Rogers — Alternative Care Delivery

Riegle?

[redacted] P6/b(6)

— Bob Ball — [redacted] P6/b(6)

long-term care

MEMORANDUM

TO: Chris Jennings, Congressional Affairs

FROM: Josh Wiener, Health Reform Working Group

SUBJECT: Meeting with Senator Robert Graham and Staff

DATE: March 3, 1993

As we discussed, I met today with Senator Robert Graham (D-FL) and Susan Emmer of his staff to discuss long-term care. I reviewed a broad set of reform options, but told him that no decisions had yet been made. In general, he was pleased that long-term care was part of the health care reform agenda.

Senator Graham expressed concern about states like Florida that have a large elderly population and spend a large percentage of their Medicaid budget on long-term care. The concern revolves around what would happen to Florida if there was some sort of tradeoff and the federal government took over acute care and left long-term care to the states. He is also concerned about this issue in the context of a broader realignment of responsibilities (which he is interested in) along the lines suggested by Alice Rivlin in Reviving the American Dream and President Reagan in his New Federalism proposal. I assured him that the Task Force would be looking at the impact of the overall proposal on individual states.

I told him that if there was anything else I could do that he should feel free to ask.

cc: Robyn Stone, Long-Term Care Cluster Leader

THE WHITE HOUSE

WASHINGTON

March 7, 1993

MEMORANDUM FOR PRESIDENT BILL CLINTON
FIRST LADY HILLARY RODHAM CLINTON

FROM: IRA C. MAGAZINER

SUBJECT: HEALTH CARE REFORM AND THE ECONOMIC PACKAGE

Many of your advisers question the desirability of wrapping health care reform legislation up with the economic package in reconciliation. They point out, quite rightly, that doing so may compromise the possibility for quick passage of the economic package. They understand "the President's got only one vote" mentality on the Hill, and their advice is that something is better than nothing: health care can be next year's project.

Others believe that decoupling does not necessarily mean that your health care bill must be put off until next year. They feel that the momentum of an early victory will add to your ability to push for a vote for health care, and that the continued urgency of the issue will keep the heat on members to pass it this year. Though they acknowledge that 60 votes is a lot more difficult to get than 50, they don't believe it's impossible.

I am not a congressional strategist. However, I am concerned about the risks of reducing the chances for health care reform to be passed this year. I believe that if it is not passed this year, the possibility of passing comprehensive health care reform during your first term may be severely diminished. As James Carville put it in a meeting last week, "the more time we allow for the defenders of the status quo to organize, the more they will be able to marshal opposition to your plan, and the better their chances of killing it."

There are five key operative questions:

1. Economic gains may not be felt by the American public in 1996 if we have not reformed health care.

2. Keeping health care out of reconciliation may virtually guarantee that health care doesn't happen this year.

3. Delaying action on health care may erode the possibility of passage during your first term.

4. We should not accept a situation in 1996 where the economic

plan has passed but health care reform has not.

5. There may be a way to introduce a placemarker for health care without endangering the budget resolution.

1. Economic gains may not be felt by the American public in 1996 if we have not reformed health care.

You have long known that the future of the health care system and the economy are inextricably linked.

Recent figures developed by David Cutler of the National Economic Council and Sherry Glied of the Council of Economic Advisers estimate that increased health care spending will consume 64% of the total projected per capita growth in GDP between now and 1998.

This doesn't tell the whole story.

Workers pay, either directly or through taxes, a significant share of the health care expenditures for children and the elderly. Numbers produced by Ken Thorpe, health economist at HHS, indicate that increases in health care spending will take up well over 100% of the total increase in worker compensation over the next five years.

Also, neither of these estimates assumes we invest to insure the 37 million uninsured American.

If there is no health care reform, most Americans may well feel that their living standards have not improved in 1996.

The health care system may theoretically advance during that time. However, having more frequent, more sophisticated tests, filling out more medical forms or even being cured more quickly than would otherwise be the case does not register with most Americans as improved living standard in the same way as does more money in a paycheck or better ability to afford a house or a car.

You know all of this. You also know that increased health care spending accounts for 40-50% of total projected increases in federal spending and that health care was 2/3 responsible for "breaking the back" of the 1990 budget agreement.

Unchecked, rising health care costs may overwhelm economic growth and hinder attempts at deficit reduction. As costs rise, companies may continue to respond by cutting back on, or eliminating, coverage for employees and retirees. The Medicaid rolls may continue to expand at a rapid pace.

2. Keeping health care out of reconciliation may virtually guarantee that health care doesn't happen this year.

There are reasons why comprehensive health care reform has not been enacted despite commitments by every Democratic President since Franklin Roosevelt to do so.

