

\* Written Before Moynihan's cancellation of 2/25-4:30pm meeting.

MEMORANDUM

TO: Hillary Rodham Clinton February 24, 1993  
FR: Chris Jennings X-2645  
RE: Thursday Hill Visits with Moynihan, Sasser, and Riegle  
cc: Melanne, Ira, Steve R., Howard P.

---

Tomorrow, starting at 4:30, you are scheduled to hold consecutive meetings with Finance Chairman Moynihan, Budget Chairman Sasser, and Finance Subcommittee on Medicaid Chairman Riegle. The timing of these meetings are particularly opportune because of the relevance of these Members (especially Moynihan and Sasser) opinions and responsibilities with regard to reconciliation and health care reform.

Following this memo, you will find a brief description of the three Members and their health care records.

---

Before summarizing the Senators' health backgrounds, I think it would be useful to fill you in on two late night conversations I had with the Chief of Staff of Majority Leader Mitchell's office, John Hilley, and the chief health analyst of the Senate Budget Committee, Kathy Deignan. (John debriefed me on today's afternoon meeting with the Chairmen and Kathy updated me on some budget resolution issues that are extremely important). Highlights include:

- \* John stated that there remains a consensus (although I am not certain where Appropriations Chairman Byrd stands) among the Senate Chairmen (no women chairs) that there will not be a sufficient number of votes for two tax bills and that a one-vote reconciliation strategy remains the best (and probably the only) option to pursue if there is a desire to pass health reform this year in the Senate. (FYI, Sasser shares this position and, although Moynihan has not yet focused on this because he has been sick, Hilley is confident he will stick with Mitchell on this issue).
  
- \* John (who used to be the Staff Director of the Senate Budget Committee) said that it would be difficult to impossible, on both procedural and political grounds, to develop -- much less pass -- a second reconciliation bill. Assuming a second bill is even possible (and that is not even clear to him), he cited 3 primary other reasons why it would be problematic:

(1) it is difficult to see how a second reconciliation package would pass a budget rules test known as the reconciliation "preponderance" test because, to do so, the bill must fundamentally be a deficit reduction bill. He believes it would be virtually impossible for a health reform bill to meet this test because it is difficult to see how it would be possible to come up with the taxes and cuts necessary to meet the deficit reduction test AND to underwrite the costs of a health care package.

(2) any attempt to get around the preponderance test (perhaps by splitting up the deficit reduction provisions between the two separate packages) would likely invite even more political problems for the first reconciliation bill. This is because the tax to cuts ratios would likely be even more difficult to defend than they are now.

(3) it is extremely difficult to see this Congress finishing action on even one reconciliation package before September. Even if they break a record in this regard and pass it in the summer, it is virtually unthinkable to see a second reconciliation process completed this year or next. (Congress rarely takes a bite out of the deficit in any significant way more than once every two years).

\* In order to accomodate the concerns of both the House and the Senate, one budget reconciliation/health care strategy could be as follows:

(1) Pass the budget resolution with a health reform plus (see discussion below) around March 20th;

(2) Immediately bring up and pass the stimulus package with a commitment that cuts will be in the reconciliation package;

(3) Have the House pass its reconciliation bill first WITHOUT health reform (sometime in late May/early June);

(4) Have the Senate -- as it usually does in its more slow and deliberate way -- pass its reconciliation bill WITH health reform after the House passes its bill;

(5) Have the House pass a protected health reform bill that they can bring to a joint Senate/House conference; and

(6) Go to conference in September and work out a deal that can pass the Congress and be presented to the President.

John endorses the above strategy and it may well be attractive to the House leadership as well. We may find this approach attractive to because we would not be refereeing the dispute and leaving the decision up to the Congress.

