

FINAL
1/31/94
5:10 pm

Rename the policy: **Health Care Reform: A Call to Action**

Add; **Section 1: Federal Barriers to State Health Reform**

Add to the end of the policy

Section 2: A Call To Action

The nation's Governors call upon President Clinton and the Congress to pass health care legislation this year that includes, at a minimum, the following:

Insurance Reform. We support minimum federal standards that result in portability of coverage; guaranteed renewability of policies; limitations on both medical underwriting and preexisting conditions exclusions; and modified community rating that limits the variation in rates that different individuals and groups are charged.

State-Organized Purchasing Cooperatives. Through purchasing cooperatives, affordable insurance products will be made available. States and the federal government must work together to ensure that states have flexibility in establishing and operating these cooperatives.

Core Benefits and Access. In order to ensure portability of coverage, Governors believe that there must be a core benefits package that is comparable to those that are now provided by the most efficient and cost effective health maintenance organizations. The cornerstone of this package must be primary and preventive care. All employers must make the core benefits package available to those employees who wish to purchase it. While Governors do not agree on whether employers should be required to pay for any portion of the premium, Governors agree that coverage should be available.

Tax Deductibility of Health Care Premiums. Health insurance premiums should be tax deductible to the value of the core benefits package regardless of who pays the premium. Governors do not support limiting health benefits; however, policies that afford benefits above the limit should be subject to taxation. The Governors do support tax changes that would correct the inequities now suffered by self-employed individuals. These individuals would be eligible to purchase fully deductible health insurance within the federal limit.

Low Income Subsidies. Low income families and individuals will require subsidies in order for them to afford health care. Governors support a streamlined eligibility process for these subsidies, and believe that the subsidies must be sufficient to make this goal a reality. Governors also look forward to a system of subsidies that provide low income families and individuals with a core benefits package which Governors believe will be a more effective method for providing care than the current Medicaid program. This program could be financed partially through revenues resulting from limits on tax deductibility.

Changes to the Current Medicaid System. Governors strongly believe that some critical changes to the Medicaid program must be made now to improve the cost efficiency of the program. Specifically,

- States should have the ability to move their Medicaid populations into managed care settings through a plan amendment rather than through a waiver.

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- During the phase in of the new low income subsidy program states must have the flexibility to establish new programs that expand eligibility to a larger indigent population. This flexibility would require additional waiver authority under Medicaid.
- In addition, states have been unable to control the costs of reimbursement rates to institutional health care providers as a result of judicial interpretation of the Boren Amendment. States must be given legislative and regulatory relief from these interpretations in order to get better control of these costs.

Medical Malpractice and Liability Reform. Another important step in developing a rational health care system is the modification of current medical malpractice and liability statutes. We believe that minimum standards should be set by the federal government. Alternative dispute resolution is among the strategies that should be explored to reduce the amount of litigation in this area.

Relief from Anti-Trust Statutes. More and more Americans are receiving their care through health delivery networks. Establishing these networks requires new approaches to cooperation among providers and businesses that here-to-for have been competitors. The current anti-trust statutes must be revised to accommodate this new health care environment.

Relief from the Employee Retirement Income Security Act. ERISA must be modified to give states the flexibility they need to move ahead on state reform. At a minimum, Congress should enact ERISA waiver authority for states that meet certain criteria for health care reform.

Federally Organized Outcome and Quality Standards. If meaningful choices are ever to be made in health care, research must be supported to develop outcomes and quality standards for use by providers and consumers alike. Also, information systems must be developed which include price and quality information for all providers and consumers of health care services in a given geographic area.

Administrative Simplifications. The administrative complexity of the current system must be reduced. At a minimum, we must adopt a single national claims form and electronic billing.

We believe that these provisions should be included in any reform strategy. As Governors, we do not vary in our support of these changes, and we urge Congress and the President to act as quickly as possible.



1994 Winter Meeting

EXECUTIVE COMMITTEE

Governor Carroll A. Campbell Jr., Chairman
Governor Howard Dean, Vice Chairman

Raymond C. Scheppach, Executive Director

Proposed Changes in Policy

* EC-7

Federal Barriers to State Health Care Reform

Page 2

New language is typed double-spaced and in ALL CAPS, with deleted material lined-throughout (—).

***Note:** Changes adopted by the committee on January 30 (marked by a slash on the cover) are in *italics* and deleted language is double lined-throughout (—). See pages 5, 6, and 7.

This policy will be considered and voted upon by the full association on Monday, January 31.

The Executive Committee recommends the adoption of the following new policy position. Pursuant to the recommendations of the Strategic Review Task Force, this proposal is time limited to two years. Background information and fiscal impact data follow.

1. Federal Barriers to State Health Care Reform (New Policy Position, EC-7)

This policy calls on Congress and the administration to remove federal barriers to state health care reform. Specifically, Governors urge Congress to change Medicaid statutes so that states may establish managed care networks for Medicaid beneficiaries without the cumbersome waiver process. They call for new waiver authority for projects that have been shown to be effective under current research and demonstration authority in the Social Security Act. Governors also call for relief from the Boren Amendment that limits states' flexibility in establishing institutional care reimbursement rates; finally, they call for some new statutory authority in the Employee Retirement Income Security Act (ERISA) to give states more flexibility in establishing health care initiatives.

EC-7. FEDERAL BARRIERS TO STATE HEALTH CARE REFORM

7.1 PREAMBLE

THE NATION'S GOVERNORS ARE COMMITTED TO COMPREHENSIVE HEALTH REFORM THAT CALLS FOR A FEDERAL FRAMEWORK WITH SIGNIFICANT STATE FLEXIBILITY, AND THEY WILL WORK WITH CONGRESS AND THE ADMINISTRATION TO DEVELOP SUCH A SYSTEM. AT THE SAME TIME, HOWEVER, THE GROWING DEMAND FOR AFFORDABLE QUALITY HEALTH CARE, COUPLED WITH THE IMMEDIATE BUDGETARY PRESSURES CAUSED BY THE MEDICAID PROGRAM, REQUIRES IMMEDIATE ACTION. VIRTUALLY EVERY GOVERNOR HAS SOME HEALTH REFORM INITIATIVE IN PROGRESS. THESE INCLUDE COMPREHENSIVE STATE-BASED REFORM INITIATIVES, PROGRAMS THAT ASSIST SMALL BUSINESSES IN SECURING AFFORDABLE HEALTH INSURANCE, PROGRAMS THAT EXPAND HEALTH CARE COVERAGE TO A GREATER NUMBER OF UNINSURED POOR, AND PROGRAMS THAT IMPLEMENT MANAGED CARE NETWORKS FOR MEDICAID BENEFICIARIES. NONE OF THESE STATE INITIATIVES ARE INCOMPATIBLE WITH NATIONAL REFORM; INSTEAD, THEY CONTINUE TO BUILD A STRONG POLICY FOUNDATION FOR REFORM AT THE FEDERAL LEVEL.

