

Health Care Questions and Answers

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HEALTH REFORM

Q. Does the omission of a health care reform proposal in your budget illustrate that this issue is no longer a high priority?

In the State of the Union and in my December letter to the Congressional Leadership, I strongly reiterated my fervent commitment to reform the nation's health care system. I indicated my willingness to tackle this task in a step by step manner, outlined my broad vision of what I felt could reasonably be achieved in this Congress, and stressed my desire to do so on a bipartisan basis.

Incorporating a specific health reform initiative within the budget would not enable the Congress to work jointly with us to respond to the health care problems that confront this nation.

Q. Will you introduce health care legislation?

Everyone knows where I stand on health care. My goals have not changed. I believe that we must act now to take the first steps toward these goals.

As I said in the State of the Union, I am committed to working in a bipartisan fashion to put America on the road to health security. I will work with Congress as Democrats and Republicans develop proposals. I will not give up the fight to guarantee affordable, high quality health care for the American people.

I believe Congress can and should:

- Reform the insurance market.
- Make coverage affordable for and available to children.
- Help workers who lose their jobs keep their health insurance.
- Level the playing field for the self-employed by giving them the same tax treatment as other businesses.
- Help families provide long-term care for a sick parent or a disabled child.

Q. You have said that you want to make a start on expanding coverage. How will you pay for it?

We want to work with Congress to expand coverage and to ensure that any proposal can be paid for without increasing the deficit.

Q. What will you do if the Congress does not act on health reform?

Because their constituents are demanding action, I am confident that the Congress will be responsive. Republicans and Democrats have already begun to respond to my challenge through numerous statements and the introduction of bills. I look forward to reviewing their specific ideas and working together to address the health care needs of Americans.

Q. Will you support any initiative labeled health reform?

I have said that I will evaluate any health reform proposal in the context of whether it takes constructive steps forward toward my ultimate goal of providing affordable health insurance to every American. Using deep and destructive Medicare cuts as the cash cow for tax cuts is NOT health reform. I will not support new Medicare cuts outside the context of meaningful and needed health reform.

MEDICARE

Q. Did you draw a line in the sand on Medicare?

I will not allow Medicare to be cut to pay for tax cuts. I have consistently said that I oppose new Medicare cuts outside the context of health care reform.

Q. You oppose Medicare cuts to finance tax cuts. Are you willing to support Medicare cuts for deficit reduction -- if it is in the context of "reform?"

I have always said that an important component and outgrowth of meaningful health reform is long-term deficit reduction. Again, however, I oppose using Medicare as a cash cow for tax cuts or deficit reduction outside the context of reform.

Q. What is the harm of cutting the Medicare program outside the context of health care reform?

In order to achieve a balanced budget by 2002, some in Congress are talking about capping the growth of Federal programs at 5%. A 5% cap would require the Congress to come up with over \$300 billion in Medicare cuts and over \$190 billion in

Medicaid cuts over the 7 year budget window. Cuts of this magnitude would simply mean that public programs would cost-shift onto the private sector -- particularly to small businesses that have been burdened by the highest insurance premiums for years.

Q. What is your response to Newt Gingrich's and Bob Dole's comments about Medicare and their suggestion that the program needs to be restructured? What is the Administration's position on managed care?

We have always welcomed ideas that strengthen the Medicare program and provide more choices to beneficiaries. In fact, under our watch, the Medicare HMO (managed care) program has significantly expanded. We think we can build on this success and, working with the Congress, further improve this part of Medicare with additional reforms.

We therefore look forward to reviewing specific proposals. We sincerely hope, however, that terms like "restructuring" and "managed care" are not simply code words for deep and destructive Medicare cuts.

THE WHITE HOUSE

WASHINGTON

December 27, 1994

Dear Newt:

While we could not achieve broad-based agreement on a health reform initiative last year, there can be little disagreement that we still face the enormous problems of increasing health care costs and decreasing coverage. We need to confront these problems on a bipartisan basis and address the insecurities that too many Americans have about their health care. I am writing to reiterate my strong desire to work with you in this regard.

I remain firmly committed to providing insurance coverage for every American and containing health care costs for families, businesses, and Federal, State, and local governments. In the upcoming session of Congress, we can and should work together to take the first steps toward achieving these goals. We can pass legislation that includes measures to address the unfairness in the insurance market, make coverage more affordable for working families and children, assure quality and efficiency in the Medicare and Medicaid programs, and reduce the long-term Federal deficit.

We look forward to talking with you in the upcoming weeks about a bipartisan effort to deliver health care reform to the American public. Hillary and I send our best wishes for a safe and happy holiday season.

Sincerely,



The Honorable Newt Gingrich
House of Representatives
Washington, D.C. 20515

POSSIBLE HEALTH CARE Q's & A's FOR POTUS AT DEM CAUCUS

- Q. How could you leave the health care entitlements so untouched when you submitted the budget? Doesn't that leave us vulnerable to the charge we are not serious about reducing the deficit?**

I do not believe we are vulnerable at all. I have always said that we cannot get a hold of the Federal deficit without reforming the nation's health care system.

However, arbitrary and deep cuts of the Medicare and Medicaid programs do not meet anyone's definition of health reform. It is more like health "deform," which will only cost shift hundreds of billions of dollars onto the private sector -- hitting small businesses particularly hard.

It is time for the Republicans to stop looking at Medicare and Medicaid solely as cash cows for tax cuts and deep deficit reduction. I have urged -- and will continue to urge -- the Congress to work together, on a bipartisan basis, to produce a meaningful health reform package. In the context of reform, we can make these programs more efficient and responsive to the beneficiaries they serve and the taxpayers who pay for them.

- Q. If deficit reduction produced by Medicare and Medicaid savings can only happen in the context of health reform, why didn't you place a health reform initiative in your budget to achieve that end?**

Last year the Administration sent detailed health care legislation to Congress and Congress spent a year working on it, but did not produce legislation.

The challenge this year is not for the President to produce a health reform plan or for Congress to produce a variety of alternatives, but rather, for us to work together to produce real results -- at least the first step towards health care reform.

I do not support cutting Medicare and Medicaid outside of the context of health care reform. At the same time, the rising cost of health care, if we don't act together to achieve health care reform, will continue to drive the deficit upwards. This is precisely the reason why we must work together to reach a consensus on health care reform that can be enacted.

Talkies P. F. Rep

KEY POINTS ON THE PRESIDENT'S BUDGET

February 8, 1995

The President has the best proven record on deficit reduction. The President is now proposing to add to the largest deficit reduction plan in history. His 1993 budget cut the deficit by \$505 billion, and with the new growth in the economy that resulted, will lead to \$616 billion in deficit reduction. He's now adding \$81 billion in deficit reduction on top of the \$616 billion. And he is cutting the Federal workforce by 272,900 employees, to its lowest level since the Kennedy Administration.

Without President Clinton's economic plan, the deficit would have reached \$475 billion by the year 2000. The Reagan and Bush Administrations sent the deficit skyrocketing--quadrupling the debt and deficit in 12 years. President Clinton's leadership has brought the deficit down for three straight years for the first time since Harry Truman was President. In FY 1994, the deficit was over \$100 billion lower than projected before the President's plan. It was the largest two-year drop in history.

