DATE: 3/15/90

TO: Senator Dole

FROM: Sheila Burke
E. Willis

IN RE: Federation of American Health Systems(FAHS)
Annual Conference

You are scheduled to speak at this conference at 9:35 A.M. tomorrow for 20 minutes at the Sheraton Washington Hotel. The Conference will be exploring a broad scope of critical health topics which include:

*The Future of America's Healthcare System

*Quality & Access	*Alternative Delivery Systems
*Tax Initiatives	*Medicare Fraud & Abuse
*Medicare Reform	*Coping with Managed Care
*Medicaid Reform	*New Medical Technologies
*Accreditation Process	*Electronic Data Interchange

*Capital Expenditures and Equipment

The audience will consist of 1,000 hospital administrators, owners, investors, health lawyers, chief financial officers and health policy consultants. C-Span, probably other networks, will provide air time coverage of your address and Senator Mitchell. He will speak before you of his views on "The New National Health Insurance Debate". C. Michael Ford, FAHS President,will follow your speech to review general membership of FAHS. Secretary Louis W. Sullivan will be the lunch speaker addressing the changing role of hospitals and the need for reform of our health care delivery system.

They are interested in your views regarding the current national health debate. The Federation is on record as supporting a combination of expanded Medicaid and broader employment-based insurance.

DATE: 3/15/90

TO: Senator Dole

FROM: Sheila Burke
E. Willis

IN RE: The Pepper Commission

The following materials are for you review of the recommendations being made to the Congress by this Commission. This material was as shared with the public on March 2, 1990.

RECOMMENDATIONS TO THE CONGRESS

BY

THE PEPPER COMMISSION

U.S. BIPARTISAN COMMISSION ON COMPREHENSIVE HEALTH CARE

"Access to Health Care and Long-Term Care for All Americans"

March 2, 1990

Summary: Recommendations on Access to Health Care

THE PEPPER COMMISSION PROPOSAL ASSURES UNIVERSAL HEALTH CARE COVERAGE FOR ALL AMERICANS THROUGH A JOB-BASED/PUBLIC SYSTEM.

1. Businesses with 100 or fewer employees are encouraged to provide health insurance for their employees and non-working dependents.

   * To make insurance more available and affordable:

     -- The private insurance market is reformed.
     -- A minimum package is available.
     -- Tax credits/subsidies for certain small employers are available.
     -- Self-employed and unincorporated businesses can deduct 100% of their premiums.

   * If employers purchase coverage and achieve a specified coverage target, there is no requirement to provide private insurance or participate in the federal public health insurance plan ("public plan").

2. All businesses with more than 100 employees must provide private health insurance (for a specified benefit package) or contribute to the public plan for all employees and non-working dependents.

3. The public plan will cover employees and dependents that contribute and non-working individuals who buy in or are subsidized.

   * The plan replaces Medicaid for the specified services and pays providers according to Medicare rules.

   * The fully phased-in plan is financed and administered primarily by the federal government, although states can opt to administer it.

4. The minimum benefit package includes primary and preventive care, physician and hospital care and other services. Services are subject to cost-sharing, with subsidies for low-income people and limits on out-of-pocket spending.

5. System reforms include measures to contain costs, assure quality and initiate innovative delivery systems for the underserved.

6. For both administrative and fiscal reasons, the plan will be phased in, beginning with making coverage available for children through the public plan.

7. At full implementation, all Americans will be required to have health insurance through their employer or the public plan.

Phase-In Schedule and Cost of the Commission Health Care Proposal

(Dollars are in Billions, 1990)

Year 1

- Initiate Insurance Reforms.
- Allow all uninsured pregnant woman and children through age 6, to enroll in the public plan (fully subsidized to 185 percent of poverty).
- Raise Medicaid reimbursement rates for obstetrical and pediatric care.