AS STATES HAVE MOVED AHEAD, HOWEVER, THEIR SUCCESS HAS BEEN LIMITED BY BARRIERS RESULTING FROM CURRENT FEDERAL STATUTES. THE NATION'S GOVERNORS CALL UPON THE ADMINISTRATION AND CONGRESS TO IMMEDIATELY REMOVE THOSE FEDERAL BARRIERS.

7.2 MEDICAID

BY FAR, MEDICAID REPRESENTS THE LARGEST HEALTH CARE EXPENDITURE FOR STATES. ON AVERAGE, ONLY SPENDING FOR ELEMENTARY AND SECONDARY EDUCATION CONSTITUTES A LARGER PORTION OF STATE BUDGETS. GOVERNORS BELIEVE THAT IRRESPECTIVE OF ANY NATIONAL HEALTH REFORM STRATEGY, MEDICAID COSTS MUST BE BROUGHT UNDER CONTROL. SHOULD CONGRESS MOVE TO LIMIT OR CAP THE FEDERAL CONTRIBUTION TO MEDICAID, A MOVE THE GOVERNORS ADAMANTLY OPPOSE, THE GOVERNORS BELIEVE THESE CHANGES AND OTHER RELIEF WILL BECOME EVEN MORE URGENT. THE GOVERNORS RECOMMEND THE FOLLOWING CHANGES THAT WILL CONTRIBUTE TO CONTROLLING THOSE COSTS.

7.2.1 **MANAGED CARE WAIVERS.** THERE IS A NATIONAL TREND IN HEALTH CARE SERVICE DELIVERY TOWARD SYSTEMS OF CARE. THESE SYSTEMS OR NETWORKS HAVE BEEN SHOWN TO PROVIDE COST-EFFICIENT CARE WHILE ENSURING THAT THE PATIENT HAS A RELIABLE PLACE FROM WHICH TO SEEK PRIMARY CARE AND TO WHICH SPECIALTY CARE CAN BE DIRECTED. ALTHOUGH THE PRIVATE SECTOR IS MOVING AGGRESSIVELY TOWARD THESE NETWORKS, THE MEDICAID PROGRAM CONTINUES TO REQUIRE STATES, IN VIRTUALLY ALL CASES, TO APPLY FOR A WAIVER FROM FEE-FOR-SERVICE CARE IN ORDER TO ENROLL MEDICAID BENEFICIARIES IN SUCH NETWORKS. AND WHILE THE BUSH AND CLINTON ADMINISTRATIONS HAVE TAKEN SIGNIFICANT STEPS TOWARD SIMPLIFYING THE APPLICATION AND RENEWAL PROCESS, STATES STILL MUST APPLY FOR RENEWALS EVERY TWO YEARS. MOREOVER, STATES HAVE BEEN UNABLE TO SUSTAIN NETWORKS WHERE THERE IS A PREDOMINANCE OF MEDICAID BENEFICIARIES BECAUSE, UNDER CURRENT LAW, STATES ARE PERMITTED ONLY ONE NONRENEWABLE THREE-YEAR WAIVER TO HAVE BENEFICIARIES SERVED IN A HEALTH MAINTENANCE ORGANIZATION (HMO) WHERE MORE THAN 75 PERCENT OF THE ENROLLEES IN THE HMO ARE MEDICAID BENEFICIARIES. THIS REQUIREMENT SHOULD BE REPEALED.

IF THE NATION IS SERIOUS ABOUT CONTROLLING HEALTH CARE COSTS, IT IS ESSENTIAL TO GIVE STATES THE OPPORTUNITY TO ESTABLISH NETWORKS IN MEDICAID (INCLUDING FULLY AND PARTIALLY CAPITATED SYSTEMS) THROUGH THE REGULAR PLAN AMENDMENT PROCESS. GOVERNORS RECOGNIZE THE SPECIAL SIGNIFICANCE OF CONSUMER PROTECTIONS AND ASSURANCE OF SOLVENCY IN ESTABLISHING THESE SYSTEMS OF CARE AND SUPPORT FEDERAL GUIDANCE THROUGH THE REGULATORY PROCESS.

7.2.2 **COMPREHENSIVE WAIVERS.** STATES HAVE BEGUN TO LOOK SERIOUSLY AT COMPREHENSIVE SYSTEMS OF HEALTH CARE WHERE THE ARTIFICIAL CATEGORICAL BARRIERS OF MEDICAID ARE REMOVED AND WHERE THEY CAN ESTABLISH STATEWIDE NETWORKS OF CARE FOR MEDICAID BENEFICIARIES. UNFORTUNATELY, THERE ARE NO PROVISIONS IN THE SOCIAL SECURITY ACT THAT CAN BE USED TO ESTABLISH SUCH PROGRAMS ON AN ONGOING BASIS.

CURRENTLY, STATES HAVE BEEN DEVELOPING THESE MORE COMPREHENSIVE NETWORKS THROUGH THE RESEARCH AND DEMONSTRATION PROVISIONS OF THE SOCIAL SECURITY ACT (SECTION 1115A). SECTION 1115A,

HOWEVER, WAS DESIGNED FOR RESEARCH PURPOSES AND HAS SOME IMPORTANT LIMITATIONS. STATES MUST DEMONSTRATE, THROUGH THE APPLICATION PROCESS, THAT THEY ARE TESTING AN INNOVATION. THE LAW REQUIRES AN EVALUATION THAT, IN SOME CASES, REQUIRES CONTROL GROUPS. PROJECTS APPROVED UNDER THE 1115A PROCESS ARE APPROVED FOR A LIMITED TIME PERIOD, USUALLY THREE TO FIVE YEARS AT THE DISCRETION OF THE ADMINISTRATION, AND REQUIRE SPECIAL STATUTORY CHANGES TO GO BEYOND THE DEMONSTRATION PERIOD. FINALLY, THESE PROJECTS MUST BE COST NEUTRAL OVER THE LIFE OF THE PROJECT.