President Clinton is honoring his commitment to cut the deficit in half. What matters most for working Americans is the deficit as a percentage of the whole economy. Even though the deficit became worse after the election, the President is still on track to cut it in half. By the end of the President's five-year plan, the deficit will be half what it was projected to be as a percent of GDP--going from 4.9 percent to 2.4 percent. That's the lowest level since 1979--before the Reagan and Bush Administrations.

Under President Clinton, the budget would be balanced--in fact, in surplus--if not for the interest from the Reagan-Bush debt. Without interest payments on the deficits created during the Reagan and Bush Administrations, the Clinton Administration would actually be running a surplus, with enough left over to pay for tax cuts. Except for that interest, we are now spending less than we are taking in.

The Republicans talk tough, but they don't make the tough decisions to cut the deficit. Throughout the 1980s, the Republicans talked about balanced budgets while running up the largest deficits in history. In 1993, they voted against \$505 billion in deficit reduction. In 1994, they campaigned against the President's tough choices. And in 1995, they still haven't proposed the hard, specific cuts to bring the deficit down.

The Republicans haven't even proposed spending cuts to pay for the tax breaks in the "Contract." The Joint Committee on Taxation estimates that these cuts cost \$700 billion over ten years. The capital gains tax cut alone costs \$170 billion over ten years--and 70% goes to taxpayers earning over \$100,000.

President Clinton remains committed to entitlement reform--in the context of health care reform. President Clinton proved his commitment to keeping entitlement costs under control in 1993, when he cut nearly \$100 billion from entitlement spending. The rate of growth in Medicare and Medicaid costs has now decreased. As he said throughout 1994, the only way to achieve lasting cuts in the cost of entitlements is to reform the health care system, and the President looks forward to working with Republicans to achieve health care reform. Simply slashing Medicare--as many Republicans propose--will cause cost-shifting to the private sector, with higher costs for small businesses and higher premiums for middle-class families.

FYI - DPC STAFF

THE WHITE HOUSE
WASHINGTON

FEB - 8 1995

February 8, 1995

MEMORANDUM FOR SENIOR STAFF

FROM: Gene Sperling
SUBJECT: Middle Class Bill of Rights Talking Points

We have been working in a coordinated effort with members of the Domestic Policy Council, Treasury, Labor and OMB on the following:

- a.) Summary One-Pager on MBR.
- b.) One-Pager on Education Deduction.
- c.) One-Pager on IRA.
- d.) One-Pager on \$500 Child Tax Credit.
- e.) One-Pager on C.I. Bill of Rights for Workers.

We also have background papers and Qs&As.

THE MIDDLE CLASS BILL OF RIGHTS

THE PRESIDENT'S COMPREHENSIVE PLAN TO RAISE MIDDLE CLASS STANDARDS OF LIVING

A Successful Economic Plan: The President's economic plan is already cutting the deficit by \$600 billion -- nearly \$10,000 per family. It's also increasing investment in technology, education, and training--with new college loan, national service, school reform, and School-to-Work efforts. The President fought for NAFTA and GATT, bringing two of the best years for opening markets in history. Over 15 million working families received a tax break through his EITC, and 90 percent of small businesses are now eligible for tax relief.

The Economy Has Responded with the Best Combination of Growth, Job Creation and Low Inflation in 30 Years: The President's economic plan helped solidify the recovery, create nearly 6 million jobs, and hold inflation down.

Still, the 15-Year Pattern of Stagnant Wages Continues for Too Many Middle-Class Families: Only the top 20 percent of households have seen their incomes rise since 1978.

THE NEXT STEP: THE MIDDLE CLASS BILL OF RIGHTS

To ensure that all Americans share in the recovery and to help families invest in the future, the President is calling for a **Middle Class Bill of Rights**. It's based on three principles:

- 1. Targeted to the Middle Class:** Unlike the Republican plan, which mostly benefits families earning over \$100,000, the President targets benefits to middle-class families.
- 2. Rewards Investment in the Future:** The President's plan rewards families who invest in the future -- especially education and skills for themselves and their children.
- 3. Paid For By Specific Spending Cuts:** The President's plan pays for tax cuts with specific spending cuts--adding to the \$616 billion in deficit reduction following his 1993 plan with another \$81 billion now.

THE MIDDLE CLASS BILL OF RIGHTS

- 1. Tax Credit to Help Working Families Raise Their Children:** Families earning up to \$60,000 will receive a \$500 tax credit for each child under 13.
- 2. Education and Job Training Tax Deduction to Help Americans Get the Skills They Need:** Tuition will be fully deductible up to \$10,000 for families earning up to \$100,000.
- 3. Expanded IRA to Help Working Americans Save for the Future:** Families earning up to \$100,000 will be able to save up to \$2,000 a year tax-free per earner--and use the money for education, a first home, or medical expenses, in addition to retirement.
- 4. A New G.I. Bill to Empower American Workers:** The President will collapse 70 federal education and training programs and offer low-skill or laid-off workers a Skill Grant of up to \$2,620 per year to choose the training that works for them.

EDUCATION AND JOB TRAINING TAX DEDUCTION

HELP MIDDLE-CLASS AMERICANS GET THE SKILLS THEY NEED

The President proposes making tuition for college, community college, technical school, graduate school and job-training fully deductible up to \$10,000. The deduction will be fully available to families earning up to \$100,000, and phased out at \$120,000.

BROADEN OUR MIDDLE CLASS AND NARROW THE GAPS BETWEEN US

Each year of college or job training beyond high school increases average future earnings by 6 to 12 percent. And while workers with the right skills have seen their incomes rise over the last 15 years, paychecks for everyone else have declined.

STOP RISING TUITION FROM CRUSHING MIDDLE-CLASS FAMILIES

Wealthy students can afford higher education and lower-income students receive financial aid. The middle-class gets squeezed as college costs rise. Between 1981 and 1991, average college tuition rose more than 130 percent--compared to about 50 percent inflation over that period.

OFFER AN INCENTIVE FOR EDUCATION SIMILAR TO BUSINESS INVESTMENT

The tax code already encourages business investments. It's time to create the same incentive for families to make the best investment they can make: education.

MILLIONS OF WORKING FAMILIES WOULD GET TAX RELIEF

Twelve million students would benefit from the deduction, over 80 percent of them with incomes less than \$75,000.

FAMILIES DON'T NEED TO ITEMIZE TO GET THE DEDUCTION

The deduction will be "above the line"--allowed in determining adjusted gross income--so middle-class families that don't itemize will still get the tax break.

TAX BREAKS WON'T TRIGGER TUITION INCREASES

Little evidence links higher federal aid with higher tuitions: in the 1980s, education aid virtually froze while tuitions jumped; in the last two years, President Clinton expanded student aid and tuition increases slowed. With 7,500 schools competing for students today, schools that try to cash in by raising tuition will lose students--and money.

PART OF THE PRESIDENT'S COMMITMENT TO EXPAND CHOICE AND ACCESS

The President is already implementing Individual Education Accounts to make more affordable student loans available to every American and save taxpayers billions of dollars. Convenient "pay-as-you-can" options enable individuals to repay the investment as their earnings permit. In addition, the President is proposing to raise Pell Grants to \$2600 and extend Skill Grants to laid-off and low-wage workers who usually can't take full advantage of the education and training tax deduction.

