GD-50 Dirksen Bldg.

Andrew Bressler
DIRECTOR
POLICY AND RESEARCH

Between 9:30 a.m. - 11:30 a.m.

NIHCM

July 6, 1994

OR
Sen. Dole

Honorable Robert J. Dole
141 Hart Senate Office Building
Washington, DC 20510

Dear Senator Dole:

I would like to take this opportunity to thank you for serving as a co-host the National Institute for Health Care Management's (NIHCM) Rural Health Delivery Forum to be held in G50 Dirksen Senate Office Building on July 15.

We would be honored if Senator Dole could particapate with a few remarks at the forum, if his schedule permits (Ideally, during the introductions at 9:30 AM). Rural access issues are critical to Kansas, as to many other states, and we would like to include the Senator given his position as Co-Chair of the Senate Rural Health Caucus. For your information the other hosts of the event are as follows: Senators Tom Daschle, Dave Durenberger, Charles Grassley, Tom Harkin, David Pryor, and Mitch McConnell, as well as Representatives Pat Roberts, Charles Stenholm, and Jerry Lewis.

The schedule of events is as follows:

9:00 - 9:30 AM	Continental Breakfast, Room G50 Dirksen
9:30 - 9:35 AM	Welcome and Introductions, Room G50 Dirksen
9:35 - 11:30 AM	Video Conference Program with Discussions from Experts, Practitioners, and Hill Staff, Moderated by Sander Vanocur, Room G50 Dirksen
11:30 - 12:30	Buffet Lunch, Room G11 Dirksen
12:30 - 2:30	Policy Roundtable, expert analysts and policy advisers discuss reform proposal effects on rural network development, Moderated by Rick Curtis, Room G50 Dirksen

I have enclosed 5 invitations for you, and if you would like more please let me know. Please feel free to call me or Kathy Eyre with any questions at (202) 296-4426

Sincerely,

Andy Bressler

cc: Mariam Bechtel

7-8-94 Advised Kathy Eyre, by telephone, letter received + would contact when Sen. Dole gave his decision.

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Fri, July 15

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"NIHCM RURAL HEALTH FORUM" RUNDOWN

	EVENT	SOURCE	RUNNING TIME
1.	LOGO/STAND-BY	STILL	00:00 - 00:30
2.	WELCOME/BETTY WOODS	DIRKSEN	00:30 - 03:30
3.	MODERATOR REMARKS	DIRKSEN	03:30 - 05:00
4.	SENATORS DOLE & DURENBURGER	DIRKSEN	05:00 - 15:00
5.	MODERATOR THROW TO 3-SITE	DIRKSEN	15:00 - 15:30
6.	ARKANSAS PRESENTATION/MCGREW w/introductions	ARKANSAS	15:30 - 22:00
7.	MODERATOR THROW TO WASH STATE	DIRKSEN	22:00 - 22:30
8.	WASH STATE PRESENT/DR. GRAY w/introductions	DIRKSEN	22:30 - 29:00
9.	MODERATOR THROW TO IOWA	DIRKSEN	29:00 - 29:30
10.	IOWA PRESENTATION/WINEGARDEN w/introductions	IOWA	29:30 - 36:00
11.	MODERATOR THROW TO HILL STAFFERS	DIRKSEN	36:00 - 36:30
12.	GOP STAFFER/TOTMAN	DIRKSEN	36:30 - 40:00
13.	MODERATOR THROW TO DEM STAFFER	DIRKSEN	40:00 - 40:30
14.	DEMOCRATIC STAFFER/SWETNAM	DIRKSEN	40:30 - 44:00
15.	DISCUSSION ROUND I (includes Sens. Daschle & Harkin)	DC/AK/IA	44:00 - 1:15:00
16.	TELEMEDICINE VIDEO	VTR/SOT	1:15:00 - 1:19:00
17.	DISCUSSION ROUND II	DC/AK/IA	1:19:00 - 1:45:00
18.	MODERATOR THROW TO GOV. RAY	DIRKSEN	1:45:00 - 1:45:30
19.	GOV. RAY SUMMARY	IOWA	1:45:30 - 1:53:00
20.	MODERATOR THANK YOUS & OUTRO	DIRKSEN	1:53:00 - 1:54:00
21.	CREDITS & PAD	DIRKSEN/ CHYRON	1:54:00 - 2:00:00

K M A

July 14, 1994

TO: Senator Dole

FROM: Vicki

RE: Remarks on Rural Health Care

You are scheduled to deliver brief remarks (2 to 3 minutes) to members of the National Institute for Health Care Management on Friday, July 15 at 9:30. The audience will consist of 75 health care providers and hospital administrators whose primary interest is in rural health care. Your remarks will also be telecasted via satellite to providers in Iowa and Arkansas. A total of about 200 to 250 people will hear your remarks.

