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THE WHITE HOUSE

WASHINGTON

April 24, 1974

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MEMORANDUM FOR: BILL TIMMONS
THROUGH: MAX FRIEDERSDORF m.6.
FROM: VERN LOEN VJ
SUBJECT: Comprehensive Health Insurance Plan (CHIP)

Secretary Weinberger's testimony before the Full House Ways and Means Committee went very well today. Members of both parties prefaced their questions with praise for his illustrated testimony covering 50 pages. General consensus was that with the introduction of the Kennedy-Mills bill, we have reached the stage where negotiations, compromise, and final package can be worked out this year.

Chairman Mills seemed somewhat shaken by Weinberger's skillful testimony which addressed itself only to H.R. 1 (Ullman) and H.R. 13870 (Kennedy-Mills) in addition to the Administration bill. Mrs. Griffiths tried to make a case that the Administration's bill discriminates against the poor people and plugged for the \$100 billion measure she co-sponsored with Senator Kennedy earlier. Joel Broyhill, chief Republican sponsor of the AMA bill (186 co-sponsors in the House and 17 in the Senate) was determined to know why the AMA "medi-credit" bill was not being considered. Mills backed up Weinberger in citing the Committee announcement which said only the three bills would be considered because AMA version was covered in testimony during October and November 1971 which constitutes 14 printed volumes. He suggested that the AMA bill was close enough to CHIP so that differences could be reconciled. Mills candidly admitted that he is in a difficult position as a sponsor of both the AMA and the Kennedy-Mills bills. He came out a poor second in sparring with Weinberger over details of the two proposals.

He tried to make a case that the Administration bill repeals Medicare and decreases benefits for the aged. Weinberger denied this, but admitted that cost sharing for those over 65 would be higher than those at present in order to discourage physicians from routinely sending elderly patients to hospitals with the knowledge that everything would be paid for after the first day.

Weinberger also scored points by pointing out that the Administration bill provides for voluntary participation, covers drugs and other out-patient services, would be administered privately and requires no tax increase. Kennedy-Mills calls for mandatory participation, does not cover drugs, and would be fully Federally administered, and financed by increased payroll taxes. I will have a comparison of each of the major bills shortly.

VCL/jlm

CC to: K. Cole, J. Cavanaugh, T. Korologos, G. Ainsworth, P. O'Donnell