HELPING MIDDLE-CLASS FAMILIES: AN EXAMPLE

For a family with a \$50,000 income spending \$10,000 to send a child to college and improve skills for a spouse, the tax deduction would be worth \$1,500--a 31% tax cut.

EXPANDED IRA

HELP WORKING AMERICANS SAVE FOR THEIR FUTURE

The President's proposal would enable more middle-class families to save in two ways:

- First, he would double the income thresholds for tax deductible IRAs: eligibility would now be phased out for couples with incomes between \$80,000 and \$100,000.
- Second, President Clinton would allow Americans to withdraw money from IRAs without penalty to pay for education and training, a first home, or medical expenses.

EXPANDING IRAs WILL INCREASE PRIVATE SAVINGS

Private savings are key to creating good jobs and raising incomes in the long-run. Yet our private savings rate has declined from 8.1 percent of GDP in the 1970s to 5.1 percent in the 1990s. Several empirical studies have shown that expanded IRAs can increase private savings--and the President's proposal will do so in three ways:

- Dramatically increase the number of families eligible for tax-free IRAs, enabling middle-income families now putting away less than they'd like to save more, tax-free.
- Giving families more incentives to save by allowing them to use savings for purposes other than retirement, like paying for education or buying a home.
- Increasing awareness of IRAs, because as more people are eligible for IRAs, banks will promote them more, and more people will decide to save.

ANOTHER WAY TO HELP AMERICANS PAY FOR COLLEGE OR JOB TRAINING

Middle-class Americans will be able to use IRAs to pay for education without penalty. Together with the education tax break and the G.I. Bill for Workers, it's another way that President Clinton is helping Americans to invest in their future.

HELP A FAMILY BUY A HOME

Families will now be able to save tax-free in an IRA and then use the money without penalty to buy a first home--or help a child buy one.

MORE CHOICES FOR MIDDLE-CLASS FAMILIES

The President's plan allows families to take the tax breaks from IRAs either when they deposit money or when they withdraw it. In contrast, the Republican plan requires the deductions at the time of withdrawal. And President Clinton allows withdrawals without penalty for more reasons--such as care of an elderly parent or unemployment.

TAX RELIEF TARGETED AT THE MIDDLE CLASS, NOT THE WEALTHIEST

President Clinton's proposal is targeted at those who have seen their incomes stagnate over the last 15 years--middle-class families with incomes under \$100,000. The Republicans' "Contract with America" offers them fewer options but offers a costly tax break to people earning as much as \$250,000--people who are already saving.

HELPING MIDDLE-CLASS FAMILIES: AN EXAMPLE

A two-earner couple has a \$55,000 income and is expecting a child. If they want to begin saving for the child's education, each working parent can put \$2,000 in the IRA --and save \$1,120 in taxes, a 15% cut.

\$500 CHILD TAX CREDIT

GIVE TAX RELIEF TO MIDDLE-CLASS FAMILIES

President Clinton wants to give a \$500 tax credit to families for each child under age 13. The credit will be fully available to families earning up to \$60,000 and phased out at \$75,000.

HELP RESTORE THE AMERICAN DREAM

Middle class families who work hard and play by the rules aren't getting ahead; they're getting squeezed. The median family earned less in 1992 than in 1978.

THE COSTS OF RAISING CHILDREN CONTINUE TO RISE

For middle-class families, the costs of health care and education are rising faster than inflation. In 1990, the average middle-income family with children in daycare or afterschool care spent \$3,000 on day care alone.

RESTORE FAMILIES' ERODED PERSONAL EXEMPTION

In 1950, the personal exemption was worth \$3,800 in 1995 dollars. Today, it's just \$2,500--a 34 percent decline. President Clinton wants to restore the value of the personal exemption for the people who need it most--families with young children.

FOCUS RELIEF ON THE MIDDLE CLASS, NOT THE WEALTHY

President Clinton gives tax relief to families with incomes below \$75,000--the middle class that's been hurt the last 15 years. In contrast, the Republican Contract with America offers a child tax credit to families with incomes up to \$250,000--including some of the wealthiest 1 percent of Americans.

TARGET RELIEF WHERE WORKING FAMILIES NEED IT MOST

The tax credit goes to the families with the greatest needs, those with children under 13 who may require child care or afterschool care. For families with older children, President Clinton has proposed a tax deduction for education expenses up to \$10,000. And for families earning less than \$27,000, he has already expanded the Earned Income Tax Credit--offering an average tax cut of \$1,000 to 15 million families.

HELPING MIDDLE-CLASS FAMILIES: AN EXAMPLE

A family of four with two working parents, two children under 12, and a combined income of \$50,000 would receive a tax credit worth \$1,000-- a tax cut of about 20 percent.

A NEW G.I. BILL FOR AMERICA'S WORKERS

FROM FEEDING BUREAUCRACIES TO EMPOWERING INDIVIDUALS

- Collapse some 70 Federal programs for education and job training
- Put the power to learn in workers' hands-- offering low-income and unemployed workers Skill Grants for education and training up to \$2,620 per year, and Individual Education Accounts to get low-cost loans and repay them on a flexible schedule.

EMPOWERING WORKERS DIRECTLY

Instead of just shifting money from a federal bureaucracy to a state bureauormcy, the President consolidates programs and empowers workers directly with Skill Grants--so they can choose the quality training and education they want, where and when they want it.

LEANER GOVERNMENT

The current maze of job training programs wastes money and doesn't get the job done. The President will replace some 70 separate programs with one integrated system.

STATE FLEXIBILITY

The President's proposal enables states to work with communities, schools, and the private sector to tailor information systems, job search assistance, and on-the-job training to meet local goals. Most federal rules dictating procedures will be wiped out.

GOOD INFORMATION TO GUIDE GOOD CHOICES

The proposal encourages States and the private sector to develop a system of One-Stop Career Centers or other information networks where workers get access to real job search help and reliable information on jobs and the records of training institutions.

ACCOUNTABILITY

For the first time, training programs will have to pass the same test as the private sector: meet your customers' needs or lose business. Choice, competition, and good information will empower individuals to pick providers who deliver. And performance standards for training providers will cut off the frauds and the incompetents.

PRIVATE SECTOR PARTNERSHIP

The President's proposal isn't about government. It's about jobs, so the private sector has a central role. Business and labor will be full partners in designing new systems so that workers and education providers know what skills employers will pay for. New awards will recognize excellence in creating workplaces that reward worker skills.

PATHS FROM SCHOOL TO WORK FOR YOUNG PEOPLE

This initiative will fold federal training programs for young people into the school-to-work movement underway at the state and local level. Young people can look forward to clearer paths to new skills and better jobs.

HELPING WORKING AMERICANS: AN EXAMPLE

When a worker is laid off, he becomes eligible for a Skill Grant. He can go to a One-Stop Career Center to learn about the community college and job training programs nearby and study their success records in detail. Then he can choose the program with the best placement record in a field that interests him, and use the Skill Grant to pay for it. The worker will learn a new trade, and at the end of the program, receive job search assistance with area employers.

