

June 8, 1995

TO: Senator Dole  
FROM: Vicki *Vicki*  
RE: Speech to American Health Care Association

You are scheduled to deliver remarks to 400 to 500 members of the American Health Care Association. These are the people who own and operate nursing homes.

Don Angel will introduce you. You will be the first speaker. Senator Daschle will follow. Later in the day, Secretary Shalala will speak, and then Congressman Bill Thomas.

They would like you to speak for about 15 minutes, followed by two or three pre-screened questions.

Although this a largely a Republican audience, they do have some concerns about the upcoming Medicare and Medicaid debate.

More than 30% of the revenues this industry receives comes from Medicaid. Therefore, Medicaid block grants make this audience very nervous, although they are aware that this is something the Congress is moving toward. They would like to hear from you that while you favor block grants, you do want to see some strings attached. Your favoring quality assurance and some relief from burdensome regulation will go a long way toward easing their concerns.

Medicare, although of somewhat less importance since it covers very little for long-term care, is still an issue. They would like to hear your thoughts on how you see the upcoming debate on Medicare taking shape.

They are very supportive of anything the government can do to promote the purchase of private long-term care insurance. Your "Secure Choice" bill from the 102nd and 103rd Congress created a private-public partnership to help accomplish this.

Last year, in the Dole-Packwood bill, there was a provision to allow employers to provide private long-term care insurance as a tax-free fringe benefit to employees. Also, the self-employed could deduct the cost of long-term care insurance as they can other health insurance -- a 30% deduction.

Both of these provisions will be included in the health bill that you introduce this year. In that bill, we plan to also include a provision for Medical Savings Accounts, where the funds could be used to purchase private long-term care insurance or to purchase long-term care services.



SENATOR DOLE  
SPEECH TO  
AMERICAN HEALTH CARE ASSOCIATION  
JUNE 13, 1995

Thank you for inviting me. It is truly a pleasure to be here.

You may have thought after the debate on health care last year, that this year would be a little easier. But, I have learned that when it comes to health care, nothing is easy.

And, although some things are different from last year, some things haven't changed.

Last year, the President wanted a government monopoly. He didn't get it.

Last year, the President wanted to fix prices. He didn't get it.

Last year, the President wanted an employer mandate. He didn't get it.

And, this year, when it comes to saving the Medicare Trust Fund, the President still doesn't get it.

**MEDICARE**

Two months ago, the Medicare Trustees -- three of whom are members of the President's cabinet -- delivered a report to Congress stating that the Medicare Trust Fund will be insolvent in just seven years. That means, if we do nothing -- if we allow the status quo to continue -- Medicare will no longer exist. And, starting next year, Medicare will spend more than it takes in in revenues.

And, although the President has chosen to do nothing, for Republicans in Congress, inaction is not an option. No doubt about it, making the changes in Medicare to preserve, improve, and protect it, are not easy, and they are not fun. But, leadership often means doing what is right, and that can be difficult.

You may have heard that this past weekend, the President and Speaker Gingrich were in New Hampshire. And, although they sounded like they were singing the same tune, if you listened very closely, the President is still off key.

The President continues to offer no real solutions to the Medicare crisis. And, he continues to insist that Medicare be dealt with only within the context of comprehensive health care reform. Given the fate of the President's health care bill last



year, it is not only unrealistic to think that such a plan could pass, it is very unfair to the 33 million seniors and disabled individuals who depend on Medicare each year. I see no reason to hold Medicare hostage to a comprehensive health care plan that we know has very little chance of passage.

The Administration's campaign to frighten America's seniors makes the difficult task of reducing the rate of growth of Medicare even more difficult. But, reducing the rate of growth is the right thing to do if we are to preserve, improve, and protect Medicare, while at the same time, raising the standard of living for our children and grandchildren.

Senator Packwood, the Chairman of the Finance Committee, knows that he has a tough job ahead of him. But, he also knows that the changes we will make will affect some of our most vulnerable citizens -- the elderly.

But, it is for them -- and for the people who provide their care -- that we have to make these changes so that Medicare will continue to be there.

I'll be very honest with you. When you hear numbers like \$250 billion -- which is how much we hope to reduce the rate of Medicare, I understand why you may be concerned.