SECTION 1115A IS ESSENTIAL TO ENSURE THE TESTING OF ALTERNATIVE HEALTH AND SOCIAL POLICIES. HOWEVER, THE CURRENT STATUTE FALLS SHORT BY REQUIRING STATUTORY CHANGES IF A STATE WANTS TO CONTINUE ITS SUCCESSFUL EFFORT. IN SHORT, ONCE A STATE HAS PROVEN THAT ITS RESEARCH PROJECT WORKS, IT CANNOT CONTINUE WITHOUT CONGRESSIONAL ACTION. GOVERNORS SUPPORT CHANGES TO THE SOCIAL SECURITY ACT SO THAT A STATE MAY APPLY THROUGH THE EXECUTIVE BRANCH OF GOVERNMENT FOR RENEWABLE WAIVERS OF THEIR INNOVATIONS. THIS WAIVER PROCESS SHOULD BE CONSISTENT WITH THE STREAMLINED APPROACHES USED BY THE CLINTON ADMINISTRATION AND STATES SHOULD HAVE TO REAPPLY FOR THESE WAIVERS NO LESS THAN EVERY FIVE YEARS.

- 7.2.3 BOREN AMENDMENT. THE BOREN AMENDMENT TO THE MEDICAID PROVISIONS OF THE SOCIAL SECURITY ACT WAS PASSED IN THE EARLY 1980S TO GIVE STATES GREATER FLEXIBILITY IN ESTABLISHING REIMBURSEMENT RATES FOR HOSPITALS AND NURSING HOMES AND TO ENCOURAGE HEALTH CARE COST CONTAINMENT. INSTEAD, IT HAS LED TO HAVOC IN THE ADMINISTRATION OF MEDICAID PROGRAMS. COURT DECISIONS HAVE INTERPRETED THE BOREN AMENDMENT TO EMBODY A RESTRICTIVE AND UNREALISTIC SET OF REQUIREMENTS IN SETTING REIMBURSEMENT RATES, AND HAVE IN EFFECT GIVEN JUDGES THE POWER TO ESTABLISH REIMBURSEMENT RATES LEVELS AND CRITERIA. BECAUSE OF THESE DECISIONS, STATES REMAIN FRUSTRATED IN THEIR ABILITY TO BRING SOME DISCIPLINE TO THEIR BUDGETS AND HAVE BEEN THWARTED IN THEIR ATTEMPTS TO ACHIEVE THE ORIGINAL PURPOSE OF THE AMENDMENT.

THE NATION'S GOVERNORS BELIEVE THAT ANY COHERENT APPROACH TO NATIONAL HEALTH REFORM MUST ADDRESS THE ISSUE OF THE BOREN AMENDMENT. THEY BELIEVE THAT A STATUTORY CHANGE TO THIS AMENDMENT IS AN IMPORTANT TOOL NECESSARY TO BRING MEDICAID INSTITUTIONAL COSTS UNDER CONTROL. THEREFORE, THE GOVERNORS URGE THE ADMINISTRATION AND CONGRESS TO ADOPT THESE OR OTHER CHANGES TO THE BOREN AMENDMENT THAT WILL GIVE STATES THE RELIEF THEY NEED.

7.2.3.1 **STATUTORY AND REGULATORY CHANGES.** THE GOVERNORS AGREE THAT STANDARDS FOR ESTABLISHING ADEQUATE REIMBURSEMENT RATES FOR HOSPITALS, NURSING FACILITIES, AND INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION (ICF/MRS) MUST BE DESIGNED TO PROMOTE ACCESS TO CARE FOR MEDICAID PATIENTS, QUALITY OF SERVICES, COST CONTAINMENT, AND EFFICIENT SERVICE DELIVERY. THE GOVERNORS SUPPORT A STRATEGY THAT WOULD REPLACE THE CURRENT COST-EFFICIENCY-BASED STANDARD IN THE BOREN AMENDMENT WITH PROVISIONS THAT ESTABLISH "SAFE HARBOR" STANDARDS WHERE A STATE MEETING ANY OF THESE "SAFE HARBOR" PROVISIONS WOULD SATISFY THE STATUTE. STANDARDS MIGHT INCLUDE THE FOLLOWING.

- THE PAYMENT RATE IS EQUAL TO THE MEDICARE-BASED UPPER PAYMENT LIMIT.
- THE PAYMENT RATE IS NO LESS THAN THE RATE AGREED TO BY THE FACILITY FOR COMPARABLE SERVICES PAID FOR BY ANOTHER PAYER (E.G. PAYMENT RATES FOR MEDICAID PATIENTS WOULD NOT HAVE TO BE HIGHER THAN RATES PAID BY ANY LARGE MANAGED CARE PLANS OR LARGE BUSINESS).
- REGARDING NURSING FACILITIES, THE AGGREGATE NUMBER OF PARTICIPATING LICENSED AND CERTIFIED NURSING HOME BEDS IN THE STATE (PLUS RESOURCES DEVOTED TO HOME OR COMMUNITY-BASED CARE FOR THE ELDERLY) IS AT LEAST EQUAL TO A SPECIFIED PERCENTAGE OF THE POPULATION AGE 65 OR OVER.
- THE REIMBURSEMENT RATE IS SUFFICIENT TO COVER AT LEAST 80 PERCENT OF THE ALLOWABLE COSTS OF ~~all THE~~ *FACILITIES in the class* IN THE STATE IN THE AGGREGATE, *or is sufficient to cover the allowable costs of 50 percent of all facilities in the class in the state.*

- THE REIMBURSEMENT RATE IS EQUAL TO A BENCHMARK RATE PLUS INFLATION NO LESS THAN THE RATE OF INFLATION FOR THE OVERALL ECONOMY ACCORDING TO A GENERAL INDEX (NATIONAL OR STATE), SUCH AS THE CONSUMER PRICE INDEX (CPI) OR THE GROSS DOMESTIC PRODUCT (GDP-IPD). THE BENCHMARK RATE WOULD BE THE APPROVED RATE AS OF THE DATE OF ENACTMENT OF THE STATUTE OR THE CURRENT RATE APPROVED BY THE HEALTH CARE FINANCING ADMINISTRATION. *This standard is satisfied by a rate methodology currently in effect and approved by HCFA that contains a provision for inflation adjustments.*

THE GOVERNORS ALSO BELIEVE THAT THE PROCEDURAL REQUIREMENTS IN THE CURRENT BOREN AMENDMENT MUST BE STREAMLINED. FINALLY, THE GOVERNORS SUPPORT STRATEGIES THAT WOULD REDUCE OR ELIMINATE THE COSTS OF PROLONGED AND COSTLY LITIGATION.