The President's Health Reform Initiative: A Serious Step Toward Health Care Reform

Initiatives:

- Subsidies for Working Families Who Lose a Job
- Insurance Market Reforms
- Helping Small Businesses Afford Insurance
- Expanded Self-employed Tax Deduction (Phased-in to 50%)
- New Medicare Benefits
- Strengthening Medicare Trust Fund (Solvency to 2005)
- Home and Community Based Grants for Elderly and Disabled

Savings:

- Medicare Savings and Reforms
- Medicaid Reforms

	1996 - 2002	
	President's Plan	House Republican Plan
<i>Initiatives:</i>		
Subsidies for Working Families Who Lose a Job	\$14.3	\$0.0
Expanded Self-employed Tax Deduction (Phased-in to 50%)	1.8	0.0
New Medicare Benefits: Alzheimer's Respite & Mammography Co-payment Waived	3.4*	0.0
Home & Community-based Grants for Elderly & Disabled	9.7	0.0
TOTAL COSTS:	\$25.9	\$0.0
<i>Savings:</i>		
Medicare Part A Savings to Strengthen Trust Fund	\$-78.9	?
Medicare Part B Savings	-20.4	?
Medicare Extenders from President's Budget	-28.3	?
New Medicare Benefits	3.4	0.0
Net Medicare Savings:	-124.2	-288.4
Medicaid Savings:	-53.6	-186.5
TOTAL SAVINGS:	\$-177.8	\$-474.9
 DEFICIT IMPACT:	 \$-151.9 **	 \$-474.9

*Included in net Medicare savings

**Includes Medicare extenders

DETAILED EXPLANATION

1. Reforming the Insurance Market

Insurance reforms, based on proposals that both Republicans and Democrats supported in the last Congress, will improve the fairness and efficiency of the insurance marketplace.

- **Portability and Renewability of Coverage** -- Insurers will be barred from denying coverage to Americans with pre-existing medical conditions, and plans will have to renew coverage regardless of health status.
- **Small Group Market Reforms** -- Insurers will be required to offer coverage to small employers and their workers, regardless of health status, and companies will be limited in their ability to vary or increase premiums on the basis of claims' history.
- **Consumer Protections** -- Insurers will be required to give consumers information on benefits and limitations of their health plans, including the identity, location, and availability of participating providers; a summary of procedures used to control utilization of services; and how well the plan meets quality standards. In addition, plans would have to provide prompt notice of claims denials and establish internal grievance and appeals procedures.

2. Helping Working Families Retain Insurance After a Job Loss

Families that lose their health insurance when they lose a job will be eligible for premium subsidies for up to 6 months. The premium subsidies will be adequate to help families purchase health insurance with benefits like the Blue Cross/Blue Shield standard option plan available to Federal employees.

3. Helping Small Businesses Afford Insurance

- **Giving Small Employers Access to Group Purchasing Options:** Small employers that lack access to a group purchasing option through voluntary state pools would get that option through access to the Federal Employees Health Benefits Program (FEHBP) plans. This would increase the purchasing power of smaller businesses and make the small group insurance market more efficient. Small firms would get coverage from plans that also provide coverage to Federal employees through FEHBP, but the coverage would be separately rated in each state, leaving premiums for Federal and state employees unaffected.
- **Expanding the Self-Employed Tax Deduction:** The President's plan provides a fairer system for self-employed Americans who have health insurance. Self-employed people would deduct 50 percent of the cost of their health insurance premiums, rather than 25 percent as under current law.

4. Reforming and Strengthening Medicare

- **Strengthening the Trust Fund:** The President's plan would reduce spending in Medicare's Part A by \$79 billion over 7 years to ensure the solvency of the Medicare

HI Trust Fund to 2005. The plan finds such savings by reducing provider cost growth, not raising beneficiary costs.

- **Eliminating the CoPayment for Mammograms:** Although coverage by Medicare began in 1991, only 14 percent of eligible beneficiaries without supplemental insurance tap this potentially lifesaving benefit. One factor is the required 20 percent copayment. To remove financial barriers to women seeking preventive mammograms, the President's plan waives the Medicare copayment.

- **Expanding Managed Care Choices:** The President's plan expands the managed care options available to beneficiaries to include preferred provider organizations ("PPOs") and point-of-service ("POS") plans. The plan also implements initiatives to improve Medicare reimbursement of managed care plans, including a competitive bidding demonstration proposal. Also included in his plan are important initiatives to streamline regulation.

- **Combatting Fraud and Abuse:** "Operation Restore Trust" is a five-state demonstration project that targets fraud and abuse in home health care, nursing home, and durable medical equipment industries. The President's budget increases funding for these critical fraud and abuse activities.

5. Long-Term Care

- **Expanding Home and Community-Based Care:** The President's plan provides grants to states for home-and community-based services for disabled elderly Americans. Each state, will receive funds for home-and community-based care based on the number of severely disabled people in the state, the size of its low-income population, and the cost of services in the state.

- **Providing for a New Alzheimer's Respite Benefit within Medicare:** The President's plan helps Medicare beneficiaries who suffer from Alzheimer's disease by providing respite services for their families for one week each year.

6. Reforming Medicaid

The President maintains Medicaid, expanding state flexibility, cutting costs, and assuring Medicaid's ability to provide coverage to the vulnerable populations it now serves.

- **Eliminating Unnecessary Federal Strings on States:** To let states manage their Medicaid programs more efficiently, the President's plan substantially reduces Federal requirements.

- States will be allowed to pursue managed care strategies and other service delivery innovations without seeking Federal waivers; and