\* My conversation with Kathy Deignan of the Budget Committee centered around what provisions in the Senate budget resolution would be necessary to assure that the President would need only 51 votes to pass a reconciliation bill WITH a health reform package attached. Two health "plugs" are apparently necessary are:

(1) A "Reserve Fund" provision that allows spending on health reform (reform can be very broadly defined) to be paid for by new revenues without a 60 vote budget point of order must be included in the budget resolution. (Our last two Senate budget resolutions have had this provision, so there is precedent; nothing is easy in the Senate, though, and most Republicans are likely to oppose.)

(2) A separate waiver of a budget provision known as the "Byrd" rule will likely be necessary to be incorporated into the resolution to assure that the health care provisions imperative for the passage of the bill are not stripped on the Senate floor because they do not come into line with the rule.

There are a number of provisions of the Byrd rule, but one of the most far reaching is one that disallows any provision that is "extraneous" (defined as has no impact on the budget) to the bill. (This could include, for example, insurance market and medical malpractice reform because they have no cost impact). I know of no such waiver related to health that has ever been attached to protect unnamed health provisions in a Senate budget resolution.

The Byrd waiver will be more difficult to get included in the budget resolution than the "Reserve Fund" provision. I do not believe that Senator Byrd has taken any formal position on whether he would support such a waiver.

\* Although it will be difficult to get the two "plugs" included in any budget resolution, it will not be impossible. If the above provisions are not incorporated, however, it appears likely that the President and you will have to find 60 votes to pass health care. John Hilley believes they can find the votes for a "plugged" Senate resolution. While Kathy's confidence does not match John's, she does believe it can be done. The bottom line, though, is that it must be done because we cannot count on 60 votes.

\* Lastly, in today's meeting with Senator Sasser, it may be advisable would be wise not only to get his opinion about what we should do with regard reconciliation, but to ask him for an update on any discussions he and/or his staff has had with Senator Byrd. If Senator Byrd is not supportive of a Byrd waiver provision, it will be extremely difficult to get that particular health plug in the reconciliation bill.

DONALD W. RIEGLE, JR.  
MICHIGAN

COMMITTEES

BANKING, HOUSING, AND  
URBAN AFFAIRS: Chairman

FINANCE:  
Subcommittee on  
Health for Families  
and the Uninsured:  
Chairman

BUDGET

# United States Senate

WASHINGTON, DC 20510-2201  
(202) 224-4822

February 19, 1993

MICHIGAN REGIONAL OFFICES

<b>CENTRAL</b> 705 Washington Square Bldg 109 W. Michigan Ave Lansing, MI 48933 (517) 377-1713	<b>WAYNE-MONROE</b> 1155 Brewery Park Blvd Suite 343 Detroit, MI 48207 (313) 226-3188
<b>EASTERN</b> Suite 910 352 S. Saginaw St Flint, MI 48502 (313) 766-5115	<b>SOUTHEASTERN</b> Century Center Bldg., 3d Floor 30800 Van Dyke Warren, MI 48093 (313) 573-9017
<b>UPPER PENINSULA</b> Room 323, P.O. Bldg 200 W. Washington Marquette, MI 49855 (906) 228-7457	<b>WESTERN</b> Suite 716 Federal Bldg. 410 Michigan Ave., N.W. Grand Rapids, MI 49503 (616) 456-2592
<b>Telecommunications Device for the Deaf</b> (517) 377-1899	<b>NORTHERN-LOWER</b> 309 Front Street Traverse City, MI 49685 (616) 946-1300

Mrs. Hillary Rodham Clinton  
Office of the First Lady  
Old Executive Office Building, Room 100  
Washington, D.C. 20500

Dear Hillary:

I am writing to follow up on our discussion at the immunization event in Arlington, Virginia last Friday. I would consider it an honor to host a forum for you in Michigan on issues relating to reforming our health care system.

My staff has indicated that you may want to hold a forum in the Midwest as early as March. If a Michigan visit is feasible, the dates when I can be present are March 15th or March 22nd.

I would suggest that such a forum be held in Southfield, Michigan, a middle class suburb of Detroit. I would be pleased to work with you on other dates as well, if March 15th and 22nd are not convenient for your busy schedule.