7.3

EMPLOYEE RETIREMENT INCOME SECURITY ACT

ALTHOUGH THE GOVERNORS ARE EXTREMELY SENSITIVE TO THE CONCERNS OF LARGE MULTISTATE EMPLOYERS, THE FACT REMAINS THAT ONE OF THE GREATEST BARRIERS TO STATE REFORM INITIATIVES IS THE EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA). ERISA PREEMPTS ALL SELF-INSURED HEALTH PLANS FROM STATE REGULATIONS AND SUBJECTS THOSE PLANS ONLY TO FEDERAL AUTHORITY. AS A RESULT OF JUDICIAL INTERPRETATIONS OF ERISA, STATES ARE PROHIBITED FROM:

- ESTABLISHING MINIMUM GUARANTEED BENEFITS PACKAGES FOR ALL EMPLOYERS;
- DEVELOPING STANDARD DATA COLLECTION SYSTEMS APPLICABLE TO ALL STATE HEALTH PLANS;
- DEVELOPING UNIFORM ADMINISTRATIVE PROCESSES, INCLUDING STANDARDIZED CLAIM FORMS;
- ESTABLISHING ALL PAYER RATE-SETTING SYSTEMS;
- ESTABLISHING A STATEWIDE EMPLOYER MANDATE;
- IMPOSING PREMIUM TAXES ON SELF-INSURED PLANS; AND
- IMPOSING PROVIDER TAXES WHERE THE TAX IS INTERPRETED AS A FORM OF DISCRIMINATION ON SELF-INSURED PLANS.

7.3.1 **ERISA FLEXIBILITY.** GOVERNORS CALL ON THE ADMINISTRATION AND CONGRESS TO MODIFY THE ERISA STATUTE TO GIVE STATES THE FLEXIBILITY THEY NEED TO MOVE AHEAD ON HEALTH REFORM. THIS MAY BE DONE EITHER BY ESTABLISHING THE FLEXIBILITY DIRECTLY IN STATUTE OR THROUGH THE ESTABLISHMENT OF WAIVER AUTHORITY. ~~THE FLEXIBILITY SHOULD BE CRAFTED NARROWLY, SO AS NOT TO INTERFERE EITHER WITH THE ABILITY OF SELF INSURED PLANS TO OPERATE EFFICIENTLY OR WITH THE OPERATION OF MULTISTATE PLANS.~~ THE FLEXIBILITY COULD INCLUDE A REQUIREMENT THAT THE STATE DEMONSTRATE BROAD-BASED SUPPORT FOR THE CHANGE, SUCH AS BY PASSAGE OF STATE LEGISLATION. STATES MUST BE ASSURED, HOWEVER, THAT THE FLEXIBILITY IS STABLE AND NOT TIME LIMITED.

Time limited (effective February 1994-February 1996).

SENATOR BOB DOLE

REMARKS

NATIONAL GOVERNOR'S

ASSOCIATION

FEBRUARY 1, 1994

**THANK YOU. IT'S A
PLEASURE TO HAVE ANOTHER
OPPORTUNITY TO MEET WITH
YOU.**

**I THINK THE BEST USE OF MY
TIME HERE THIS MORNING IS TO
KEEP MY REMARKS SHORT AND
LEAVE PLENTY OF ROOM FOR
DISCUSSION. THE REPUBLICAN
CONGRESSIONAL LEADERSHIP
AND I SPENT TWO SOLID HOURS
LAST EVENING IN A ROUND
TABLE HEALTH CARE
DISCUSSION WITH REPUBLICAN**

**GOVERNORS, AND WE ALL WENT
AWAY FROM TABLE HAVING
LEARNED A GREAT DEAL.**

HEALTH CARE

**AND LET ME FIRST TURN TO
THE MANY CHANGES THAT HAVE
OCCURRED IN THE HEALTH
CARE REFORM DEBATE SINCE
WE MET LAST AUGUST IN TULSA.**

**I THINK EVERYONE INVOLVED
IN THAT DEBATE--AND THAT
CERTAINLY INCLUDES ALL OF US
UP ON CAPITOL HILL--HAVE
LEARNED A LOT IN THE PAST
MONTHS, AND I SALUTE
PRESIDENT AND MRS. CLINTON
FOR STARTING THE NATIONAL
DISCUSSION.**

ONE FACT THAT WAS
ORIGINALLY IGNORED IN THE
DISCUSSION, BUT WHICH MORE
AND MORE AMERICANS NOW
AGREE UPON, IS THE FACT WE
HAVE THE BEST HEALTH CARE
SYSTEM IN THE WORLD.

NO, OUR SYSTEM ISN'T
PERFECT. IT'S BUREAUCRATIC.
IT'S EXPENSIVE. AND

**SOMETIMES IT'S UNFAIR. BUT I
BELIEVE THERE IS A GROWING
CONSENSUS AMONG
REPUBLICANS AND DEMOCRATS--
-AS EVIDENCED BY YOUR
UNANIMOUS VOTE YESTERDAY--
THAT WE CAN IMPROVE OUR
HEALTH CARE SYSTEM WITHOUT
DESTROYING THE QUALITY AND
CHOICE AMERICANS EXPECT--**

**AND WITHOUT GIVING
COMPLETE AND TOTAL
CONTROL TO THE FEDERAL
GOVERNMENT.**

**AS I SAID LAST WEEK IN
RESPONDING TO THE STATE OF
THE UNION--REPUBLICANS ARE
READY TO FIX WHAT TRULY
NEEDS TO BE FIXED--AND TO DO
IT NOW.**

THE DEBATE SHOULD NOT BE
ONE OF "IT'S THE PRESIDENT'S
PLAN OR NOTHING." THERE ARE
MANY PROPOSALS ON THE
TABLE--AND MOST OF THEM
HAVE BOTH THEIR SHARE OF
GOOD IDEAS AND BAD IDEAS.

FOR EXAMPLE, MANY OF YOU
HAVE CONCERNS THAT
REPUBLICANS PROPOSAL DO

NOT PREEMPT E.R.I.S.A.