Senators Daschle, Durenberger, Grassley, and possibly Harkin (depending if the Senate is in session on Friday or not) will also make brief remarks.

There will be no time set aside for Q and A.

- WHILE EVERY AMERICAN HAS A CRUCIAL STAKE IN HEALTH CARE REFORM, IT IS IMPORTANT TO EMPHASIZE THAT RURAL AMERICANS FACE CHALLENGES FROM THE HEALTH CARE SYSTEM THAT ARE DIFFERENT THAN THOSE FACED IN OTHER PARTS OF THE COUNTRY.

- RURAL AMERICA HAS SPECIAL NEEDS AND DESERVES SPECIAL CONSIDERATION. MANY INDIVIDUALS ARE FARMERS OR EMPLOYEES OF SMALL BUSINESSES, WHICH CREATES A SITUATION WHERE HEALTH INSURANCE IS MORE COSTLY AND UNOBTAINABLE FOR SOME.

- FOR EXAMPLE, A LARGER PERCENTAGE OF RURAL AMERICANS PAY THE TOTAL COST OF INSURANCE OUT OF THEIR OWN POCKETS -- OFTEN EMPLOYERS DO NOT CONTRIBUTE TO THE PREMIUMS.

- THIS NOT ONLY MAKES RURAL AMERICANS MUCH MORE SENSITIVE TO THE PRICE OF HEALTH CARE, IT IS UNFAIR IN THE SENSE THAT THESE OUT-OF-POCKET COSTS ARE NOT TAX DEDUCTIBLE AS THEY WOULD BE IF AN EMPLOYER COVERED THESE COSTS.

- THE DOLE-PACKWOOD BILL WOULD CHANGE THAT BY PHASING IN TAX DEDUCTIBILITY OF HEALTH INSURANCE SO THAT INDIVIDUALS AND THE SELF-EMPLOYED RECEIVE FAIR TAX TREATMENT.

- THE DOLE-PACKWOOD BILL ALSO CONTAINS NO MANDATES AND NOT ONE CENT IN NEW TAXES. IT ALSO DOES NOT RAISE EXISTING TAXES.

- IN MY HOME STATE OF KANSAS, FOR EXAMPLE, OVER 90% OF BUSINESSES HAVE FEWER THAN 10 EMPLOYEES. A MANDATE -- WHICH BY NOW I THINK EVERYONE KNOWS IS A TAX -- WOULD BE THE DEATH KNELL FOR SMALL BUSINESS PEOPLE.
- COST, IS BY NO MEANS, THE ONLY CHALLENGE FACING RURAL AMERICANS. ACCESS TO HEALTH CARE IS OFTEN AN EVEN GREATER ISSUE.

- THE DOLE-PACKWOOD BILL ALLOWS STATES TO DO WHAT WORKS BEST FOR THEM. IF THAT MEANS FORMING VOLUNTARY CO-OPS, THEN THAT'S WHAT THEY SHOULD DO. IF THE NEAREST MEDICAL FACILITY HAPPENS TO CROSS STATE LINES, THEN THAT'S WHERE PEOPLE SHOULD HAVE THE FREEDOM TO GO. IN DOLE-PACKWOOD, THERE ARE NO MANDATORY ALLIANCES, OR ANY OTHER BUREAUCRACY THAT LIMITS CHOICE OR FURTHER LIMITS ACCESS.

- THE NEXT FEW WEEKS WILL BE A CRITICAL TIME FOR DEBATING THE CRITICAL DETAILS OF HEALTH CARE REFORM. RURAL HEALTH CARE WILL BE ONE OF THOSE AREAS THAT WILL NEED SPECIAL ATTENTION.

On Health Care: Start Over

A bad bill would be worse than no bill at all

BY ROBERT J. SAMUELSON

THE BEST THING CONGRESS COULD DO NOW ON HEALTH care would be to start over next year. The most important social legislation in a quarter century should not be approved as a last-minute, poorly understood patchwork. From the start, the debate has suffered from the Clintons' wild promises that they could achieve "universal coverage" at little extra cost. This has produced five inconsistent congressional bills that all—in one way or another—fantasize a health-care future that will never happen.