Michigan would be an ideal region to have a health care forum because of the range of issues the state faces. We are heavily represented by a key sector of the manufacturing sector, the auto companies. These companies are being crushed by high health care costs. In addition, there are many small businesses in our urban and rural areas who are unable to provide coverage for their workers and who continue to face rising health care costs if they do. Children's issues are also a top priority in the state for many organizations. And as in many states, our providers are having to face growing uncompensated care costs that result in cost-shifting to those who can pay, raising health care costs overall.

As I indicated in our discussion last Friday, I have already sponsored 20 health care forums in Michigan since I became Chairman of the Finance Subcommittee on Health for Families and the Uninsured and another 15 in

Mrs. Hillary Rodham Clinton  
Office of the First Lady - page 2

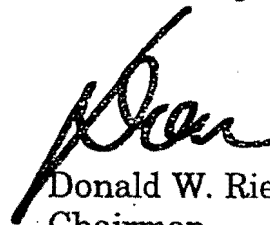
Washington. Our purpose was to solicit the views of Michigan citizens in crafting the comprehensive plan, HealthAmerica, I authored with Senators Mitchell, Kennedy, and Rockefeller.

We can produce any format you prefer. I thought the conference format at the Pennsylvania forum with Senator Wofford resulted in a natural, free flowing exchange of ideas. In past forums, we have felt it was important to invite the general public. As a way of combining the two approaches, we could have a conference style table with selected presentations, the best from the many forums I have held, and also invite the public to attend, observe, and provide written suggestions.

It is absolutely critical for families and individuals to talk about problems they are facing because of the health care crisis in this country. Last July 1992, I began coming to the Senate floor each week to talk about specific Michigan families who have either lost their health insurance or whose health insurance is inadequate to protect them from the skyrocketing costs of health care in this country. From these cases and the other forums I have held, we can select very powerful family stories to illustrate the current problems.

If you want to come to Michigan, I am ready to do whatever is necessary to organize a forum there and structure the forum in whatever way best meets your needs. I greatly appreciate your vital leadership in this area and look forward to working with you to enact health care reform.

Warmest regards,



Donald W. Riegle, Jr.  
Chairman,  
Finance Subcommittee on Health  
for Families and the Uninsured

Chris



UNITED STATES SENATE  
WASHINGTON, D. C.

DONALD W. RIEGLE, JR.  
MICHIGAN

Jan. 26, 1993

Dear Hillary -

Enjoyed our  
phone conversation last  
evening.

I'm attaching a copy  
of my earlier letter to you  
(which should arrive in due  
course) - and also a copy  
of the 2 page memo on  
the economic strategy we need.

This job growth strategy  
is absolutely key. If we  
construct economic policy to

NOT PRINTED AT GOVERNMENT EXPENSE

meet the goal of 8 million jobs over 4 years - we will have the financial strength and public support to achieve our other goals.

But that job goal means 2 million jobs a year - or 165,000 per month - and tinkering on the economic policy margins won't come close to accomplishing this. We can't let those who lost the election dictate the envelope of debate on an economic growth strategy.

Deficit reduction can only come if we can accelerate economic growth - job growth in the private sector must be our guiding star.

Best Dan

## BOTTOM LINE OF ECONOMIC PLAN - 8 MILLION NEW JOBS

The Clinton Economic plan must create 8 million new private sector jobs in the next 4 years -- 2 million jobs per year -- 165,000 per month. All elements of the economic plan must drive toward this central goal.

Achieving this job growth goal will provide the economic and political strength to achieve other key goals -- including health care reform. It gives clarifying and unifying focus to the new path we are taking.

Traditional economic analysis within the envelope of the old debate is a fatal trap. Too many conflicting goals neuters policy. Marginal policy adjustments lack the power to wrench the economy up to new "job surge" track -- not in the teeth of harsh global realities and years of drift.