Total Net New Federal Cost:	$3.4
% of Americans Without Health Insurance:	14%

Year 2

- Firms with fewer than 25 employees and average payrolls below $18,000 become eligible to receive a 40% tax credit/subsidy for the cost of health insurance that is provided. Employees of these firms with family income of less than 200 percent of poverty receive a subsidy.
- Public plan is available to uninsured children up to age 18.
- Improve physician reimbursement.

Total Net New Federal Costs:	$13.5-16.8
Additional Cost from Year 1:	$10.1-13.4
% of Americans Without Health Insurance:	8%-11%*

Year 3

- Firms with 100 or more employees are required to provide health insurance or contribute a portion of payroll to cover employees and dependents in the public plan.

Total Net New Federal Costs:	$17-20.3
Additional Cost from Year 2:	$3.5
% of Americans Without Health Insurance:	6%-8%*

Year 4

- If 80% of uninsured employees of firms with 25-100 employees (as of year 1) are not insured through their employers, along with their dependents, all employers of this size are required to provide coverage or contribute toward the cost of their coverage in the public plan.
- Raise Medicaid hospital reimbursement rates.

Total Net New Federal Costs:	$19.8 - 23.1
Additional Cost from Year 3:	$2.8
% of Americans Without Health Insurance:	5%-7%*

Year 5

- If 80% of uninsured employees of firms with fewer than 25 employees (as of year 1) are not insured through their employers, all employers of this size are required to provide coverage or contribute toward the cost of their coverage in the public plan.
- Allow all uninsured adults into the public plan.
- Retain subsidy to small firms with low wage employees.

Total Net New Federal Costs:	$31.8
Additional Cost from Year 4:	$11.8
% of Americans Without Health Insurance:	0%**

Year 6

- Retain subsidy to small firms with low wage employees and their employees.

Total Net New Federal Costs:	$31.8
Additional Cost from Year 5:	$0

Year 7

- Eliminate explicit subsidy to small firms with low wage workers and their employees.

Total Net New Federal Costs:	$23.4
Additional Cost from Year 6:	($8.4)

* Depends on how many smaller firms voluntarily choose to purchase health insurance.

** If 80 percent of uninsured workers and their dependents in firms of fewer than 25 are now insured the Secretary of Health and Human Services must submit to Congress a plan to insure any remaining uninsured. If employers with fewer than 25 do not meet this target, then the imposition of a requirement to cover all workers and their dependents or contribute to a public plan will ensure that all Americans now have health insurance.

Summary: Recommendations on Long-Term Care

THE PEPPER COMMISSION PROPOSAL PROVIDES HOME AND COMMUNITY-BASED LONG-TERM CARE SERVICES AND PROTECTION AGAINST IMPOVERISHMENT FOR PEOPLE IN NURSING HOMES.

1. The plan has three components.

   * Severely disabled persons of all ages are eligible for social insurance for home and community-based care.

   * The plan establishes a Nursing Home Program (NHP) for nursing home care to provide an ample floor of financial protection, ensuring that no one faces impoverishment.

   * In addition, all nursing home users are entitled to social insurance for the first three months of nursing home care. This "front-end" insurance allows people who have short stays to return home with resources intact.

2. Financing and administration

   * The federal government finances the home and community-based care program and the three-month "front-end" nursing home care.

   * The federal and state governments share financial responsibility for the NHP.

   * All three components of the plan are administered by the states according to federal guidelines.

   * States are responsible for cost containment, quality assurance and consumer protection within federal standards.

3. Private sector role

   * Private long-term care insurance fills gaps not covered by this plan, subject to government standards and oversight.

   * The federal government encourages the development of private long-term care insurance through clarification of the tax code.