**ON THE SAME HAND, YOU
ALSO HAVE CONCERNS WITH
THE 'COOPER BILL', WHICH
LEAVES STATES TOTALLY
RESPONSIBLE FOR THE COSTS
OF THEIR MEDICAID PROGRAMS.**

**THESE ISSUES, ALONG WITH
PRICE CONTROLS, MANDATORY
ALLIANCES, AND GLOBAL**

**BUDGETING WILL ALL BE
DEBATED IN THE COMING
MONTHS.**

**I MIGHT ADD THAT EVERY
SINGLE REPUBLICAN PROPOSAL-
-AND THE "CALL TO ACTION" YOU
PASSED YESTERDAY--RESOLVE
THE PROBLEMS CITED SO
DRAMATICALLY BY THE
PRESIDENT LAST WEEK.**

FOR EXAMPLE, WE HEARD
ABOUT THE COUPLE WHO LOST
THEIR COVERAGE WHEN THE
HUSBAND LOST HIS JOB. EVERY
BILL INTRODUCED BY
REPUBLICANS SOLVES THAT
PROBLEM. IN FACT, WE COULD
HAVE SOLVED THAT PROBLEM
THREE YEARS AGO IF THE
DEMOCRAT LEADERSHIP HAD

**PERMITTED US TO PASS A BILL
AUTHORED BY THEN-SENATOR,
AND NOW-SECRETARY OF
TREASURY LLOYD BENTSEN.**

**AND THOSE 81 MILLION
AMERICANS WITH PRE-EXISTING
CONDITIONS THE PRESIDENT
CITED. THEIR PROBLEMS ARE
SOLVED BY EACH REPUBLICAN
BILL--AND WERE PART OF THE**

OLD BENTSEN BILL, AS WELL.

**LET ME REPEAT A WARNING
THAT I GAVE IN AUGUST--
REFORM WILL NOT HAPPEN
UNLESS THERE IS BI-PARTISAN
COOPERATION. AND MY
DEFINITION OF BI-PARTISAN
DOES NOT INCLUDE PICKING
OFF ONE OR TWO
REPUBLICANS.**

**NOTWITHSTANDING ALL THE
RHETORIC OF LATE, INCLUDING
THREATS OF A VETO, AND THE
NAME-CALLING THAT MR.
MAGAZINER ENGAGED IN
YESTERDAY--ATTACKING
ORGANIZATIONS AND
JOURNALISTS WHO RAISE
QUESTIONS ABOUT THE
CLINTON PLAN AS "LIARS"--I**

**STILL BELIEVE REPUBLICANS
AND DEMOCRATS CAN COME TO
AN AGREEMENT ON A BILL THIS
YEAR.**

**IT WON'T LOOK LIKE ANY
ONE BILL OUT THERE NOW--BUT
IT WILL HOPEFULLY HAVE THE
STRONGEST ELEMENTS OF ALL.
AND THE REFORMS WE CAN
AGREE ON ARE NOT**

INSIGNIFICANT.

**GRANTED, THEY MAY NOT
TURN THE SYSTEM UPSIDE
DOWN AS ENVISIONED BY SOME
AT THE WHITE HOUSE---BUT
THEY WILL MAKE A BIG, BIG,
DIFFERENCE.**

**AND DESPITE ALL THE TALK
ON THIS ISSUE, ONE OTHER
THING HAS NOT CHANGED**

**SINCE WE MET IN AUGUST, AND I
SAID THESE WORDS: "MAKE NO
MISTAKE, WE ALL STILL HAVE
MUCH TO LEARN ON THIS ISSUE.
AFTER ALL, WE HAVE NOT YET
HEARD FROM CONSUMERS,
PROVIDERS, BUSINESSES, OR
GOVERNORS AT
CONGRESSIONAL HEARINGS ON
THIS ISSUE."**

**THE HEARING PROCESS WILL
TAKE A LONG TIME. AND I
CONTINUE TO BELIEVE THAT AS
WE DEBATE THE PRESIDENT'S
PLAN, WE CAN AND SHOULD ACT
RIGHT NOW TO MAKE SOME
MUCH-NEEDED IMPROVEMENTS
IN OUR SYSTEM.**

CRIME

LAST AUGUST, I TOLD YOU

**THAT FIGHTING CRIME WAS ON
THE TOP OF THE AGENDA OF
HOUSE AND SENATE
REPUBLICANS--AND THAT
HASN'T CHANGED ONE BIT.**

**THE PRESIDENT DEVOTED A
GOOD PORTION OF HIS STATE
OF THE UNION SPEECH TO
CRIME, AND I KNOW HE**

DISCUSSED IT WITH YOU

YESTERDAY, AS WELL.

**LET ME SAY RIGHT UP FRONT
THAT LOCKING VIOLENT FELONS
IN JAIL AND THROWING AWAY
THE KEY WON'T SOLVE OUR
CRIME PROBLEM BY ITSELF.**

**YES, WE HAVE TO WORK WITH
OUR YOUNG PEOPLE TO ENSURE
THEY UNDERSTAND THAT THERE**

IS A RIGHT AND WRONG.

**THAT SAID, HOWEVER, I
THINK WE CAN ALL AGREE THAT
WE HAVE SEEN FAR-TOO MANY
NEWS STORIES ABOUT VIOLENT
FELONS COMMITTING A
HORRIBLE CRIME SOON AFTER
THEY WERE RELEASED FROM
JAIL AFTER ONLY SERVING A
FRACTION OF A PRIOR**

**SENTENCE. AND THERE'S ONE
FACT THAT YOU CAN'T ARGUE
WITH: IF THEY HAD BEEN KEPT
IN JAIL, THEY COULDN'T HAVE
COMMITTED ANOTHER CRIME.**

**THAT'S WHY THE ANTI-CRIME
BILL PASSED BY THE SENATE
MAKES INCARCERATION A TOP
PRIORITY--\$500 MILLION IN
STATE GRANTS TO BUILD AND**

**OPERATE DETENTION FACILITIES
FOR VIOLENT JUVENILES; \$3
BILLION IN GRANTS FOR STATE
PRISONS AND BOOT CAMPS;
AND ANOTHER \$3 BILLION FOR
TEN NEW REGIONAL PRISONS
TO WHICH STATES CAN SEND
THEIR MOST VIOLENT
CRIMINALS--IF THEY ADOPT A
REFORM CALLED "TRUTH-IN-**

SENTENCING."

**HAVING MET WITH MANY OF
YOU LAST EVENING, AND
HAVING WATCHED PORTIONS OF
YOUR DISCUSSION ON C-SPAN
YESTERDAY, I AM WELL AWARE
OF YOUR CONCERNS ON THIS
ISSUE.**

**AND THE BILL PASSED BY THE
SENATE IS NOT PERFECT. IT'S**

**THE WORK OF POLITICIANS, NOT
TECHNICIANS. SO, AS THE
PRESIDENT DID YESTERDAY, LET
ME ALSO INVITE YOU TO TELL US
WHAT DOES WORK, AND WHAT
WE CAN DO TO ENSURE AN
EFFECTIVE FEDERAL-STATE
PARTNERSHIP IN THE WAR ON
CRIME.**

ONE IDEA THAT HAS TAKEN

OFF AT THE LOCAL LEVEL IS THE
IDEA OF BUYING BACK
GUNS...WITH CASH, WITH TOYS,
WITH CLOTHES, EVEN WITH
TICKETS FOR SPORTING
EVENTS. IN CHICAGO, MORE
THAN 1,000 WEAPONS,
INCLUDING A PROJECTILE
LAUNCHER, WERE RECENTLY
EXCHANGED IN A "GUNS-FOR-

**SHOES" PROGRAM SPONSORED
BY THE FOOT LOCKER COMPANY
AND THE CHICAGOLAND
CHAMBER OF COMMERCE. AND
LAST CHRISTMAS, ALL OF
AMERICA CHEERED A YOUNG
MAN NAMED FERNANDO MATEO,
A NEW YORK CITY CARPET
STORE OWNER WHO INITIATED
HIS OWN "TOYS-FOR-GUNS"**

PROGRAM.