But, it is important to remember that under the Senate-passed resolution, over the next five years, we will spend over \$1 trillion on Medicare. That's an increase of \$178 billion over what we would have spent if we froze Medicare expenditures at today's levels.

So, despite the overheated rhetoric coming out of the White House, we are not talking about cutting Medicare. We are not even talking about freezing Medicare. We are simply suggesting that we must find ways to slow the rate of growth. This is not about paying for tax cuts. It's about saving Medicare. That's the fact.

#### MEDICAID

Another fact is that the problems facing Medicaid are as challenging as the ones facing Medicare.

As you know all too well, it is Medicaid that our frail elderly, our disabled, and our children turn to when there is nowhere else to go.

Just last week, Republican Congressional leaders met with a delegation of Governors to look for ways to improve our Medicaid system. Much of our discussion centered on block grants, which I know make you nervous. And, although I think block grants are something we should consider, a lot depends on how they are structured.



The states want greater flexibility in delivering care -- no strings attached. Congressional leaders are more cautious. Like you, we want assurances from the Governors that quality care will continue to be there and that services will be adequately funded so that you can provide them without sacrificing quality.

I believe both of these goals can be accomplished if we relieve the states, and the providers, of many of the regulations that the Federal government hands you, leaving you very little room to do your jobs. In a few weeks, the Senate will consider a Regulation Reform bill that should help.

The discussions with the Governors are critical to the future of the Medicaid program. And, I urge all of you to participate in this debate as much as possible. After all, it is you who know best how the changes we make in Medicaid will affect the vulnerable population the program serves.

#### LONG-TERM CARE INSURANCE

I think what this discussion all boils down to is that we all have to do our part. We just have to make sure that no one is asked to do more than their part. And, that includes the government. Gone are the days when we could treat the Federal Treasury as one huge shopping mall with unlimited credit. That may mean thinking more creatively and encouraging more individual responsibility.

We all agree that for those who are truly in need, the government cannot and should not turn its back. But, I also believe that there are steps that can be taken before a crisis level hits.

In the last Congress and in the one before that, Senator Packwood and I introduced "Secure Choice" which would have created a private-public partnership for the purchase of long-term care insurance. When we introduced this bill, both times we did so in a Democrat-controlled Congress. No surprise -- there was no action taken either time.

Things are different now, and I believe you will see at least parts of these bills reintroduced in this Congress.

Last year in the Dole-Packwood health care bill, we had a provision to give favorable tax treatment for private long-term care insurance. Under this provision, an employer could provide long-term care insurance as a tax-free fringe benefit to the employee. And, the self-employed could deduct 30 percent of the cost of long-term care insurance premiums as they can all health insurance.

Another option is to allow for Medical Savings Accounts that can be used to buy either long-term care insurance or long-term care services as the need arises.

## CONCLUSION

In the final analysis, this issue is much, much, more than a debate about numbers. It is about people.

It is a debate about what kind of people live in America today.

And it's a debate about what kind of America we will pass on to the people who live here tomorrow -- our children, our grandchildren, and their children and grandchildren.

Let me conclude by again thanking you for your participation and the care you continue to provide. No doubt about it, we all have our work cut out for us. And, we on Capitol Hill certainly cannot do it alone. We couldn't have done it without you last year. That hasn't changed now.