4. The benefits will be phased in over time.

Phase-In Schedule and Cost of Commission Long-Term Care Proposal

(Dollars are in Billions, 1990)

Phase I

- Home Care to 200 hours per year

Home Care	$10.8
Nursing Home Care	$ 0.0
Total Costs Phase I	$10.8

Phase II

- Implement 3 Month Front-end Nursing Home
- Implement Nursing Home Program

Home Care	$10.8
Nursing Home Care	$12.8
Net Increase From Phase I	$12.8
Total Costs Phase II	$23.6

Phase III

- Increase Home Care to 400 hours per year
- Begin to Improve Nursing Home Reimbursement Rates

Home Care	$18.6
Nursing Home Care	$15.6
Net Increase From Phase II	$10.6
Total Costs Phase III	$34.2

Phase IV (Year 4)

- Fully Implement the Home Care Program
- Further Improve Nursing Home Reimbursement Rates

Home Care	$24.0
Nursing Home Care	$18.8
Net Increase from Phase III	$ 8.6
Total Costs Phase IV	$42.8

Net New Federal Costs of the Commission Proposal
(Billions of Dollars, 1990)

SOURCE OF EXPENDITURE	
Access to Health Care	
Public health insurance of non-workers	$12.4
Federal Contribution to the public plan	6.3
Tax Expenditure	6.7
Augmented Medicaid Physician and Hospital Payments	4.0
Less savings from Medicare, CHAMPUS, Medicaid	(6.0)
Sub-Total (Access to Health Care)	**$23.4***
Access to Long-Term Care	
Home Health Care for the Severely Disabled Elderly (includes cost-sharing)	15.0
Home Health Care for the Severely Disabled Non-Elderly (includes cost-sharing)	9.0
Nursing Home Care for the Severely Disabled Elderly	16.8
Nursing Home Care for the Severely Disabled Non-Elderly	2.0
Sub-Total (Access to Long-Term Care)	**$42.8**
Total Net New Federal Expenditures	**$66.2****

*Phase-in plan includes the cost of temporary tax credits/subsidies for certain small businesses. Those costs are not reflected in these totals, which represent the cost at full implementation.

**Program costs are larger than the net new federal expenditures. On health care, states maintain Medicaid spending on services absorbed by the new public plan. On long-term care, states share in the cost of the Nursing Home Program with initial amounts equivalent to state Medicaid spending on long-term care services covered by the overall plan.

SENATOR BOB DOLE
FEDERATION OF AMERICAN HEALTH SYSTEMS
FRIDAY, MARCH 16, 1990

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CRISIS OF CARE

NOBODY LIKES TO HEAR A STORY ABOUT A FAMILY WHERE THE BREADWINNER HAS LOST HIS OR HER JOB AND IN TRYING TO SURVIVE, GIVES UP THE FAMILIES HEALTH INSURANCE, ONLY TO HAVE SOMEONE GET SICK.

NOBODY LIKES TO HEAR ABOUT

THE ELDERLY COUPLE WHOSE LIFE SAVINGS ARE WIPED OUT WHEN THE HUSBAND IS ADMITTED TO A NURSING HOME.

AND FINALLY, NOBODY, PARTICULARLY HOSPITAL ADMINISTRATORS LIKE YOURSELVES, LIKES TO SEE A WOMAN IN LABOR ARRIVE IN

YOUR EMERGENCY ROOM HAVING HAD NO PRENATAL CARE BECAUSE SHE COULDN'T AFFORD IT.

EACH OF THESE STORIES DESCRIBES SOME OF THE REAL WORLD PROBLEMS FACING US AS WE TRY TO MAKE CERTAIN AMERICANS HAVE ACCESS TO

QUALITY HEALTH CARE.

IN THE FIRST CASE OF THE FAMILY WHO LOSES ITS COVERAGE, WE'RE DEALING WITH AN EMPLOYMENT—BASED PROBLEM.

THE SECOND CASE IS A QUESTION OF THE BREADTH OF MEDICARE BENEFITS. AND THE

THIRD CASE, IS ONE IN WHICH THE EXTENT OF MEDICAID COVERAGE AND THE REALITY OF ACCESS TO CARE COMES INTO QUESTION.

THREE DIFFERENT CASES, REQUIRING IN MY VIEW, THREE DIFFERENT SOLUTIONS. THAT IS THE PROBLEM AND THE

CHALLENGE: THERE IS NO ONE SIMPLE ANSWER.