**THE JURY IS STILL OUT ON
WHETHER THESE GUN BUY-
BACK EFFORTS ACTUALLY
REDUCE CRIME. BUT AS A
SKEPTICAL NEW YORK CITY
POLICE CHIEF RAYMOND KELLY
RECENTLY PUT IT, "I'VE
CONVERTED. I'M A BELIEVER."**

**I'M PREPARED TO BE A
CONVERT AND A BELIEVER, TOO.
AND THAT'S WHY I WILL
INTRODUCE LEGISLATION LATER
TODAY THAT WILL LEND A
HELPING HAND TO THESE LOCAL
INITIATIVES BY ESTABLISHING A
FEDERAL GUN BUY-BACK
PROGRAM, ADMINISTERED BY
THE ATTORNEY GENERAL.**

**UNDER THIS PROGRAM, THE
FEDERAL GOVERNMENT WILL
MATCH LOCAL AND STATE GUN
BUY-BACK EFFORTS ON A
DOLLAR-FOR-DOLLAR BASIS.
THE PURPOSE OF THIS
PROGRAM IS NOT TO SUPPLANT
STATE AND LOCAL EFFORTS,
BUT TO ASSIST THEM WITH
SUPPLEMENTAL FUNDING--\$15**

**MILLION FOR FISCAL 1994 AND
ANOTHER \$15 MILLION FOR
FISCAL YEAR 1995. ONCE THE
LOCAL EFFORT GETS OFF THE
GROUND, THE FEDERAL
PROGRAM CAN STEP IN WITH
ADDITIONAL FUNDING.**

**IF MY NUMBERS ADD UP, THE
FEDERAL GUN BUY-BACK
INITIATIVE--WORKING TOGETHER**

WITH STATE INITIATIVES, COULD RESULT IN

REMOVING MORE THAN 1
MILLION GUNS FROM OUR
STREETS WITHIN THE NEXT TWO
YEARS.

OBVIOUSLY, THIS GUN BUY-
BACK INITIATIVE WILL NOT STOP
CRIME...NOT BY A LONG SHOT.

LEGITIMATE QUESTIONS CAN BE
RAISED ABOUT THE MECHANICS
OF THE BUY-BACK PROGRAMS.

AND THESE QUESTIONS MUST BE
ANSWERED.

**THE WAR ON CRIME WILL BE
WON NOT WITH ONE BIG STEP,
BUT WITH MANY, MANY SMALL
STEPS...SMALL STEPS TAKEN AT
THE LOCAL LEVEL, ~~AND~~ BY THE
STATES, AND BY CONGRESS
WELFARE REFORM**

**PRESIDENT CLINTON
PROMISED DURING THE
CAMPAIGN TO "END WELFARE**

**AS WE KNOW IT." BUT THE
FACT IS THAT--BECAUSE OF
YOUR EFFORTS AT THE STATE
LEVEL--BY THE TIME HE FINALLY
GETS AROUND TO INTRODUCING
HIS LEGISLATION, WELFARE "AS
WE KNOW IT" MAY WELL
ALREADY HAVE CHANGED.**

**THIS IS ONE AREA WHERE
GOVERNORS AND STATE**

LEGISLATORS ARE LIGHT YEARS
AHEAD OF THE FEDERAL
BUREAUCRACY. YOU HAVE
BEEN TACKLING THIS PROBLEM
HEAD-ON FOR YEARS, WITH
PROGRAMS THAT IMPOSE
TOUGHER WORK
REQUIREMENTS, AND
RECOGNIZE BOTH THE
FINANCIAL AND THE SOCIAL

COSTS OF ILLEGITIMACY.

**MANY OF YOU ARE DOING
WHAT THE FEDERAL
GOVERNMENT SHOULD HAVE
DONE LONG AGO--AND THAT'S
SEEKING TO REVERSE THE
DRAMATIC INCREASE IN
ILLEGITIMACY BY REMOVING
FROM THE CURRENT SYSTEM**

**PROVISIONS THAT OFFER MORE
MONEY TO SINGLE MOTHERS
WHEN THEY HAVE MORE
CHILDREN, AND THAT OFFER
MORE MONEY WHEN THE
FATHER MOVES OUT OF THE
HOME.**

**AS RICHARD NATHAN WROTE
IN YESTERDAY'S NEW YORK
TIMES, "THERE ARE 213,000**

**HEADS OF WELFARE FAMILIES
WHO ARE 16 TO 20 YEARS OLD
AND HAVE ONE CHILD. WE
NEED TO REACH THIS
VULNERABLE GROUP, WHICH
STAYS ON WELFARE LONGEST,
TO NIP THE WELFARE CULTURE
IN THE BUD."**

**AS WE WORK ON
LEGISLATION THIS SPRING, IT**

SEEMS TO ME OUR TOP
PRIORITY SHOULD BE TO STAY
OUT OF YOUR WAY...TO STAY
AWAY FROM THE "ONE SIZE FITS
ALL" ANSWERS THAT ARE
TYPICAL OF CONGRESSIONAL
ACTION, AND TO ALLOW YOU
THE AUTHORITY AND FLEXIBILITY
TO SEE WHAT WORKS AND
WHAT DOESN'T.