**SENATOR DOLE  
SPEECH TO  
AMERICAN HEALTH CARE ASSOCIATION  
JUNE 13, 1995**

**THANK YOU FOR INVITING ME. IT IS  
TRULY A PLEASURE TO BE HERE.**

**YOU MAY HAVE THOUGHT AFTER THE  
DEBATE ON HEALTH CARE LAST YEAR,  
THAT THIS YEAR WOULD BE A LITTLE**



**EASIER. BUT, I HAVE LEARNED THAT  
WHEN IT COMES TO HEALTH CARE,  
NOTHING IS EASY.**

**AND, ALTHOUGH SOME THINGS ARE  
DIFFERENT FROM LAST YEAR, SOME  
THINGS HAVEN'T CHANGED.**

**LAST YEAR, THE PRESIDENT WANTED  
A GOVERNMENT MONOPOLY. HE DIDN'T  
GET IT.**

**LAST YEAR, THE PRESIDENT WANTED  
TO FIX PRICES. HE DIDN'T GET IT.**

**LAST YEAR, THE PRESIDENT WANTED  
AN EMPLOYER MANDATE. HE DIDN'T GET  
IT.**



**AND, THIS YEAR, WHEN IT COMES TO  
SAVING THE MEDICARE TRUST FUND, THE  
PRESIDENT STILL DOESN'T GET IT.**

**MEDICARE**

**TWO MONTHS AGO, THE MEDICARE  
TRUSTEES -- THREE OF WHOM ARE  
MEMBERS OF THE PRESIDENT'S CABINET --  
DELIVERED A REPORT TO CONGRESS  
STATING THAT THE MEDICARE TRUST**

**FUND WILL BE INSOLVENT IN JUST SEVEN  
YEARS. THAT MEANS, IF WE DO NOTHING  
-- IF WE ALLOW THE STATUS QUO TO  
CONTINUE -- MEDICARE WILL NO LONGER  
EXIST. AND, STARTING NEXT YEAR,  
MEDICARE WILL SPEND MORE THAN IT  
TAKES IN IN REVENUES.**

**AND, ALTHOUGH THE PRESIDENT HAS  
CHOSEN TO DO NOTHING, FOR**



**REPUBLICANS IN CONGRESS, INACTION IS  
NOT AN OPTION. NO DOUBT ABOUT IT,  
MAKING THE CHANGES IN MEDICARE TO  
PRESERVE, IMPROVE, AND PROTECT IT, ARE  
NOT EASY, AND THEY ARE NOT FUN. BUT,  
LEADERSHIP OFTEN MEANS DOING WHAT  
IS RIGHT, AND THAT CAN BE DIFFICULT.**

**YOU MAY HAVE HEARD THAT THIS  
PAST WEEKEND, THE PRESIDENT AND**

**SPEAKER GINGRICH WERE IN NEW  
HAMPshire. AND, ALTHOUGH THEY  
SOUNDED LIKE THEY WERE SINGING THE  
SAME TUNE, IF YOU LISTENED VERY  
CLOSELY, THE PRESIDENT IS STILL OFF  
KEY.**

**THE PRESIDENT CONTINUES TO  
OFFER NO REAL SOLUTIONS TO THE  
MEDICARE CRISIS. AND, HE CONTINUES TO  
INSIST THAT MEDICARE BE DEALT WITH**



**ONLY WITHIN THE CONTEXT OF  
COMPREHENSIVE HEALTH CARE REFORM.  
GIVEN THE FATE OF THE PRESIDENT'S  
HEALTH CARE BILL LAST YEAR, IT IS NOT  
ONLY UNREALISTIC TO THINK THAT SUCH  
A PLAN COULD PASS, IT IS VERY UNFAIR  
TO THE 33 MILLION SENIORS AND  
DISABLED INDIVIDUALS WHO DEPEND ON  
MEDICARE EACH YEAR. I SEE NO REASON  
TO HOLD MEDICARE HOSTAGE TO A**

**COMPREHENSIVE HEALTH CARE PLAN THAT  
WE KNOW HAS VERY LITTLE CHANCE OF  
PASSAGE.**

**THE ADMINISTRATION'S CAMPAIGN  
TO FRIGHTEN AMERICA'S SENIORS MAKES  
THE DIFFICULT TASK OF REDUCING THE  
RATE OF GROWTH OF MEDICARE EVEN  
MORE DIFFICULT. BUT, REDUCING THE  
RATE OF GROWTH IS THE RIGHT THING TO**



**DO IF WE ARE TO PRESERVE, IMPROVE,  
AND PROTECT MEDICARE, WHILE AT THE  
SAME TIME, RAISING THE STANDARD OF  
LIVING FOR OUR CHILDREN AND  
GRANDCHILDREN.**

**SENATOR PACKWOOD, THE  
CHAIRMAN OF THE FINANCE COMMITTEE,  
KNOWS THAT HE HAS A TOUGH JOB  
AHEAD OF HIM. BUT, HE ALSO KNOWS**

**THAT THE CHANGES WE WILL MAKE WILL  
AFFECT SOME OUR MOST VULNERABLE  
CITIZENS -- THE ELDERLY.**

**BUT, IT IS FOR THEM -- AND FOR THE  
PEOPLE WHO PROVIDE THEIR CARE -- THAT  
WE HAVE TO MAKE THESE CHANGES SO  
THAT MEDICARE WILL CONTINUE TO BE  
THERE.**