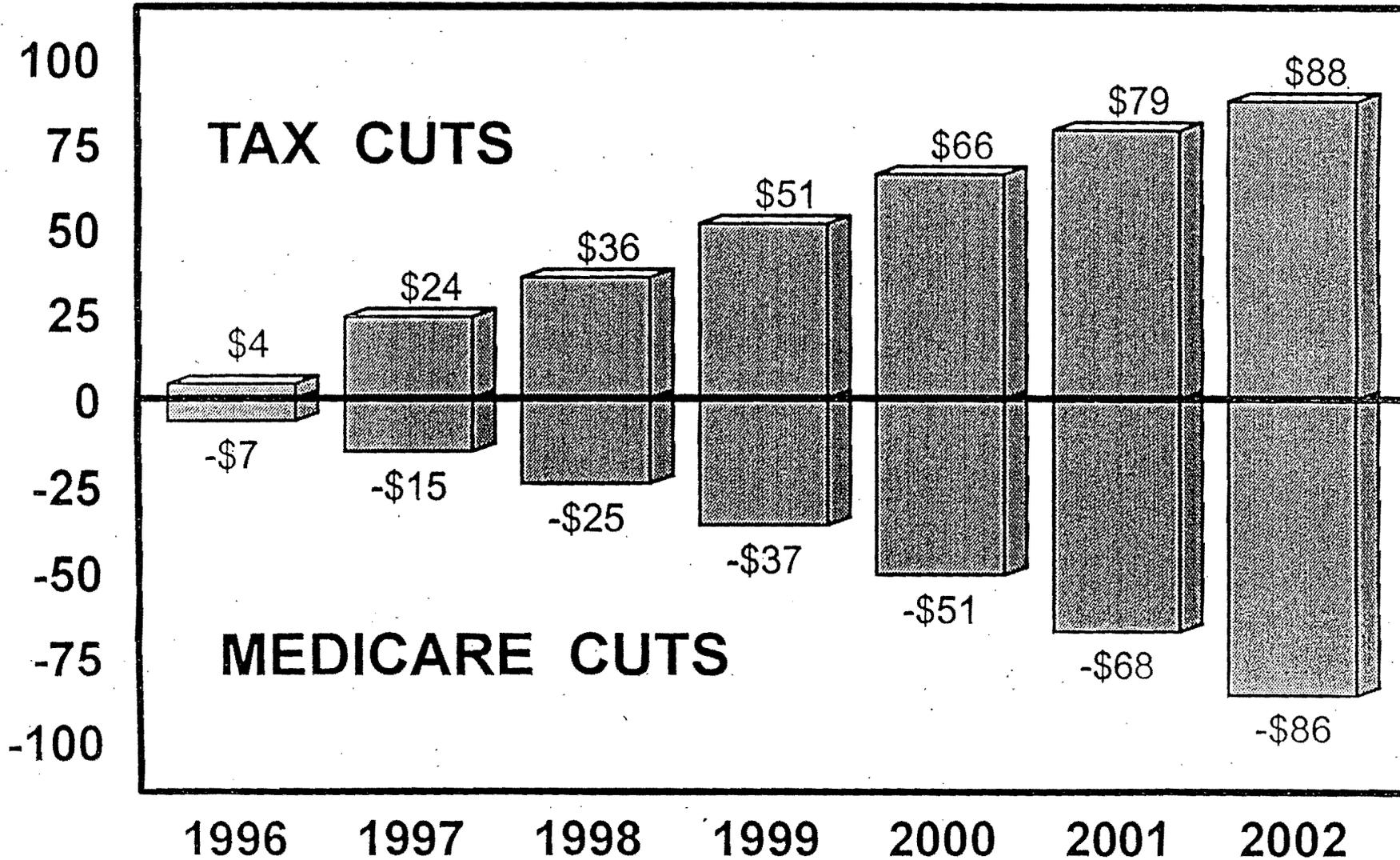
- The "Boren Amendment" and other Federal requirements that set minimum payments to health care providers will be repealed.

- **Reducing Medicaid Costs:** The President proposes a combination of policies to reduce the growth of federal Medicaid spending, including expanding managed care,

reducing and better targeting Federal payments to states for hospitals that serve a high proportion of low-income people, and limiting the growth in federal Medicaid payments to states for each beneficiary. Per-person limits, as opposed to a block grant on total spending, promote efficiency while protecting coverage.