THE PROBLEMS ARE REAL

FEW WOULD TAKE ISSUE WITH THE VIEW THAT HEALTH CARE DELIVERY IN THE U.S. NEEDS BIG CHANGES. COST, ACCESS AND QUALITY CONCERNS GROW MORE WORRISOME EACH DAY.

IN 1990 WE WILL SPEND ABOUT

$2 BILLION DOLLARS A DAY ON

HEALTH CARE. YET WE CONTINUE

TO LAG BEHIND JAPAN,

ENGLAND, CANADA, WEST

GERMANY AND SWEDEN WHEN IT

COMES TO INFANT MORTALITY

AND LIFE EXPECTANCY

STATISTICS. BUT SIMPLY

POURING MORE MONEY ON THE PROBLEM IS NOT THE ANSWER. WE'VE ALREADY DONE THAT — — BUT IT IS CLEAR 37 MILLION UNINSURED OR UNDERINSURED AMERICANS NEED OUR HELP. THERE IS SURPRISINGLY LITTLE DISAGREEMENT OVER THE EXTENT OF THE PROBLEM. THE

ARGUMENT COMES OVER WHAT TO PROVIDE, WHAT THE SOURCE OF THE COVERAGE SHOULD BE, AND FINALLY, WHO SHOULD FOOT THE BILL.

LITTLE NEW UNDER THE SUN

THESE ISSUES ARE NOT NEW. THE BATTLE OVER NATIONAL HEALTH INSURANCE HAS BEEN

WAXING AND WANING FOR YEARS. BUT I WILL ADMIT THE ENVIRONMENT DOES SEEM TO HAVE CHANGED. THE VARIOUS COMMISSIONS CHARGED WITH STUDYING THESE ISSUES AND ORGANIZATIONS SUCH AS YOUR OWN —— AND MANY OTHER BUSINESS GROUPS WHO HAVE

TRADITIONALLY FOUGHT THE CONCEPT OF A NATIONALIZED HEALTH SYSTEM —— ARE SUDDENLY PRESSING FOR JUST SUCH A SYSTEM.

BUT EVEN THE MOST STRIDENT OF SUPPORTERS WILL ADMIT THAT WHAT THEY MEAN BY NATIONAL HEALTH INSURANCE —— IS NOT

THE FULLY FEDERALIZED SYSTEM OF OLD —— BUT RATHER A MIX OF THE PUBLIC AND PRIVATE SECTORS.

ATTEMPTS TO EMBRACE THE CANADIAN OR BRITISH HEALTH CARE SYSTEMS HAVE MET WITH A FAIR AMOUNT OF SKEPTICISM. WHAT IS MUCH MORE LIKELY, IN

MY VIEW, IS A CONTINUATION OF THE EXISTING PUBLIC/PRIVATE COMBINATION. ANY IMPROVEMENTS IN THE NEAR TERM WILL BE LARGELY BUILT ON THIS STRUCTURE, SOMETHING SOME OF US HAVE PREDICTED ABOUT FOR YEARS.

IN FACT, AS FAR BACK AS

1979, I INTRODUCED A BILL KNOWN AS THE '3D' BILL -- BECAUSE OF ITS AUTHORS, DOLE, DOMENICI AND DANFORTH -- WHICH PROVIDED FOR BENEFIT EXPANSIONS IN MEDICARE AND MEDICAID AS WELL AS PLACING NEW REQUIREMENTS ON EMPLOYERS. THE BIG DIFFERENCE

FROM TODAY'S DEBATE WAS OUR NARROW FOCUS ON CATASTROPHIC BENEFITS —— I THINK BOTH SENATOR MITCHELL AND I GOT THE MESSAGE ON CATASTROPHIC—ONLY PROTECTION LAST YEAR, AND WE ARE UNLIKELY TO GO DOWN THAT ROAD AGAIN. BUT THIS

MODEL OF BUILDING ON THE EXISTING PROGRAMS, AND USING MEDICAID AND EMPLOYMENT—BASED INSURANCE, IS ONE THAT I FAVOR.