**I'LL BE VERY HONEST WITH YOU.  
WHEN YOU HEAR NUMBERS LIKE \$250  
BILLION -- WHICH IS HOW MUCH WE HOPE  
TO REDUCE THE RATE OF MEDICARE, I  
UNDERSTAND WHY YOU MAY BE  
CONCERNED.**

**BUT, IT IS IMPORTANT TO  
REMEMBER THAT UNDER THE SENATE-  
PASSED RESOLUTION, OVER THE NEXT FIVE**



**YEARS, WE WILL SPEND OVER \$1 TRILLION**  
**ON MEDICARE. THAT'S AN INCREASE OF**  
**\$178 BILLION OVER WHAT WE WOULD**  
**HAVE SPENT IF WE FROZE MEDICARE**  
**EXPENDITURES AT TODAY'S LEVELS.**

**SO, DESPITE THE OVERHEATED**  
**RHETORIC COMING OUT OF THE WHITE**  
**HOUSE, WE ARE NOT TALKING ABOUT**  
**CUTTING MEDICARE. WE ARE NOT EVEN**

**TALKING ABOUT FREEZING MEDICARE. WE  
ARE SIMPLY SUGGESTING THAT WE MUST  
FIND WAYS TO SLOW THE RATE OF  
GROWTH. THIS IS NOT ABOUT PAYING  
FOR TAX CUTS. IT'S ABOUT SAVING  
MEDICARE. THAT'S THE FACT.**

## **MEDICAID**

**ANOTHER FACT IS THAT THE  
PROBLEMS FACING MEDICAID ARE AS  
CHALLENGING AS THE ONES FACING  
MEDICARE.**

**AS YOU KNOW ALL TOO WELL, IT IS  
MEDICAID THAT OUR FRAIL ELDERLY, OUR  
DISABLED, AND OUR CHILDREN TURN TO  
WHEN THERE IS NOWHERE ELSE TO GO.**



**JUST LAST WEEK, REPUBLICAN  
CONGRESSIONAL LEADERS MET WITH A  
DELEGATION OF GOVERNORS TO LOOK FOR  
WAYS TO IMPROVE OUR MEDICAID  
SYSTEM. MUCH OF OUR DISCUSSION  
CENTERED ON BLOCK GRANTS, WHICH I  
KNOW MAKE YOU NERVOUS. AND,  
ALTHOUGH I THINK BLOCK GRANTS ARE  
SOMETHING WE SHOULD CONSIDER, A LOT  
DEPENDS ON HOW THEY ARE STRUCTURED.**

**THE STATES WANT GREATER  
FLEXIBILITY IN DELIVERING CARE -- NO  
STRINGS ATTACHED. CONGRESSIONAL  
LEADERS ARE MORE CAUTIOUS. LIKE YOU,  
WE WANT ASSURANCES FROM THE  
GOVERNORS THAT QUALITY CARE WILL  
CONTINUE TO BE THERE AND THAT  
SERVICES WILL BE ADEQUATELY FUNDED  
SO THAT YOU CAN PROVIDE THEM  
WITHOUT SACRIFICING QUALITY.**

**I BELIEVE BOTH OF THESE GOALS  
CAN BE ACCOMPLISHED IF WE RELIEVE THE  
STATES, AND THE PROVIDERS, OF MANY  
OF THE REGULATIONS THAT THE FEDERAL  
GOVERNMENT HANDS YOU, LEAVING YOU  
VERY LITTLE ROOM TO DO YOUR JOBS. IN  
A FEW WEEKS, THE SENATE WILL  
CONSIDER A REGULATION REFORM BILL  
THAT SHOULD HELP.**



**THE DISCUSSIONS WITH THE  
GOVERNORS ARE CRITICAL TO THE FUTURE  
OF THE MEDICAID PROGRAM. AND, I URGE  
ALL OF YOU TO PARTICIPATE IN THIS  
DEBATE AS MUCH AS POSSIBLE. AFTER  
ALL, IT IS YOU WHO KNOW BEST HOW THE  
CHANGES WE MAKE IN MEDICAID WILL  
AFFECT THE VULNERABLE POPULATION THE  
PROGRAM SERVES.**