REPUBLICAN TAX CUTS REQUIRE DEEP MEDICARE CUTS

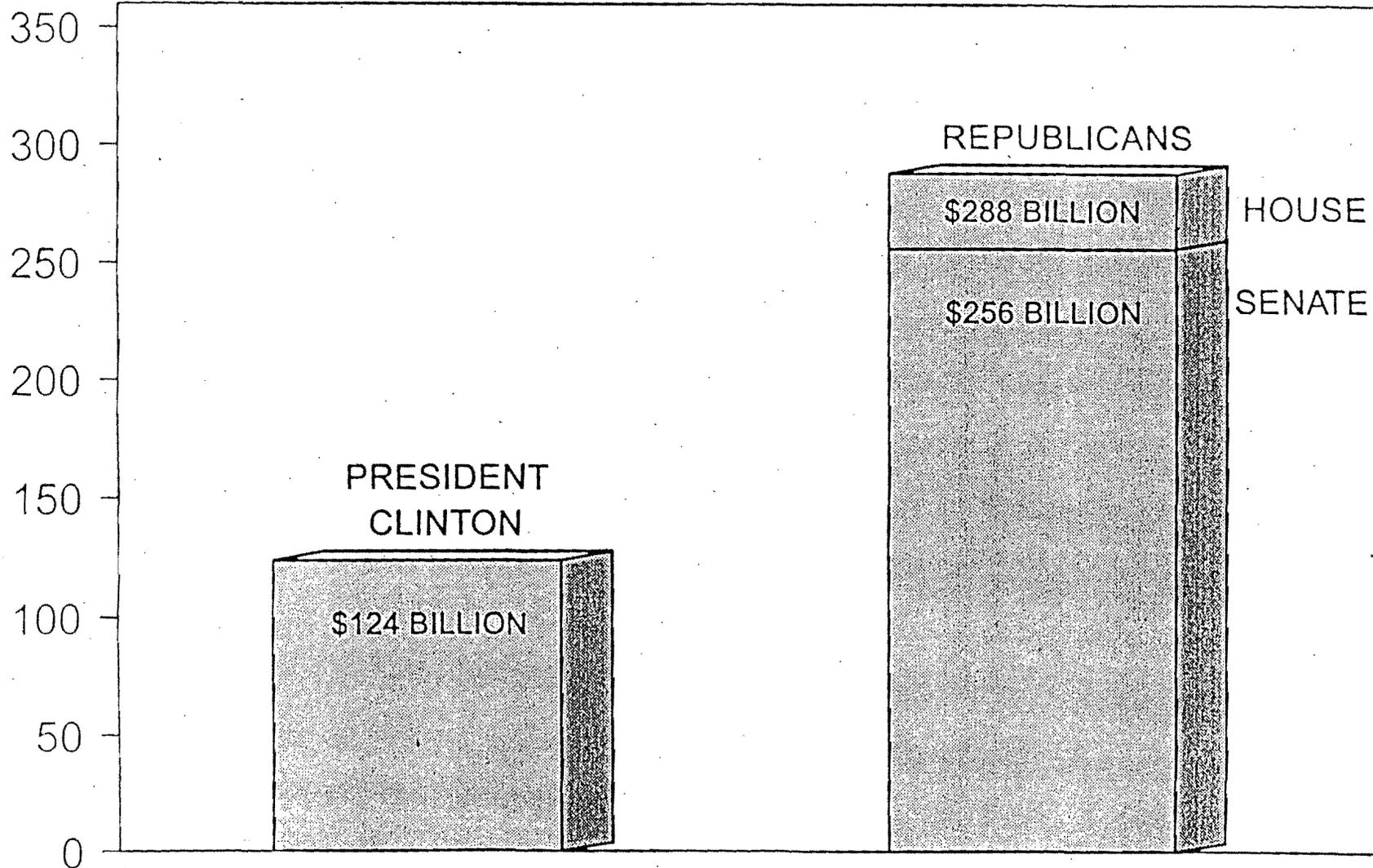
DOLLARS IN BILLIONS



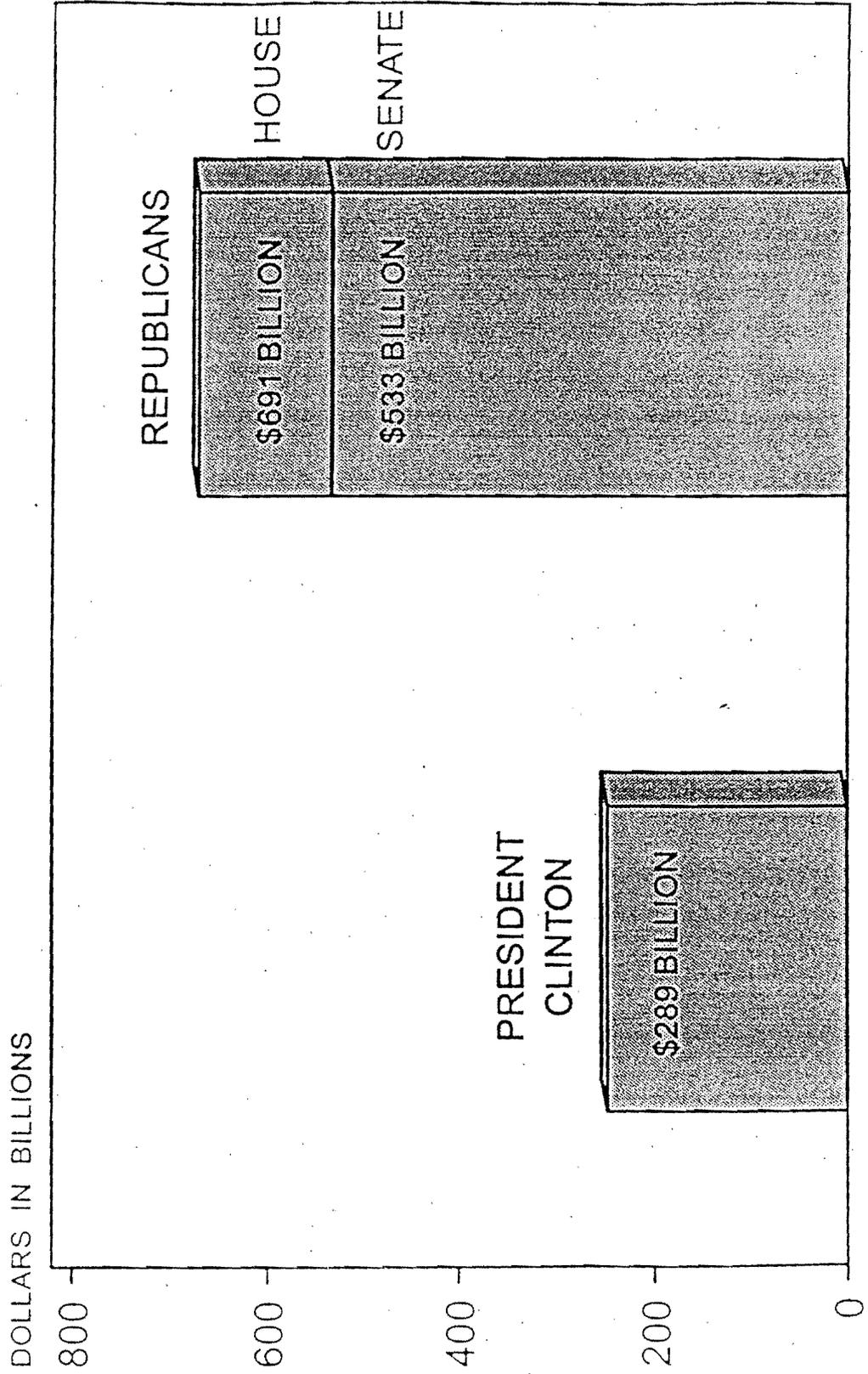
NOTE: House Budget Resolution numbers.