EMPLOYER BASED COVERAGE:

PART OF THE ANSWER

ONE OF THE SUCCESS STORIES OF THE PAST HAS BEEN THE

AVAILABILITY OF EMPLOYMENT BASED HEALTH INSURANCE. MANY EMPLOYERS, PARTICULARLY LARGE EMPLOYERS, HAVE DONE A TERRIFIC JOB OF PROVIDING BENEFITS TO EMPLOYEES AND THEIR FAMILY MEMBERS; BUT THAT GOOD SITUATION IS CHANGING. THERE HAS CLEARLY BEEN AN

EROSION IN COVERAGE IN RECENT YEARS. WE KNOW FOR A FACT THAT THE LARGE NUMBER OF 37 MILLION UNINSURED ARE WORKING OR ARE DEPENDENTS OF AN EMPLOYED FAMILY MEMBER.

THE REASONS FOR THIS ARE MANY: TOUGH ECONOMIC

TIMES FOR EMPLOYERS;

INCREASING INSURANCE

PREMIUMS THAT SOME

EMPLOYEES OR SMALL BUSINESS

CANNOT AFFORD, OR

INELIGIBILITY FOR COVERAGE

BECAUSE THE EMPLOYEE IS A

PART TIME EMPLOYEE IS

CONSIDERED HIGH RISK.

WHATEVER THE REASONS FOR THE DECLINE IN COVERAGE, WE MUST REVERSE THE TREND. IN MY VIEW, STRENGTHENING PRIVATE, EMPLOYER BASED COVERAGE WILL BE CRITICAL TO OUR EFFORTS TO FILL IN THE GAPS.

OUR GOAL SHOULD BE TO MAXIMIZE COVERAGE WITH A MINIMUM NEGATIVE IMPACT ON EMPLOYMENT RATES, PARTICULARLY AMONG SMALL BUSINESS. SOME WOULD PROPOSE THAT WE SIMPLY MANDATE THAT EMPLOYERS PROVIDE COVERAGE —— I

PREFER A SYSTEM OF INCENTIVES.

THE LAST THING THE AMERICAN

PEOPLE NEED —— AND THE LAST

THING AMERICAN BUSINESS

NEEDS —— IS MORE FEDERAL

MANDATES. IN A MISGUIDED

ATTEMPT TO PROTECT EMPLOYEES

FROM HEALTH CARE

CATASTROPHES, CONGRESS

COULD VERY WELL PUT JOBS AT STAKE BY CREATING SERIOUS FINANCIAL DIFFICULTIES FOR EMPLOYERS.

WE MUST ALSO BE ALERT TO THE FACT THAT EMPLOYER INCENTIVES, PARTICULARLY THOSE THAT TAKE ADVANTAGE OF TAX CREDITS, ARE NOT FREE.

SOMEONE IS PAYING —— AND ITS THE TAXPAYER. GIVEN OUR CURRENT BUDGET CRISIS, NEW TAX EXPENDITURES, WITHOUT OFFSETS ARE UNLIKELY TO BE CONSIDERED VERY SERIOUSLY REGARDLESS OF HOW WORTHY THEIR PURPOSE.

MEDICAID: SOLUTION

OR JUST FOR THE POOR

THE MEDICAID PROGRAM FOR ALL ITS FAILINGS HAS MET AN IMPORTANT NEED IN PROVIDING PROTECTION OF A SORT FOR SOME OF OUR POOREST CITIZENS. THE QUESTION IS WHETHER IT WOULD SERVE AS A

USEFUL WAY OF PROVIDING PROTECTION TO A BROADER SEGMENT OF THE POPULATION. IN MY VIEW, SUCH A MOVE SHOULD BE SERIOUSLY CONSIDERED.