Health politics has become bumper-sticker politics. Everything is being done for image and immediate bragging rights. Vast promises are made of new benefits with little effective control on cost. Health spending already constitutes 21 percent of federal spending and one seventh of all spending in the economy. The danger of a poorly crafted program is that, although it might be "popular in the short-run, [it] could encumber our economy with long-term commitments that we simply cannot afford," warns the bipartisan Committee for a Responsible Federal Budget.*

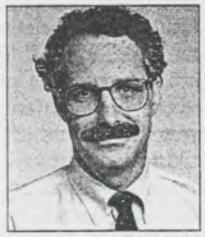
What really is at stake is the integrity of government. Popular cynicism is no secret. In surveys, Americans express discontent with government. Yet surveys also show that Americans want more from government in the way of health care, education, environmental protection and economic security. Politicians pander to the inconsistencies by posing government as a "solution" to a multitude of problems. The Clintons are practitioners of this style of politics. The trouble is that when the "solutions" don't match the promises, public disillusion deepens.

"Universal coverage" is a swell slogan but a meaningless concept. Almost no one today has complete insurance coverage against all health risks. For example, only about 5 percent of the elderly have insurance for long-term care. And the idea that complete coverage can be constructed is a mirage, because health care is an infinitely elastic concept. It expands with every new technology, drug or discovered ailment. Consider: between 1982 and 1991, the number of cornea transplants doubled, from 18,500 to 41,400. We will never be able to afford everything; some rationing, by income or availability, will always exist.

What the debate skirted is the morally awkward issue of whether health care is a "right"—and if so, what care is a "right." The Clintons evaded this question by promising to control costs and expand benefits. The claim was always dubious. Five outside groups re-estimated the Clintons' "basic package" of insurance benefits. All found higher costs than the White House did. For individual coverage, the costs were put from 9 to 26 percent higher; for two-parent families, the costs were 13 to 59 percent higher. No matter. The Clintons set Congress's agenda.

How bad are the resulting bills? Examine the Senate Finance Committee bill, described as "moderate." Its goal is to raise the share of Americans with insurance to 95 percent by the year 2002. Small firms with fewer than 100 workers could buy health insurance from big purchasing cooperatives. Insurers would have to accept almost anyone who applied. There would be insurance subsidies for everyone with an income of up to twice the poverty line (in 1992, the poverty line for a family of four was $14,335). What are the bill's defects? Herewith the top three:

(1) It creates a huge 'off budget' entitlement. True, the bill doesn't compel companies to buy insurance. But it does decree what all insurance must cover, and the coverage is lavish. Aside from most doctor and hospital bills, it also includes mental health, rehabilitation services, drug- and alcohol-abuse services, hospice care and family-planning services. Although a National Health Board would set the details, Congress would have the final say. And it has little reason to resist inevitable demands for new benefits, because "mandates" could be expanded without imposing new taxes.



Everything is now being done for bragging rights

(2) There is no effective cost control. Indeed, because the bill mandates comprehensive insurance, it would probably accelerate spending. The new spending pressures would overwhelm the tiny measures intended to curb costs: putting small companies in buying pools; and a complex, probably unworkable tax on "high priced" insurance plans.

(3) Subsidies for the poor aren't financed. No one yet knows how much the subsidies would cost, but the tax increases in the bill (the cigarette tax goes from $0.24 a pack to $1.24 a pack) might cover only half the amount.

In short, the Finance bill would probably speed up health spending, skimp on subsidies and miss its 95 percent coverage target. Other bills are as bad or worse. The House Ways and Means Committee wants bigger mandates and subsidies. It pays for its subsidies mainly from "savings" generated by price and spending controls. But no one knows whether the controls would work or be acceptable. A "single payer" bill has the honesty of avoiding mandates and pays for government insurance with taxes. However, benefits are so generous that, by one estimate, they would raise health spending by an extra $300 billion by the year 2000. The increase is assumed away with cost controls.

All these bills indulge in make-believe. Although they sound good, they would break down in practice. A sensible bill might be put together with some modest insurance reforms. But this seems unlikely, precisely because it would be so politically unexciting. What should not be forgotten in the inevitable clamor to "do something" is that a bad bill would be worse than no bill at all. Opposing such a bill is prudence, not obstructionism.

The country deserves a more candid debate than Congress can provide this year. It is between those who consider health care a "right" and those (like me) who think the first focus should be on cost control. If it is a "right," then put the spending in the budget and pay for it with taxes. If the focus is costs, then curb tax subsidies for insurance or impose strict spending controls. Neither approach would be easy. Any sweeping reform requires public understanding. This is now missing. "Great innovations," Thomas Jefferson once said, "should not be forced on slender majorities."

*The committee includes two ex-chairmen of the House Budget Committee, both Democrats; five ex-heads of the Office of Management and Budget, three Republicans and two Democrats; and ex-heads of the General Accounting Office and the Federal Reserve.