MEDICARE SAVINGS SEVEN YEARS

DOLLARS IN BILLIONS

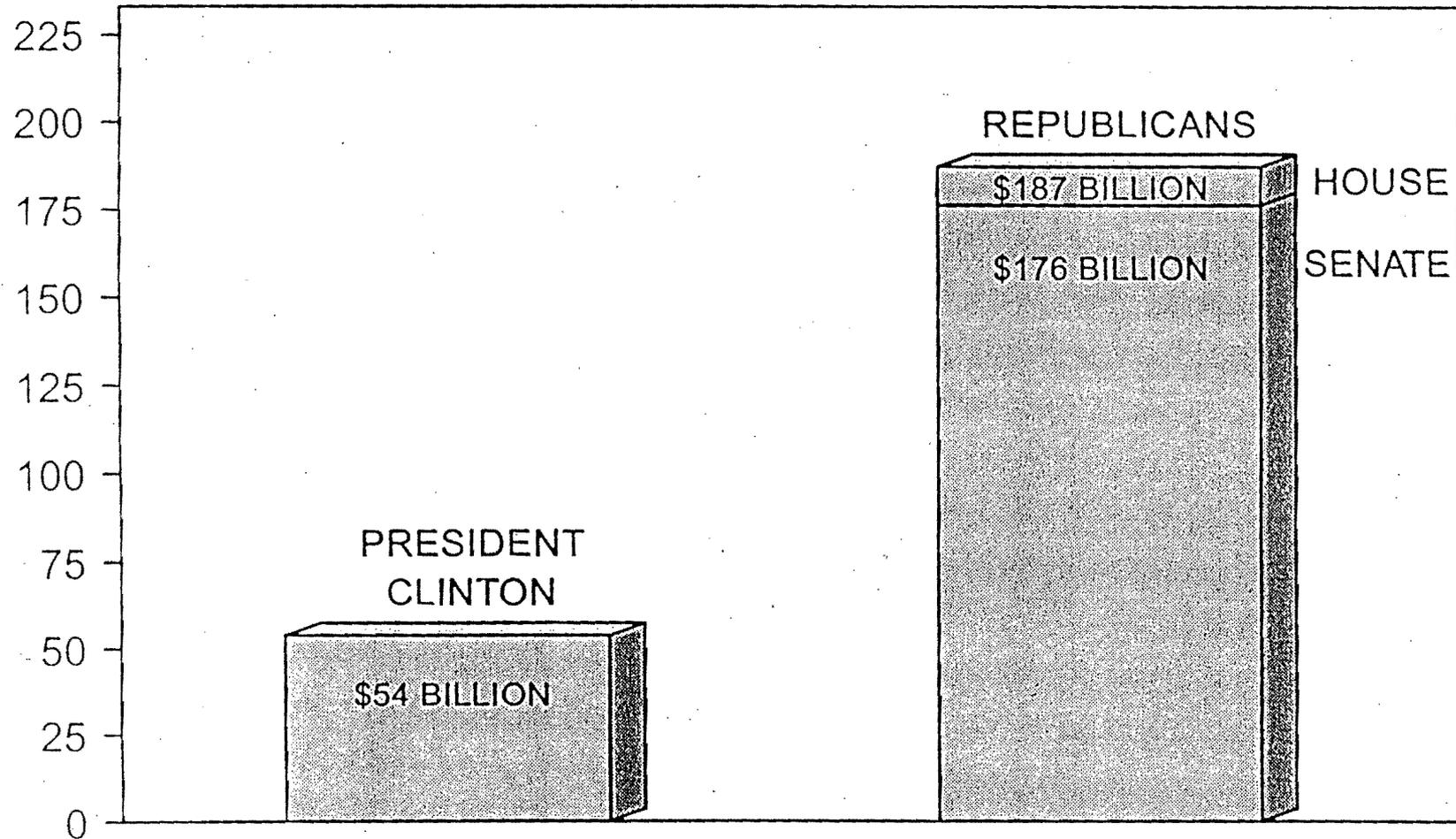


MEDICARE SAVINGS TEN YEARS



MEDICAID SAVINGS SEVEN YEARS

DOLLARS IN BILLIONS



Talking Points on Health Care Reform and Medicaid

- I am pleased that we can continue to work together on health care reform. While we had honest differences of opinion on some issues last year, and while I know that mistakes were made, I am proud that we tried to pass meaningful health reform legislation. It was the right thing to do then, and it is still the right thing to do.
- As you know, I remain firmly committed to guaranteeing health insurance for every American and to containing health care costs for families, businesses, and Federal, state and local governments. I reiterated this commitment in a letter that I sent in December to the Congressional Leadership.
- I also noted in my letter that, this year, Republicans and Democrats can and should work together to take the first steps toward these goals. We can reform the insurance market. We can ensure quality and efficiency in the Medicare and Medicaid programs. And surely we can make coverage affordable for families and children.
- As I looked at your health policy statement, I was happy to see many areas where we can agree.
 - We can do away with the need for waivers for states that want to implement Medicaid managed care. We also can agree to remove restrictions on Medicaid managed care (such as the requirement that no more than 75% of a managed care plan's enrollees be Medicaid beneficiaries) as long as access and quality are guaranteed.
 - We can do away with the need for waivers for states that want to implement home and community-based care programs.
 - I recognize your concerns on the Boren amendment and can agree with many of your proposals in this area as well. We can agree with your proposal for safe harbors for hospitals. (NOTE: THERE ARE POLICY AND POLITICAL CONCERNS WITH SAFE HARBORS FOR NURSING HOMES, SO WE ARE AGREEING WITH ONLY PART OF THEIR PROPOSAL). I also agree that Boren should not apply to managed care arrangements.

MEDICAID AS A CAPPED ENTITLEMENT

[NOTE: The Governors have proposed that states be given the option to operate Medicaid either as an individual entitlement or a capped entitlement to the state. Because of concerns about this proposal, it may be best not to initiate discussion of this issue. If it is raised by the Governors, the following are suggested talking points:]

- We are looking closely at your proposal to provide states with the option to change their Medicaid programs into capped entitlements to states. While I want to discuss this more with you, I have some serious concerns.
 - Primarily, I am concerned that capping Federal Medicaid payments to states in today's budget climate will result in significant loss of coverage under the program. Over the past few years, coverage in Medicaid has been going up, while employer-based coverage has been shrinking. Without a viable Medicaid program as a safety net, our coverage situation would be even worse than it is today.
 - I also am concerned that the reductions in Federal spending that will come from capping Federal payments could cause a number of problems for states:
 - States would have a harder time coping with recessions if their Medicaid payments were capped.
 - States also would have a harder time coping with aging of the Medicaid population. If Federal payments were capped based on current enrollment and growth, the states will be left holding the bag for these growing long-term care needs.
 - States also will be unable to use Medicaid to expand coverage in the future. For example, virtually every state has opted to cover one or more of the optional coverage categories under Medicaid. A big reason is that the Federal government pays between 50% and 78% of the cost. If Federal payments are capped, states will have to pick up 100% of the costs and probably won't be as able to increase coverage.
- I believe these concerns need to be addressed adequately by Republicans and Democrats and by states and the Federal Government before we take any action. I think this is particularly the case in light of my desire and intention to be even more responsive to states' legitimate needs to have additional flexibility in the operation of their Medicaid programs.

ERISA

[NOTE: Our intelligence from the NGA to date indicates that it is doubtful that ERISA will be raised by the Governors during their visit. Because of the political sensitivity of this issue with big business and many within the labor community, it therefore seems wise to avoid initiating a conversation on this subject. If the issue is raised, however, we suggest the following talking points:]

- I am well aware of the challenges ERISA poses to states desiring to move forward on health reform and am sympathetic to the concerns and recommendations layed out in your policy paper.
- Given the fact that the big business community has made opposition to ERISA changes their number one priority, it seems unlikely that Congress will take on the ERISA issue in any significant way. Even if it does, there is at least as good a chance that any interventions they are likely to pass may undermine current state insurance reform efforts. (For example, the changes might well make it easier for small businesses with healthy employees to self-insure and make the resulting pool even more expensive to insure.)
- Regardless of the debate, I remain sympathetic to your position and look forward to working with you to develop workable and potentially "passable" approaches to the ERISA issue.

ISSUE TRACKING / PLANNING

As of November 24, 1996

ISSUE AREA: ELEMENTARY & SECONDARY EDUCATION

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
<p>Education Technology -- Technology Literacy Challenge</p> <p>(Computer in every classroom; every classroom and library hooked up to Internet by 2000; every 12 year old log on to Internet; better educational software; train teachers)</p>	<ul style="list-style-type: none"> ● Supervision: Reed /Sperling NEC/DPC Working Group. Weekly meetings. ● First year of funding -- \$200 million appropriations -- won in FY97 budget agreement for first year of \$2 billion Technology Literacy Challenge. ● \$57 million appropriated for local technology challenge grants. ● Net Days held in 30 states. Half of California schools now connected. ● Application out to states and localities. [Done, 11/19] 	<ul style="list-style-type: none"> ● Ensure that Technology Literacy Challenge gets funding for 2nd year and e stay on \$2 billion path in budget negotiations. ● Proposal for Inaugural-event(s). ● Develop plan for Future Net Days. ● Develop plan for CEO involvement, particularly on teacher component. 	<p>DUE: Must be done in budget process by 12/20.</p> <p>DUE: Group submit options submitted to Gene and Bruce by 11/26</p> <p>DUE: Group submit written proposals to Gene / Bruce by date TBD.</p> <p>DUE: Group submit written proposals to Gene / Bruce by date TBD</p>
<p>America Reads</p> <p>(Every 3rd grader read independently -- send 30,000 reading specialists and AmeriCorps to mobilize 1 million volunteer tutors; expand Head Start to reach 1 million children by 2002)</p>	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling lead NEC/DPC Working Group. Weekly meetings. 	<ul style="list-style-type: none"> ● Develop legislative proposal. ● Maintain Head Start commitment in FY98 budget. ● Make sure we get our funding requests for America Reads and National Service in FY98 budget. ● Proposals for Inaugural events 	<p>DUE: Options memo presented to Gene for discussion and distribution to principals 11/28. Legislation ready 1/7/97 for Hill.</p> <p>DUE: Must be done in budget process by 12/20.</p> <p>DUE: Must be done in budget process by 12/20.</p> <p>DUE: Memos to Gene by 11/25</p>
<p>[Related proposal]</p> <p>(Require 100,000 work study students to function as reading tutors)</p>	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling lead NEC/DPC Working Group. Weekly meetings. 	<ul style="list-style-type: none"> ● Decide on waiving match. ● Develop steering group of college Presidents. ● Letter from POTUS to college Presidents requesting support. 	<p>DUE: Done. 11/22/96</p> <p>DUE: Options to be presented to Gene / Bruce at 11/26 meeting.</p> <p>DUE: Draft to be presented to Gene / Bruce at 11/26 meeting.</p>

