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THE WHITE HOUSE

WASHINGTON

February 6, 1974

MEMORANDUM FOR: GENERAL HAIG  
FROM: DAVE GERGEN *DG*  
SUBJECT: Health Insurance Message

Here's a copy of the message as sent to correspondence this morning.

One dispute remains and I think it requires your attention, namely, how much we should reveal about the costs of the program.

In his SOTU address, RN said the following:

"Now I recognize that other plans have been put forward that would cost \$80 billion or even \$100 billion and that would put our whole health care system under the heavy hand of the Federal Government. "

He hit Kennedy on the cost figure again yesterday.

Tonight it became apparent that the total cost of the President's plan was not really very different from Kennedy's ("perhaps somewhat less"). The real difference is that RN's plan would be paid for differently -- about \$40 billion in total government spending and another \$40 billion or less in private sector spending.

There are three options for the message:

(1) Minimum disclosure -- Disclose only the new Federal spending that would be required (about \$5.9 billion).

-- Weinberger strongly favors this. He thinks we can maximize our political advantages over Kennedy by holding back total cost figures until at least the hearings. He also thinks the total costs are very confusing to discuss.

(2) Moderate Disclosure -- Disclose the full amount of government spending, old and new, which would be around \$40 billion.

-- Cavanaugh goes along with Weinberger generally but would be prepared to disclose this larger amount in the interests of candor.

(3) Total Disclosure -- Lay out the full costs of the President's program, including private and public spending.

-- I strongly favor this approach. It is fundamental that the public and the Congress be told how much a program will cost when it is first presented to them. For RN to be less than candid now -- especially now -- will eventually do him far more harm than good. If HEW hasn't fully figured it out yet, keep them at it until they do. We can beat Kennedy, anyway, on the question of private vs. Federal control.

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I apologize for putting this to you at the last minute. The issue suddenly arose after midnight, and it was too late to call you.

Because of the late hour, we had no choice but to go with Option One in the message sent for typing. If you want to reverse this, we can still make the change.

Thanks.

cc: Bruce Kehrli  
Bill Timmons  
Ron Ziegler