- The issues are complex;
- The lobbying powers for the status quo are powerful and widely dispersed;
- The financial implications of any change are staggering;
- Any change must be dramatic if it is to make a difference.

The only significant health care reform -- Medicare/Medicaid -- came after Lyndon Johnson had won a landslide victory and made it his top priority for his first year.

The enormity of the task suggests why so many of your advisers feel that it will take time to pass health care reform and why they feel it is so risky to tie it to the economic package. Their judgments are prudent.

Looking at the history and the powerful forces arrayed against comprehensive reform, how on earth do we think we can achieve health care reform under any circumstances?

The possible answer lies in an historic opportunity which has been created by recent events.

- The health care crisis has really hit home to many middle-income Americans these past few years.
  - Health care costs skyrocketed while the rest of the economy slumped;
  - Many companies for the first time went after health care costs in a serious way, cancelling benefits, increasing co-pays, etc;
  - Many white-collar employees lost their jobs and their benefits.
- Your emphasis on health care in the campaign following on the heels of Harris Woffords' victory kept the issue front and center in the political debate.

- Your appointment of the First Lady to head the Health Care Task Force persuaded many in Congress, in the health care community, and in the public at large that you were serious about health care reform.

- Your willingness to take on the drug companies showed political courage.

- Your impassioned and eloquent statement about health care reform in the State of the Union address drove home your seriousness.

The results of this building crescendo have been dramatic to those of us who are working on health care every day.

Interest groups, afraid of being left behind in a reform effort, now believe reform may well happen this year, and are coming to the table with incredible offers to support positions they have historically opposed. The American Medical Association, other physician groups, the American Hospital Association, groups of large insurers, large and small business groups, drug companies, have all been in my office these past two weeks proposing ideas on short-term controls to hold health spending to inflation while a new system is implemented. They have demonstrated a willingness to support employer mandates under certain conditions and a willingness to support budgets for health care over the long term.

I am not so naive to think that all these groups will ultimately be with us, but they are running scared. We have them on the defensive. We have a possibility to achieve a breakthrough.

It is important to note that the fear that has coerced their cooperation is bred from the speed of your actions on health care thus far in your presidency. I cannot guarantee that this momentum will be sustained, nor that it will ensure the passage of the health care plan. But I feel that the likelihood of passage may well diminish as time passes.

We will be in a better position to know our chances in May after our plan is developed and released.

3. Delaying action on health care may erode the possibility of passage during your first term.

Those who have argued for decoupling health care reform from the budget have made convincing arguments for the threats that coupling brings to the budget package. They have not made convincing arguments that health care reform has a serious chance

of passing if it is decoupled from the budget package.

Here are the risks.

1. If we do not include a placeholder, it may signal to members of Congress and health care interest groups that we are not serious about health care reform this year. They may begin retreating from our efforts. Even supporters such as the elderly might be angered by the Medicare cuts in the absence of a health care package.

2. If we now need 60 votes to pass reform, it gives the Republicans the opportunity to mount their own initiative which is bound to be less comprehensive and less serious than ours, but which will be more acceptable to the conservative health care providers.

3. At best, we will wind up with a pitched battle over their less comprehensive proposals and ours. Since the urgency to vote will be diminished, the debate will inevitably be put off until next year.

4. Interest groups may then decide to mobilize in opposition to our plan and in favor of a variety of watered down alternatives.

5. In an election year, with pharmaceutical companies, trial lawyers, insurance companies, physicians and other interest groups' money at stake, passage of a comprehensive bill will become less likely.

We will have to start over in 1995 with a Congress that may be more Republican (if history holds true to form). As the 1996 election cycle gears up, passage of comprehensive health care reform is then less likely.

4. <u>We should not accept a situation in 1996 where the economic plan has passed but health care reform has not.</u>

The initial popularity of the economic program started a train to accelerate the passage of a budget resolution and of the budget itself in reconciliation in record time. Looked at from the point of view of the economic package, "waiting" for health care, even accommodating the possibility of joining them by putting in a placemarker for health care, muddies the waters of a package that otherwise seems guaranteed quick and (relatively) painless passage.

Many of your advisers make compelling arguments for passing the economic package this summer and postponing health care reform, guaranteeing you at least one victory rather than risking the single-package approach and failing. Combining the two in the budget reconciliation process is risky -- if you lose this one, you may lose everything.

Further, if you score a victory with the Congress on the economic plan, you'll win points with the American people by breaking the gridlock that has characterized this nation's government for too long, and could perhaps translate that support into support for your health care reform bill.