## **LONG-TERM CARE INSURANCE**

**I THINK WHAT THIS DISCUSSION ALL BOILS DOWN TO IS THAT WE ALL HAVE TO DO OUR PART. WE JUST HAVE TO MAKE SURE THAT NO ONE IS ASKED TO DO MORE THAN THEIR PART. AND, THAT INCLUDES THE GOVERNMENT. GONE ARE THE DAYS WHEN WE COULD TREAT THE FEDERAL TREASURY AS ONE HUGE SHOPPING MALL WITH UNLIMITED CREDIT. THAT MAY**

**MEAN THINKING MORE CREATIVELY AND  
ENCOURAGING MORE INDIVIDUAL  
RESPONSIBILITY.**

**WE ALL AGREE THAT FOR THOSE  
WHO ARE TRULY IN NEED, THE  
GOVERNMENT CANNOT AND SHOULD NOT  
TURN ITS BACK. BUT, I ALSO BELIEVE  
THAT THERE ARE STEPS THAT CAN BE  
TAKEN BEFORE A CRISIS LEVEL HITS.**



**IN THE LAST CONGRESS AND IN THE  
ONE BEFORE THAT, SENATOR PACKWOOD  
AND I INTRODUCED "SECURE CHOICE"  
WHICH WOULD HAVE CREATED A PRIVATE-  
PUBLIC PARTNERSHIP FOR THE PURCHASE  
OF LONG-TERM CARE INSURANCE. WHEN  
WE INTRODUCED THIS BILL, BOTH TIMES  
WE DID SO IN A DEMOCRAT-CONTROLLED  
CONGRESS. NO SURPRISE -- THERE WAS  
NO ACTION TAKEN EITHER TIME.**

**THINGS ARE DIFFERENT NOW, AND I  
BELIEVE YOU WILL SEE AT LEAST PARTS  
OF THESE BILLS REINTRODUCED IN THIS  
CONGRESS.**

**LAST YEAR IN THE DOLE-PACKWOOD  
HEALTH CARE BILL, WE HAD A PROVISION  
TO GIVE FAVORABLE TAX TREATMENT FOR  
PRIVATE LONG-TERM CARE INSURANCE.  
UNDER THIS PROVISION, AN EMPLOYER**

**COULD PROVIDE LONG-TERM CARE  
INSURANCE AS A TAX-FREE FRINGE  
BENEFIT TO THE EMPLOYEE. AND, THE  
SELF-EMPLOYED COULD DEDUCT 30  
PERCENT OF THE COST OF LONG-TERM  
CARE INSURANCE PREMIUMS AS THEY CAN  
ALL HEALTH INSURANCE.**

**ANOTHER OPTION IS TO ALLOW FOR  
MEDICAL SAVINGS ACCOUNTS THAT CAN**



**BE USED TO BUY EITHER LONG-TERM CARE  
INSURANCE OR LONG-TERM CARE SERVICES  
AS THE NEED ARISES.**

**CONCLUSION**

**IN THE FINAL ANALYSIS, THIS  
ISSUE IS MUCH, MUCH, MORE THAN A  
DEBATE ABOUT NUMBERS. IT IS ABOUT  
PEOPLE.**

**IT IS A DEBATE ABOUT WHAT KIND  
OF PEOPLE LIVE IN AMERICA TODAY.**

**AND IT'S A DEBATE ABOUT WHAT  
KIND OF AMERICA WE WILL PASS ON TO  
THE PEOPLE WHO LIVE HERE TOMORROW --  
OUR CHILDREN, OUR GRANDCHILDREN, AND  
THEIR CHILDREN AND GRANDCHILDREN.**

**LET ME CONCLUDE BY AGAIN  
THANKING YOU FOR YOUR PARTICIPATION  
AND THE CARE YOU CONTINUE TO  
PROVIDE. NO DOUBT ABOUT IT, WE ALL  
HAVE OUR WORK CUT OUT FOR US. AND,  
WE ON CAPITOL HILL CERTAINLY CANNOT  
DO IT ALONE. WE COULDN'T HAVE DONE  
IT WITHOUT YOU LAST YEAR. THAT  
HASN'T CHANGED NOW.**