CHANGES HAVE BEEN MADE IN RECENT YEARS TO COVER LARGER NUMBERS OF THE POOR

UNDER THE PROGRAM, PARTICULARLY PREGNANT WOMEN AND CHILDREN. THERE ARE THOSE OF US WHO HAVE SUGGESTED IN THE PAST THAT WE ALSO CONSIDER USING THE MEDICAID PROGRAM TO EXPAND COVERAGE OPTIONS TO SOME OF THOSE NOW UNCOVERED,

INCLUDING THE 'UNINSURABLES'. SUCH COVERAGE COULD BE SUBSIDIZED SO AS TO MAKE IT AFFORDABLE. OTHER OPTIONS TO PROVIDE PROTECTION TO THESE INDIVIDUALS INCLUDE THE ESTABLISHMENT OF STATE—WIDE POOLS —— ANOTHER PROPOSAL WE SHOULD CONSIDER. WE

MUST, HOWEVER, REMEMBER IN LOOKING AT THE MEDICAID PROGRAM THAT THE STATES ARE ALSO FACING SERIOUS FISCAL PROBLEMS AND WILL BE ANXIOUS THAT WE NOT SIMPLY LOAD MORE RESPONSIBILITY ON THEM.

BUT AS WITH THE CASE OF TAX INCENTIVES ON THE

EMPLOYERS SIDE, NONE OF THESE EXPANSIONS, WORTHY AS THEY MAY BE, ARE FREE; AND THAT FACT LADIES AND GENTLEMEN IS THE FINAL HURDLE WE MUST FACE —— HOW TO PAY FOR WHAT WE NEED.

NO ESCAPING BUDGET DILEMMA

THE MEMBERS OF THE PEPPER COMMISSION DID A GREAT SERVICE BY DEVELOPING A VERY SERIOUS PLAN TO ADDRESS THE NEEDS OF THOSE NOT SERVED BY THE CURRENT HEALTH CARE SYSTEM. FOR BETTER ACCESS TO HEALTH CARE, THE

COMMISSION RECOMMENDED UNIVERSAL COVERAGE FOR ALL AMERICANS THROUGH BOTH PRIVATE AND PUBLIC FINANCING, THUS SUGGESTING PRIVATE INSURANCE MARKET REFORM. IT ALSO RECOMMENDED A PHASE-IN PLAN FOR LONG-TERM CARE PROVIDING UNIVERSAL HOME

AND COMMUNITY—BASED CARE AND A THREE—MONTH ENTITLEMENT FOR NURSING HOME CARE. SOME OF THEIR SUGGESTIONS ARE VERY MUCH LIKE THOSE THAT I HAVE SUPPORTED IN THE PAST AND WOULD CONSIDER AGAIN. HOWEVER, WHAT THEY DIDN'T

TELL US, WAS HOW TO PAY THE PIPER. WHERE DO WE FIND THE $66.2 BILLION TO FINANCE THEIR PLAN OR ANY PLAN?

WE NEED THE ANSWER TO THAT ONE BEFORE WE GO ANY FURTHER.

THE ROSTENKOWSKI PLAN

IN MY VIEW, THE BUDGET DEFICIT IS STILL THE MOST COMPELLING DOMESTIC PROBLEM FACING THIS COUNTRY TODAY.

CHAIRMAN ROSTENKOWSKI OF THE HOUSE WAYS AND MEANS COMMITTEE HAS CHALLENGED HIS OWN DEMOCRATIC LEADERSHIP

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TO STAND—UP FOR REAL DEFICIT REDUCTION. I DON'T AGREE WITH EVERYTHING CHAIRMAN ROSTENKOWSKI HAS RECOMMENDED. BUT HE IS ON THE RIGHT TRACK IN INSISTING THAT ANY 'PEACE DIVIDEND' BE USED FOR DEFICIT REDUCTION, AND IN REVIVING PRESIDENT

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BUSH'S PROPOSAL FOR A ONE—YEAR FREEZE IN FEDERAL PROGRAMS. I THINK CHAIRMAN ROSTENKOWSKI IS ALSO RIGHT ON TARGET WITH HIS CALL FOR NEW SPENDING TO BE ON A PAY—AS—YOU—GO BASIS. WE EITHER HAVE TO MAKE NEW PROGRAMS FINANCIALLY SELF—

SUFFICIENT, OR SCALE BACK OLD PROGRAMS TO FINANCE NEW INITIATIVES. THERE IS PLENTY MORE WE CAN AND SHOULD DO. WE SHOULD CONTINUE TO CLOSE TAX LOOPHOLES AND IMPROVE ENFORCEMENT. AND WE SHOULD TARGET ANY GASOLINE TAX INCREASE TO HELP REPAIR OUR

CRUMBLING ROADS, HIGHWAYS AND BRIDGES.