But, you may only get one shot to pass comprehensive legislation this year. No member of the leadership nor any Committee Chair or Subcommittee Chair that we've met with thinks it is possible. They, without exception, characterize the decision of whether or not to include health care in reconciliation as the decision of whether or not to do health care this year.

The American people are supporting the economic plan, even though it calls for sacrifice, because they believe that you are true to your vision to stimulate the economy, to provide better jobs, to ensure health care for everyone. They expect a brighter future.

Your economic plan accomplishes three things: 1) it reduces the budget deficit; 2) it fills some gaps in programs for the poor and underserved; and 3) it redistributes income. It is a good plan.

However, rising health care costs may undermine it. In 1996, the vast majority of Americans may not have experienced rising real incomes. They will have sacrificed, but they may not be much better off than they are today.

Most of your senior economic and political advisers are understandably focused on the economic plan. The health plan is still weeks away from even a first full draft. They quite rightly feel uncomfortable holding up their plan for a health care plan they neither have seen nor have confidence they or the American people would support.

Even though the health care plan is not yet fully formed, however, a threat to its chances should be taken with equal seriousness as a threat to the economic plan.

My main concern is that you don't let the focus on pursuing this economic plan keep you from taking steps which, in the long run, will be far more important to the nation and your

presidency.

5. <u>There may be a way to introduce a placemarker for health care without endangering the budget resolution.</u>

I suggest that we explore whether a compromise is possible. If we can make certain decisions about the effect of health care on the budget, could we perhaps preserve the flexibility of a placeholder in the budget?

- We could decide that the health care plan be deficit neutral.

- We could assure that all new revenues will be limited to health care sector recapture and perhaps to cigarette taxes or other "sin tax" groupings.

Ultimately, if we are likely to reject a massive new middle class tax to finance health care, let's just say so.

This leaves us a choice between how fast to phase in universal coverage versus how fast we move to control costs. If we make these decisions soon, that can better inform the work of the policy groups and guide our plan's development appropriately.

Great presidencies are defined by a few major achievements. You should pick the ones that really count and plan for them carefully.

Comprehensive health care reform is clearly one that has such potential.

Reducing the deficit to $200 billion, though very important, may not carry the same historical significance.

I urge you to look at the big picture and to think long-term when deciding on your legislative strategy.

M E M O R A N D U M

TO: Hillary Rodham Clinton
FR: Chris Jennings
RE: Conversation with Senator Pryor
cc: Melanne, Ira Magaziner, Howard Paster, Steve Ricchetti

March 7, 1993

This afternoon, I had a very good conversation with David Pryor about the ongoing debate around health care and reconciliation and, of more immediate note, the Byrd waiver/budget resolution issue. The long and short of the discussion:

Senator Pryor believes that there are no downsides to the President requesting assistance from Senator Byrd. He feels an attempt should be made because he believes that we should not so easily give up at least the option of reducing the number of required votes for health care by nine. Senator Pryor believes a one-on-one meeting (or even a phone conversation) between the President and Senator Byrd has great potential to be fruitful.

To those who argue that there would be a political risk to asking and not receiving assistance, or asking and receiving, but owing a chit to Senator Byrd, Senator Pryor disagreed. He believes that there are no risks. First, even if Senator Byrd rejected the request, he would keep it confidential since he would love having been called on by the President in the first place; in other words, he would never embarass the President. Secondly, even if a chit was required, Senator Pryor believes that health care and the difficulties of passing it merit giving a favor away.

Perhaps most interesting, Senator Pryor feels that the Administration should not turn its back on an opportunity it might later regret not taking. (Senator Pryor has heard Senator Byrd say too many times that he might have done something different if one President or another had bothered to ask him).

Lastly, Senator Pryor said he would be willing to call the President to share his views on this matter if you thought it would be of assistance or of some relevance. (Although, in his usual self-depricating way, he said he did not think he was necessarily the one to do it).

Line Item Veto DOJ ?

MEMORANDUM TO CHRIS JENNINGS

DATE: March 8, 1993

FROM: Charlotte Hayes

SUBJECT: Mrs. Clinton/Congressional Black Caucus Meeting--Notes on Attendees

Rep. Kweisi Mfume (D-MD): Concerned about fairness and a progressive system that can only be achieved by including views from the Caucus and its constituents; excluding them diminishes whatever plan is offered.

Rep. John Conyers (D-MI): (Wants as few votes on the health care reform package as possible, wants it included in budget reconciliation.) Inviting everybody in Michigan to come see Reps. Barbara-Rose Collins and Conyers with health concerns.