**CLEARLY, WHAT YOU DON'T
NEED IS LEGISLATION THAT
WOULD CREATE YET ANOTHER
UNFUNDED FEDERAL MANDATE,
BY FORCING YOU TO PICK UP
THE TAB FOR MASSIVE
COMMUNITY SERVICE JOB
PROGRAMS FOR WELFARE
RECIPIENTS. I NOTE THAT
GOVERNOR WILSON ESTIMATES**

**THAT THE TYPE OF LEGISLATION
THE PRESIDENT IS DISCUSSING
WOULD COST CALIFORNIA \$432
MILLION IN 1997 AND NEARLY
DOUBLE THAT IN 1998.**

**BEFORE OPENING IT UP, I DO
WANT TO STRESS THAT ON
HEALTH CARE, CRIME, WELFARE
REFORM, OR ANY OTHER ISSUE,
REPUBLICANS IN THE HOUSE**

**AND SENATE SEE OURSELVES
AS "RESPONSIBLE PLAYERS."**

**THE VOTERS DIDN'T SEND US
HERE TO STAND IN THE
PRESIDENT'S WAY, BUT THEY
ALSO DIDN'T SEND US HERE TO
STAND ON THE SIDELINES AND
NOT PARTICIPATE.**

**WHEN WE BELIEVE THE
PRESIDENT IS MOVING AMERICA**

IN THE RIGHT DIRECTION--AS HE
DID WITH NAFTA--THEN
REPUBLICANS WILL SUPPORT
HIM. BUT WHEN WE HONESTLY
BELIEVE HE IS MOVING IN THE
WRONG DIRECTION, THEN OUR
DUTY IS TO OFFER
ALTERNATIVES THAT PUT US IN
THE RIGHT DIRECTION. AND
WHEN THE FACT THAT WE'RE

**OUTNUMBERED HERE PREVENTS
US FROM DOING THAT, THEN WE
SIMPLY HAVE TO OPPOSE THE
PRESIDENT'S PROPOSALS.**

**THERE IS ROOM FOR
COOPERATION ON THE MAJOR
ISSUES OF THE DAY, AND I LOOK
FORWARD TO YOUR CONTINUED
INVOLVEMENT IN THE SEARCH
FOR SOLUTIONS.**

SENATE GOP WELFARE BILL

WORK REQUIREMENTS

- * **Job Search** - required for AFDC applicants while wait to get on.
- * **Work Program** - "job ready" individuals are immediately required to participate for 35 hours a week (includes new voucher program existing CWEP & work supplementation programs under JOBS program).
 - Voucher Program - Establishes a program for AFDC recipients to get a voucher for the amount of their AFDC and food stamp benefits to use in finding a job. When the AFDC recipient finds a job paying twice the amount of the combined AFDC and food stamp benefits, they give the voucher to the employer.
 - CWEP and Work Supplementation Programs
 - Repeals restrictions that AFDC recipient must be placed in a new job, rather than filling an existing vacancy.
 - Removes hour limitations on AFDC recipients' participation in CWEP and work supplementation.
 - AFDC-UP - At least one parent in a two-parent AFDC-Unemployed Parent family must participate in Work Program.
 - Child Support Delinquency - Unemployed non-custodial parents who are delinquent in child support and whose children are on welfare are required to pay court ordered support or to participate in the welfare Work Program.
 - Penalty - Able-bodied adults who refuse to work are denied cash benefits until they go to work.
- * **Transition-to-Work Program** - welfare recipients who do not have the education or skills to work must participate in the remedial education and/or job skills and training for 20 hours per week.
 - As soon as a recipient is determined to be job ready, they must be transferred into the Work Program. Participation in this program is limited to maximum of 2 years for recipient.
- * **Two Years and Off** - States have option of limiting AFDC cash benefits to 2 years for able bodied adults.

ILLEGITIMACY / PARENTAL RESPONSIBILITY

- * Unwed minor mothers are required to live with their parents or guardians, or in a supervised group home, to be eligible for AFDC.
- * States have option of denying AFDC cash benefits to unwed minor mothers.
- * States can deny AFDC benefits for additional children conceived while the mother is on welfare.
- * Strengthen interstate enforcement of child support
- * Require unemployed noncustodial parents who are delinquent in child support to work off the debt in the welfare Work Program.

STATE FLEXIBILITY

- * Establish inter-agency waiver cooperation board and standardize and streamline waiver application system.
- * States have the option to:
 - reduce Transition-to-Work program to a maximum of one year and the Work Program to one year (Two Years and Off).
 - limit AFDC cash benefits for unwed mothers or for additional children conceived while the mother is on welfare.
- provide rewards or sanctions for childhood immunization and school attendance.

LIMITATIONS ON ELIGIBILITY

- * **Aliens** - Illegal aliens are not eligible for welfare benefits (except emergency medical).

SUMMARY OF WELFARE REFORM LEGISLATION SPONSORED BY HOUSE REPUBLICANS* November 10, 1993

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock -- and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children;

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- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

*Members of Republican Welfare Reform Task Force: Rick Santorum, Tom DeLay, E. Clay Shaw, Dave Camp, Michael Castle, Gary Franks, Fred Grandy, Wally Herger, Tim Hutchinson, Bob Inglis, Nancy Johnson, Joe Knollenberg, Jim Kolbe, and Marge Roukema.

(over)

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 9 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT

- Children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly [This document is from the collections at the Dole Archives, University of Kansas](http://dolearchives.ku.edu)
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V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

Bob Dole



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
Tuesday, February 1, 1994

CONTACT: CLARKSON HINE
(202) 224-5358

SENATE REPUBLICAN LEADER BOB DOLE REMARKS TO NATIONAL GOVERNORS ASSOCIATION

HEALTH CARE, WELFARE REFORM & CRIME: DOLE UNVEILS FEDERAL GUN BUY-BACK INITIATIVE

I think the best use of my time here this morning is to keep my remarks short and leave plenty of room for discussion. The Republican Congressional Leadership and I spent two solid hours last evening in a round table health care discussion with Republican Governors, and we all went away from table having learned a great deal.

Health Care

And let me first turn to the many changes that have occurred in the health care reform debate since we met last August in Tulsa.

I think everyone involved in that debate--and that certainly includes all of us up on Capitol Hill--have learned a lot in the past months, and I salute President and Mrs. Clinton for starting the national discussion.

One fact that was originally ignored in the discussion, but which more and more Americans now agree upon, is the fact we have the best health care system in the world.

No, our system isn't perfect. It's bureaucratic. It's expensive. And sometimes it's unfair. But I believe there is a growing consensus among Republicans and Democrats--as evidenced by your unanimous vote yesterday--that we can improve our health care system without destroying the quality and choice Americans expect--and without giving complete and total control to the federal government.

As I said last week in responding to the State of the Union--Republicans are ready to fix what truly needs to be fixed--and to do it now.

The debate should not be one of "it's the President's plan or nothing." There are many proposals on the table--and most of them have both their share of good ideas and bad ideas.

For example, many of you have concerns that Republicans proposal do not preempt E.R.I.S.A.

On the same hand, you also have concerns with the Cooper bill, which leaves states totally responsible for the costs of their Medicaid programs.

These issues, along with price controls, mandatory alliances, and global budgeting will all be debated in the coming months.