BUT DAN ROSTENKOWSKI HAS ISSUED A MUCH NEEDED WAKE—UP CALL. THE WHITE HOUSE HAS ANSWERED, AND I ONLY HOPE HIS FELLOW DEMOCRATS DO TOO.

AS YOU KNOW, LAST YEAR WE

BASICALLY TOOK A WALK ON THE DEFICIT, ALTHOUGH WE HAD AN OPPORTUNITY, GIVEN THE ELECTION MANDATE, TO ENACT SOME TOUGH PROGRAMS SUCH AS FLEXIBLE FREEZE. INSTEAD WE SPENT 10 MONTHS AND DEVOTED MORE THAN 60 PERCENT OF OUR ROLL CALL VOTES IN THE SENATE

TO REDUCE THE DEFICIT BY ONLY $16 BILLION, ONE—FOURTH THE COST OF THE PEPPER COMMISSION PLAN, AND WE NEEDED FOUR MONTHS OF SEQUESTER TO DO EVEN THAT. THIS YEAR WE NEED $36 BILLION —— MORE THAN TWICE AS MUCH —— EVEN USING OMB'S

OPTIMISTIC ASSUMPTIONS. SO YOU CAN SEE WHY THE PROCESS IS SO FRUSTRATING, AND WHY GRAPPLING WITH TOUGH QUESTIONS SUCH AS FINANCING OF OUR HEALTH CARE SYSTEM IS OFTEN LOST IN THE STRUGGLE.

TIME FOR STUDY AND DEBATE

BUT WITHOUT UNDER—

ESTIMATING THE DIFFICULTIES

BEFORE US ON THE BUDGET, I AM

NONETHELESS HOPEFUL THAT WE

CAN HAVE A SERIOUS DEBATE

ON THE QUESTION OF ACCESS

TO HEALTH CARE. THE WORK OF

THE PEPPER COMMISSION, AND

THAT OF THE STEELMAN GROUP, SECRETARY SULLIVAN'S TASK FORCE, AND THE LABOR DEPARTMENT TASK FORCE, SHOULD PROVIDE US WITH A GREAT DEAL OF USEFUL INFORMATION. I SEE THE YEAR AHEAD AS ONE IN WHICH WE SPEND AN VIGOROUS AND

POSITIVE DEBATE.

HOWEVER, I SEE CONGRESSIONAL ACTION NOT LIKELY BEFORE NEXT YEAR.

YOU CLEARLY HAVE A GREAT DEAL AT STAKE AS PROVIDERS, AS EMPLOYERS, AND FRANKLY AS TAXPAYERS. NONE OF THE ANSWERS WILL BE EASY. TOUGH

CHOICES WILL TO HAVE TO BE MADE AND PRIORITIES SET. DON'T BE FOOLED BY THOSE WHO PROMISE EASY ANSWERS — — FOR EXAMPLE ALL THE HYPE ABOUT THE SO—CALLED PEACE DIVIDEND THAT SUPPOSEDLY WILL FINANCE HUGE NEW SOCIAL WELFARE SPENDING. THE

SOLUTIONS WILL BE FAR MORE COMPLICATED THAN THAT. THERE IS A ROLE FOR THE FEDERAL GOVERNMENT AS THERE IS FOR THE STATES AND/OR THE PRIVATE SECTOR. NO ONE OF US HAVE ALL THE ANSWERS. WE WILL NEED TO WORK IN PARTNERSHIP TO ADDRESS THE

NEEDS OF THE ELDERLY, THE

POOR AND THE UNINSURED.

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