It is time to articulate a new strategic reality.

The greatest strategic asset for a modern nation now - and in the future - is to have the most robust high-skill, high-wage, job base - and the vibrant, growing economic structure that supports it. It's the key to lifting family and national income levels.

Having and keeping the world's best jobs -- across a broad societal base -- is the key to future domestic security and global leadership. It also will stop the grinding down of the U.S. middle class -- and worsening social division.

The key is to front-load the economic plan with every conceivable policy effort that can spur private sector job growth. This includes:

- 1) Tie tax policy incentives directly to job creation;
- 2) Offer incentives for small business starts and growth -- lower tax threshold tied to jobs;
- 3) Aggressive trade policy to end huge bi-lateral deficits
- 4) Planned defense conversion -- perhaps to an industry of the future ie; high speed air and ground transportation;
- 5) Directly ask firms -- especially multi-nationals who fly the flag of no country -- to accelerate U.S. job creation. Ask what they need to do this -- provide it;
- 6) Examine bank and other financial lending practices to enhance justified flow of business credit and investment capital;
- 7) Press Federal Reserve for supportive growth policies;
- 8) Ask every Cabinet Department to show how they can spur private sector job growth -- with specific goals;
- 9) Offer government research and technology as direct inducement to private sector job growth;



- (D) Foster industry consortium efforts to accelerate technological breakthroughs and job growth and;
- (E) Review government regulation with eye to job creation.

If the Clinton Administration is personified by a massive redirection of effort to a rapidly expanding high-skill, high-wage jobs track, done immediately, then we will succeed economically, socially and really.

This is the one campaign promise that must be kept -- and that will give the economic strength to fulfill the rest. If public expectations are not met in this area we will steadily lose public faith and support.

---

### CRITICAL ANALYSIS

Republicans will attempt to impose own economic goals - (ie; annual deficit reduction targets). We need a higher order, compelling national goal that redefines the debate. The country wants and needs job-growth -- it is the most powerful rationale for hard policy changes -- including shared sacrifice.

Without job growth of this size -- occurring in '93 and '94 -- we face a large risk of congressional losses -- including possible loss of the Senate.

Ross Perot will drive us crazy on economic issues -- unless we take and hold the high ground on job growth. If jobs are expanding, we can't be out-flanked.

We promised economic change -- and more high-wage, high-skill jobs. It's the one promise we must keep to hold public support -- and merit a 2nd term.

Gives greater leverage on international allies. When you put your fate in job growth, they will see you cannot concede jobs to them.

Don Riegle  
January 19, 1993



UNITED STATES SENATE  
WASHINGTON, D. C.

DONALD W. RIEGLE, JR.  
MICHIGAN

Jan 22, 1993

Dear Hillary

It's been an inspiring  
week - warmest congratulations.

Like so many others, I  
have a great emotional  
feeling about the work ahead  
of us - and how we actually  
start changing things for the  
better.

I write this note in my  
capacity as Chairman of the  
Finance Subcommittee on Health  
for Families and the Uninsured.

To date, we have conducted

NOT PRINTED AT GOVERNMENT EXPENSE

34 public hearings on health care reform - and have teamed to produce the Health America plan, with Mitchell, Kennedy, and Rockefeller as co-sponsors.

Today, I indicated to Carol Rasco that my staff and I want to work with you on the health care reform effort - and will help move heaven and earth to get it done.

Debbie Chang heads our Subcommittee staff effort - and this is the main issue



UNITED STATES SENATE  
WASHINGTON, D. C.

DONALD W. RIEGLE JR.  
MICHIGAN

focus of my A.A. David  
Traowitz.

We are ready, as a  
group, to work as teammates,  
to break the policy inertia  
and actually get health  
care reform enacted. We're  
prepared for an all-out push  
this year.

When you need our  
help - we are ready.

Warm regards -

NOT PRINTED AT GOVERNMENT EXPENSE