I might add that every single Republican proposal--and the call to action you passed yesterday--resolve the problems cited so dramatically by the President last week.

For example, we heard about the couple who lost their coverage when the husband lost his job. Every bill introduced by

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I might add that every single Republican proposal--and the call to action you passed yesterday--resolve the problems cited so dramatically by the President last week.

For example, we heard about the couple who lost their coverage when the husband lost his job. Every bill introduced by Republicans solves that problem. In fact, we could have solved that problem three years ago if the Democrat leadership had permitted us to pass a bill authored by then-Senator, and now-Secretary of the Treasury Lloyd Bentsen.

And those 81 million Americans with pre-existing conditions the President cited. Their problems are solved by each Republican bill--and were part of the old Bentsen bill, as well.

Let me repeat a warning that I gave in August--reform will not happen unless there is bi-partisan cooperation. And my definition of bi-partisan does not include picking off one or two Republicans.

(MORE)

3:00

Notwithstanding all the rhetoric of late, including threats of a veto, and the name-calling that Mr. Magaziner engaged in yesterday--attacking organizations and journalists who raise questions about the Clinton plan as "liars"--I still believe Republicans and Democrats can come to an agreement on a bill this year.

It won't look like any one bill out there now--but it will hopefully have the strongest elements of all. And the reforms we can agree on are not insignificant.

Granted, they may not turn the system upside down as envisioned by some at the White House---but they will make a big, big, difference.

And despite all the talk on this issue, one other thing has not changed since we met in August, and I said these words: "Make no mistake, we all still have much to learn on this issue. After all, we have not yet heard from consumers, providers, businesses, or governors at Congressional hearings on this issue."

The hearing process will take a long time. And I continue to believe that as we debate the President's plan, we can and should act right now to make some much-needed improvements in our system.

Crime

Last August, I told you that fighting crime was on the top of the agenda of House and Senate Republicans--and that hasn't changed one bit.

The president devoted a good portion of his State of the Union speech to crime, and I know he discussed it with you yesterday, as well.

Let me say right up front that locking violent felons in jail and throwing away the key won't solve our crime problem by itself. Yes, we have to work with our young people to ensure they understand that there is a right and wrong.

That said, however, I think we can all agree that we have seen far-too many news stories about violent felons committing a horrible crime soon after they were released from jail after only serving a fraction of a prior sentence. And there's one fact that you can't argue with. If they had been kept in jail, they couldn't have committed another crime.

That's why the anti-crime bill passed by the Senate makes incarceration a top priority--\$500 million in state grants to build and operate detention facilities for violent juveniles; \$3 billion in grants for state prisons and boot camps; and another \$3 billion for ten new regional prisons to which states can send their most violent criminals--if they adopt a reform called "truth-in-sentencing."

Having met with many of you last evening, and having watched portions of your discussion on C-Span yesterday, I am well aware of your concerns on this issue.

And the bill passed by the Senate is not perfect. It's the work of politicians, not technicians. So, as the President did yesterday, let me also invite you to tell us what does work, and what we can do to ensure an effective federal-state partnership in the war on crime.

Federal Gun Buy-Back Program

One idea that has taken off at the local level is the idea of buying back guns...with cash, with toys, with clothes, even with tickets for sporting events. In Chicago, more than 1,000 weapons, including a projectile launcher, were recently exchanged in a "guns-for-shoes" program sponsored by the Foot Locker company and the Chicagoland Chamber of Commerce. And last Christmas, all of America cheered a young man named Fernando Mateo, a New York City carpet store owner who initiated his own "toys-for-guns" program.

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The jury is still out on whether these gun buy-back efforts actually reduce crime. But as a skeptical New York City Police Chief Raymond Kelly recently put it, "I've converted. I'm a believer."

I'm prepared to be a convert and a believer, too. And that's why I will introduce legislation later today that will lend a helping hand to these local initiatives by establishing a federal gun buy-back program, administered by the Attorney General.

Under this program, the federal government will match local and state gun buy-back efforts on a dollar-for-dollar basis. The

(MORE)

purpose of this program is not to supplant state and local efforts, but to assist them with supplemental funding--\$15 million for fiscal 1994 and another \$15 million for fiscal year 1995. Once the local effort gets off the ground, the federal program can step in with additional funding.

If my numbers add up, the federal gun buy-back initiative--working together with state and local initiatives--could result in removing more than 1 million guns from our streets within the next two years.

Obviously, this gun buy-back initiative will not stop crime...not by a long shot. Legitimate questions can be raised about the mechanics of these programs. And these questions must be answered. But the war on crime will be won not with one big step, but with many, many small steps...small steps taken at the local level and by the states...and, yes, here in Congress.

Welfare Reform

President Clinton promised during the campaign to "end welfare as we know it." But the fact is that--because of your efforts at the state level--by the time he finally gets around to introducing his legislation, welfare "as we know it" may well already have changed.

This is one area where Governors and state legislators are light years ahead of the federal bureaucracy. You have been tackling this problem head-on for years, with programs that impose tougher work requirements, and recognize both the financial and the social costs of illegitimacy.

Many of you are doing what the federal government should have done long ago--and that's seeking to reverse the dramatic increase in illegitimacy by removing from the current system provisions that offer more money to single mothers when they have more children, and that offer more money when the father moves out of the home.

As Richard Nathan wrote in yesterday's New York Times, "There are 213,000 heads of welfare families who are 16 to 20 years old and have one child. We need to reach this vulnerable group, which stays on welfare longest, to nip the welfare culture in the bud."

Unfunded Federal Mandates

As we work on legislation this spring, it seems to me our top priority should be to stay out of your way...to stay away from the "one size fits all" answers that are typical of Congressional action, and to allow you the authority and flexibility to see what works and what doesn't.

Clearly, what you don't need is legislation that would create yet another unfunded federal mandate, by forcing you to pick up the tab for massive community service job programs for welfare recipients. I note that Governor Wilson estimates that the type of legislation the President is discussing would cost California \$432 million in 1997 and nearly double that in 1998.

Before opening it up, I do want to stress that on health care, crime, welfare reform, or any other issue, Republicans in the House and Senate see ourselves as responsible players.

The voters didn't send us here to stand in the President's way, but they also didn't send us here to stand on the sidelines and not participate.

When we believe the President is moving America in the right direction--as he did with NAFTA--then Republicans will support him. But when we honestly believe he is moving in the wrong direction, then our duty is to offer alternatives that put us in the right direction. And when the fact that we're outnumbered here prevents us from doing that, then we simply have to oppose the President's proposals.

There is room for cooperation on the major issues of the day, and I look forward to working with you on these issues.

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#