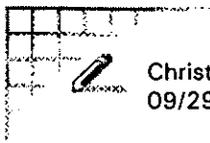


NLWJC - Kagan

DPC - Box 029 - Folder 019

Health - Medicare HMOs



Christopher C. Jennings
09/29/98 07:55:53 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: managed care and HMOs

FYI. After my conversation with HHS this evening, it became clear that extending the period of time for HMOs to advise us of their participation in Medicare would make us look weaker. Instead, we are going to send out a letter from HCFA tomorrow that outlines our intention to reduce the regulatory burdens and address their major administrative concerns. It will start out with a specific and strong rejection of the HMO industry's request to have flexibility to increase cost sharing and decrease benefits. This will be the first written notification to the industry of our strong position. However, our position should be in some of the papers tomorrow, as Nancy Ann discussed it with a number of media outlets today.

Call with any questions.

cj

Letter from
HCFA today:
—————→

rejects cost/ben changes
announces that we'll reduce
regulatory burdens

no info - exactly how
many ? locs.

THE WHITE HOUSE

WASHINGTON

October 7, 1998

MEDICARE STATEMENT

DATE: October 8, 1998
LOCATION: Oval Office
BRIEFING TIME: 10:45 am - 11:15 am
EVENT TIME: 11:15 am - 11:45 am
FROM: Bruce Reed/Chris Jennings

I. PURPOSE

To respond to HMOs' decisions to withdraw from the Medicare program by assisting affected beneficiaries and preventing such withdrawals from occurring in the future.

II. BACKGROUND

This is an opportunity to respond to decisions by some HMOs to drop out of selected markets in the Medicare program. HHS estimates that, because of these withdrawals, a relatively small number of Medicare beneficiaries currently in HMOs -- 50,000 enrollees, or less than one percent of the 6.5 million beneficiaries in managed care plans -- will have no managed care alternative in their area. You will address these withdrawals by:

- **Criticizing health plans for demanding the ability to raise costs and reduce benefits as a precondition for staying in the Medicare program.** You should underscore that Medicare should not -- and will not -- be held hostage to threats by HMOs to leave the program unless they can increase and reduce benefits to Medicare beneficiaries.
- **Announcing a new policy to expedite the approval of health plans applying to enter markets without HMOs.** HHS will expedite its review and approval of HMOs seeking to enter markets that have been left without a managed care option. HHS will give these applications first priority for review and will expedite their entrance into the market so long as they meet the solvency, quality, and other standards necessary to protect beneficiaries.
- **Initiating a new campaign to help Medicare beneficiaries understand their rights and options.** To inform Medicare beneficiaries affected by HMO withdrawals that they are automatically eligible for traditional fee-for-service Medicare and that they have guaranteed access to Medigap policies that help fill coverage gaps, HHS will enlist public and private partners representing tens of

millions of older Americans to provide their members with needed information through newsletters, conferences, and targeted information campaigns. These partners include the AFL-CIO, American Association of Health Plans, American Association of Retired Persons, Leadership Council of Aging Organizations, National Council of Senior Citizens, and National Rural Health Association, as well as the Social Security Administration, HCFA Regional Offices, and State Health Insurance Assistance Programs. In addition, HHS will post new information about plan withdrawals on the Medicare Internet site, so that beneficiaries in every local area have the most up-to-date information on available coverage options.

- **Directing Secretary Shalala to develop new legislation to protect Medicare beneficiaries from HMO withdrawals.** You will state your determination to work with Congress to ensure an adequate range of health plan options for beneficiaries and reduce the likelihood that beneficiaries will face this kind of turmoil in the future. To that end, you will ask the Secretary to recommend specific legislation, to be included in your next budget, to enhance HMO participation in the Medicare program and protect beneficiaries from precipitous plan withdrawals and beneficiary protections.
- **Highlighting the need for Congress to reauthorize the Older Americans Act.** One of the most important ways for older Americans to get critical information and counseling about health-care options is through the programs provided by the Older Americans Act. You will announce that you have sent a letter to Senator Lott and Speaker Gingrich urging them to reauthorize the Older Americans Act before Congress adjourns. You should emphasize that failure to do so would call into question our nation's commitment to the vital services this Act provides to millions of older Americans.

III. PARTICIPANTS

The Vice President
Secretary Shalala
HCFA Administrator Nancy Ann Min DeParle
Members of Congress
Representatives of senior citizen advocacy organizations

IV. PRESS PLAN

Open Press.

V. SEQUENCE OF EVENTS

- **YOU** will be announced into the Oval Office accompanied by the Vice President, Secretary Shalala, and Nancy Ann Min DeParle.

- YOU will make remarks.
- YOU will greet Members of Congress and senior citizens present, and then depart.

VI. REMARKS

Provided by Speechwriting.

PRESIDENT CLINTON: PROTECTING MEDICARE BENEFICIARIES

October 8, 1998

"These HMOs say they are just looking after their bottom line. Well, I believe the health of our parents must be America's bottom line. I am determined to do everything in my power to protect older Americans dropped by their HMOs and to make sure this does not happen again."

President Bill Clinton
October 8, 1998

Today, President Clinton unveils a three-part initiative to respond to decisions made by some Health Maintenance Organizations (HMOs) to drop out of the Medicare program. These initiatives will help beneficiaries who have been dropped by their HMOs and take steps to prevent this from happening in the future.

STANDING UP FOR OLDER AMERICANS. President Clinton firmly believes that Medicare should not -- and will not -- be held hostage to threats by HMOs to leave the program unless they can increase cost-sharing and reduce benefits to Medicare beneficiaries. To reassure Medicare beneficiaries affected by HMO withdrawals that they know all their rights and options, including: that they are automatically eligible for traditional fee-for-service Medicare and that the law guarantees them access to a number of Medigap policies that help fill Medicare's coverage gaps, the President is directing the Department of Health and Human Services to:

- **Enlist a wide range of public and private partners that represent tens of millions of older Americans to provide members with the information they need through newsletters, conferences, training partners, and targeted information campaigns;**
- **Post the newest and most up-to-date information about plan withdrawals on the Medicare Internet site, www.Medicare.gov that provides commonly asked questions and answers for Medicare beneficiaries, their families, and insurance counselors;**

A NEW POLICY TO ENCOURAGE HEALTH PLANS TO ENTER MARKETS THAT HAVE BEEN ABANDONED. The President announced that the Department of Health and Human Services (HHS) will speed up its review and approval of HMOs seeking to enter markets that have been left without a managed care option. Any such applications will receive first priority for review and HHS will seek to expedite their entrance into the market as long as they meet solvency, quality, and other standards that protect beneficiaries.

DEVELOPING NEW LEGISLATIVE OPTIONS TO HELP ASSURE BENEFICIARIES ARE PROTECTED IN THE FUTURE. President Clinton is committed to providing sufficient options for beneficiaries and reduce the likelihood that beneficiaries will face this kind of turmoil in the future. The President is asking Secretary of Health and Human Services Donna Shalala to work with Congress, health plans, and advocates of older Americans to recommend specific legislative proposals to be included in the President's next budget that are designed to enhance plan participation and beneficiary protections.

CALLING ON CONGRESS TO REAUTHORIZE THE OLDER AMERICANS ACT. One of the most important ways older Americans get critical information and counseling about health-care options is through the programs provided by the Older Americans Act. Today, the President sent a letter to Senator Lott and Speaker Gingrich urging them to pass legislation that has broad bi-partisan support to reauthorize the Older Americans Act before Congress adjourns. Failure to do so would call into question our nation's commitment to the vital services this important Act provides to older Americans.