Rep. Louis Stokes (D-OH): Head of Caucus Health Brain Trust (NOTE: He is holding a hreaing in March on health reform and how it can affect blacks.); invites more than 1500 health professionals to come to DC periodically to meet with CBC on health legislation (Charlotte has list from his staff); Disadvantaged Minority Health Act PL 101-527 funded Cleveland public housing clinic Mrs. Clinton visited; 1985 HHS study showed 60,000 "excess deaths," i.e., a statistic which shows that the leading causes of death are greater for blacks as compared to whites (a new statistic will arise at hearing putting excess deaths at more than 75,000); concerned about minority participation in working groups and in meetings with Ira Magaziner and Mrs. Clinton (e.g., National Medical Association, National Dental Association, etc.

Rep. Charles Rangel (D-NY): Concerned about drug policy. His staff followed up with phone call and wants to get his views on treatment of drug abuse factored into working groups. (Charlotte responding to this concern.)

Rep. Maxine Waters (D-CA): Strong single payer advocate; very concerned that cost containment is not attainable with managed competition, that minority HMOs will be left out and that huge plans will come into minority communities and give poor care; concerned about rates and plans that specialize for children and elderly.

Sen. Carol Moseley-Braun (D-IL): Wants real reform of the health care system.

Rep. Eleanor Norton (D-DC): Concerned about revenues you really can get from sin taxes; wanted assurance that we are factoring in experience from other countries and that we are not reinventing the wheel.

Rep. Mel Watt (D-NC): Judging whatever plan you offer by three criteria: universality of coverage; preservation of patient's right to chose health care provider; and emphasis on prevention; wanted to know how people can get to Mrs. Clinton to offer input. (Charlotte has followed up with Rep. Watt staff.

Rep. Floyd Flake (D-NY): Concerned about underutilized Veterans' facilities.

Rep. Cynthia McKinney (D-GA): Concerned about underserved population, especially rural (of her 22 counties, 20 are underserved).

Barbara-Rose Collins (D-MI): Concerned about long term care and inclusion of dental benefits.

Eva Clayton (D-NC): Concerned about impact and input of Jackson Hole group.

Gary Franks (R-CN): Concerned about tort reform.

Carrie Meek (D-FL): Concerned about long term care and suggested the use of mobile health units to get care to people.

Presidential Mtng File

March 8, 1994

MEETING WITH CHAIRMAN KENNEDY and MAJORITY LEADER MITCHELL

DATE: March 9, 1994
LOCATION: Oval Office
TIME: 6:15 to 6:45 pm
FROM: Pat Griffin

I. PURPOSE

- To discuss the consequences of the void of positive news with regard to legislative actions related to the Health Security Act.
- To discuss the feasibility and advisability of proceeding with a mark-up of the Health Security Act at Chairman Kennedy's Labor and Human Resources Committee.
- To discuss the strategic implications of moving ahead with a Senate mark-up so early in the process.
- If discussions of above move forward seriously, to discuss what direction and how far Senator Kennedy would envision needing to go (policy-wise) to ensure all Democrats (and Senator Jeffords) support the bill out of Committee.
- To offer any resources necessary from the Administration to make it easier for the Chairman's Committee to proceed in a timely as manner as possible.

II. BACKGROUND

Although there has been some relatively steady progress at the Committee level (particularly in the House) in moving health care through the legislative process, the media has concluded that momentum for health reform is waning. There is concern within the White House that there will be insufficient positives emerging out of the encouraging development that the Ways and Means Subcommittee on Health (Pete Stark's Subcommittee) will have marked up its bill by the end of next week. (Many in the press may well judge how different the bills are, rather than focusing on the fact that Pete Stark's bill will still have universal coverage for all Americans.)

Concern is heightened because the Congress will recess for almost two weeks during the Easter break beginning on March 28th. Since the Energy and Commerce Committee will not be marking up its bill until after recess, there appears to be a void of positive news about progress on health reform. This void might not only negatively affect the public's perception about the chances for health reform, but may also undermine the Committee Member's desire to vote out a substantive health initiative.

To fill the news hole, we have discussed the possibility of having the Senate Labor and Human Resources Committee mark up its version of the Health Security Act -- hopefully prior to the Easter recess. Although this would require an extremely ambitious effort by Senator Kennedy's Committee, we believe he could pull it off. Taking this action so rapidly, however, would practically guarantee that no other Republican -- besides Senator Jeffords -- would vote the bill out of Committee. (The reality of the situation appears to be, however, that it is unlikely that any other Republicans will join with Kennedy until the very end of the process -- most likely on the Senate floor.)

The advantages of getting a bill marked out of the Labor Committee early are: (1) it would give us a positive news story prior to the recess, (2) it would give Members on the left of us some needed reassurance, (3) the groups who are most active on our behalf would have something to lobby for, and (4) it would provide some protection against unacceptable watering down later in the Committee mark-up process on both sides of Capitol Hill.

The downsides are: (1) it effectively removes the Labor Committee from being viewed as a real "player," (2) it takes away a good news story for us later in the process, (3) it removes any chances that Labor Committee actions could pressure the Finance Committee to move forward more quickly, and (4), if Chairman Kennedy is not enthusiastic about the strategy, he might not succeed in getting out as effectively and helpfully as possible.

Majority Leader Mitchell and his staff seem to be relatively enthusiastic about pushing for quick Labor Committee Action. Senator Kennedy and his staff, it appears, have mixed feelings. They do not want to become irrelevant to the legislative process and they are concerned that quick movement on their part will force them into that position. On the other hand, they acknowledge that they have had extremely limited success in getting any commitment from any Republicans on their Committee. Their bottom line is, as it always has been, to do what you believe is best for a positive outcome on health reform.

In general, we believe that it would be positive for Chairman Kennedy to move forward rapidly. However, we believe it would be inadvisable to do so if he has major reservations. The purpose of tomorrow's conversation is to try to develop a consensus between the three of you about the best approach.

Senators' Mitchell and Kennedy are the most committed Senators in the chamber on health care. Attached for your review is a brief synopsis of their past historical involvement in health care.

III. AGENDA ITEMS

1. Discussion of Best Strategy for Labor and Human Resources Committee Action.

IV. PARTICIPANTS

The President
Majority Leader Mitchell
Chairman Kennedy
Pat Griffin
Chris Jennings
Ira Magaziner
Steve Ricchetti

V. SEQUENCE OF EVENTS

Informal. Greet and start meeting.

VI. PRESS PLAN

Closed press. (White House photographer will be present.)

—NOT SENT OUT—

Congressional update letter-- CJ/CH draft 3/16

I wanted to thank you for the assistance you have provided to me and my staff during our first stages of developing a comprehensive health reform initiative. The meetings hosted by you, the Chairmen and other Members have been extremely useful to me in thinking through the different approaches to improving the health care system.

As you know, the President has always felt strongly that because health care reform concerns all Americans, it is important that policy formation be guided through an open and inclusive process. I want to take this opportunity to update you on the policy development process and on the progress of the health care reform working groups in achieving the President's goal.

First let me say that I know of no effort in the history of federal legislation that has been more open and broad-based. I am particularly impressed by the collaborative effort we have established between the Congress and the Executive Branch.

My meetings with the Senate and House leadership, the Committee Chairmen, and a host of individual members actively working on health reform have been extremely fruitful. To keep Members updated, we have set in motion a series of regular meetings between Members and staff, both Republican and Democrat, with Ira Magaziner and Judy Feder. In addition, we are establishing a schedule of meetings with Members, staff and individual working group leaders to talk through specific policy considerations. I believe that this foundation will serve us well as we move toward introducing our proposal in May.

In addition to our work with Members of Congress, we have held numerous meetings with Governors, state legislators, county officials, insurance commissioners and others at the state and local level who will be charged with implementing the plan. Through our interactions with state officials, we are constantly reminded of the importance of providing state flexibility and the need to provide solutions that will work in diverse areas of the country.

We are also meeting with a broad spectrum of groups interested in contributing to the health care debate. To date, the staff and the policy teams have met with more than 250 organized groups: consumer and aging advocates, provider groups, insurance companies, drug companies, small and large business coalitions, and many others who wanted to voice their opinion on the direction of reform and to hear first hand about the issues facing the policy teams. I have attached a list of the groups for your reference.

In addition to meeting with organized groups, we are hearing from thousands of individuals and families who are struggling under today's health care system, and who have their own views on what issues successful reform must address. Our around-the-clock "War Room" serves as the intake center for the more than 45,000 pieces of mail and the countless phone calls and speaking requests the Task Force has received. Each inquiry is taken seriously and answered.

We have also established a series of consumer and provider panels: groups of "real people" who have written or called us that we bring together with working group members to discuss what they feel is wrong with the health care system and to hear their views on how to improve it. The panels serve to make sure the work groups are constantly considering the impact of any policy changes on those who deliver and receive health care services.

I would appreciate any feedback you have on our process and our outreach activities. I look forward to working closely with you over the coming weeks and months as we craft a package we can all support.