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
Community Schools / After School Program (Keep schools open late)	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling NEC/DPC Process. ● America Reads Challenge would provide funding for K-3 after school tutoring. ● DoEd looking at proposals to provide funds for grades 4-12 for FY98 budget. ● Department of Education has an unreleased manual on community schools ready to go out. 	<ul style="list-style-type: none"> ● DoEd design plan / options for small amount of spending on keeping schools open late in FY98 budget. ● Fight to ensure funding for K-3 funding through America Reads ● Determine best venue for release of DoEd manual. 	DUE: Must be done in budget process by Dec. 20.
Public School Choice	<ul style="list-style-type: none"> ● Supervision: Bruce Reed DPC Process. ● Department of Education submitting proposals to White House for review. 	<ul style="list-style-type: none"> ● White House review DoEd proposal. ● Consider submitting legislation. 	
Charter Schools	<ul style="list-style-type: none"> ● Supervision: Bruce Reed DPC Process. ● Legislation already passed. \$51 billion in FY97 budget. 	<ul style="list-style-type: none"> ● Push for larger funding for Charter School grants as part of FY98 budget. 	DUE: Must be done in budget process by Dec. 20.
Higher Teacher Standards (Reward those who do well. Remove those who do not measure up.)	<ul style="list-style-type: none"> ● Supervision: Bruce Reed DPC Process. ● Department of Education submitting proposals to White House for review. ● DoEd is looking at a proposal that contemplates expanding support for the National Board for Professional Teaching Standards. 	<ul style="list-style-type: none"> ● White House review DoEd proposal. ● Consider submitting legislation. ● Legislation exists for National Board. If this is the route we wish to pursue, we may need to consider additional funding. 	
Higher Student Standards (Require every student to pass a tough test before graduating from school to school)	<ul style="list-style-type: none"> ● Supervision: Bruce Reed DPC Process. ● DoEd considering proposals to require students to pass some standards before moving from school to school (elementary to middle to high to diploma). 	<ul style="list-style-type: none"> ● White House review DoEd proposal and provide guidance. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
School Construction (Unprecedented \$5 billion commitment from national government to increase school construction)	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling NEC-DPC Working Group. Weekly Meetings. ● Education completing surveys and regional consultation meetings to assess problems and possible solutions in each region and proposals for legislative actions. 	<ul style="list-style-type: none"> ● Develop legislative proposal. 	DUE: <u>Must be ready by 1/7/97.</u>
Expand School to Work to 50 states	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling NEC-DPC Process. ● Legislation already in place. 	<ul style="list-style-type: none"> ● Continue funding. 	DUE: Must be done in budget process by Dec. 20.

ISSUE AREA: HIGHER EDUCATION & TRAINING

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS / ASSIGNMENTS</p>	<p align="center">DEADLINES</p>
<p>\$1,500 HOPE Scholarship Tax Cut</p> <p>(A \$1,500-a-year tuition tax credit for first two years of college -- 2nd contingent on "B" average; make typical community college free; 2 years of college as universal as high school is today)</p>	<ul style="list-style-type: none"> ● Supervision: Bruce Reed / Gene Sperling NEC-DPC Working Group. Weekly Meetings. ● Treasury, DoEd, OMB, drafting options to present to NEC/DPC Working Group. ● In Middle Class Bill of Rights FY97. 	<ul style="list-style-type: none"> ● Develop legislation . ● Submit legislation. 	<p>DUE: Legislation must be completed and ready to go by 1/7/97</p>
<p>Expand IRAs for College Savings</p> <p>(Save money for college in a tax-free IRA. Withdraw money from IRA for college education without penalty. Should not tax middle-income Americans for money spent on college.)</p>	<ul style="list-style-type: none"> ● Supervision: Gene Sperling NEC Process. ● Submitted as part of FY97 budget proposal. 	<ul style="list-style-type: none"> ● Resubmit as part of FY98 budget. ● Develop plan to stress saving tax free for college. 	<p>DUE: Must be done in budget process by Dec. 20.</p>
<p>\$10,000 Tuition Tax Deduction</p>	<ul style="list-style-type: none"> ● Supervision: Gene Sperling NEC Process. ● Submitted as part of FY97 budget proposal. 	<ul style="list-style-type: none"> ● Resubmit as part of FY98 budget. 	<p>DUE: Must be done in budget process by Dec. 20.</p>
<p>Expand College Work Study to 1 Million Students</p>	<ul style="list-style-type: none"> ● Supervision: Gene Sperling NEC Process. ● FY97 budget agreement increased Work Study by 35% -- increasing number of slots from 713,000 to 900,000 -- putting us much farther along the path to 1 million by 2000 than anticipated. 	<ul style="list-style-type: none"> ● Need to fight for additional funding for FY98 and continue on path to 1 million. 	<p>DUE: Must be done in budget process by Dec. 20.</p>
<p>\$1,000 Honors Scholarship for top 5% of graduating students from every high school.</p>	<ul style="list-style-type: none"> ● Supervision: Gene Sperling / Bruce Reed NEC-DPC Process. ● DoEd drafting legislation. 	<ul style="list-style-type: none"> ● Push for inclusion in FY98 budget. 	<p>DUE: Must be done in budget process by Dec. 20.</p>

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / ASSIGNMENTS	DEADLINES
Create \$500 National Service Scholarships for high school students who have done significant work to help their community.	<ul style="list-style-type: none"> ● Supervision: Gene Sperling / Bruce Reed NEC-DPC Process. ● National Service developing proposal. 	<ul style="list-style-type: none"> ● Need to amend existing authorization for National Service and increase funding in order to pay for this proposal. 	DUE: Must be done in budget process by Dec. 20.
Expand National Service so more youth can serve their communities while earning money for college	<ul style="list-style-type: none"> ● Supervision: Gene Sperling / Bruce Reed NEC-DPC Process. ● National Service funded for 30,000 slots in FY97 budget agreement. 	<ul style="list-style-type: none"> ● Push for increased funding in FY98 budget -- so that we can meet America Reads challenge. ● Speeches challenging colleges to do more. ● Develop proposals/optios for High School service campaign. 	DUE: Must be done in budget process by Dec. 20.
GI Bill for Workers (New GI Bill for American workers -- a \$2,600 grant for unemployed and under-employed Americans so they get the training and skills they need to go back to work)	<ul style="list-style-type: none"> ● Working Group considering now how to best propose legislation and relation to HOPE Scholarships. 	<ul style="list-style-type: none"> ● Legislation needs to be re-drafted and submitted as part of FY98 budget. ● Continue to request the Pell Grant maximum increases promised. 	DUE: Must be done in budget process by Dec. 20.

ISSUE AREA: POLITICAL REFORM

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS / ASSIGNMENTS</p>	<p align="center">DEADLINES</p>
<p>Campaign Finance Reform</p> <p>(Enact bipartisan campaign finance reform -- McCain/Feingold Bill)</p> <p>(Ban contributions from non-U.S. citizens to federal political campaigns)</p>	<ul style="list-style-type: none"> ● Supervision: Paul Weinstein DPC Process. ● McCain-Feingold filibustered in Senate in last Congress. Not considered in House last Congress. ● DPC, Leg. Affairs Working Group has developed legislative time line for President. 	<ul style="list-style-type: none"> ● Work with McCain and Feingold on reintroduction. ● Work with House Members on introduction. ● Develop legislative language for banning contributions from non-citizens. ● POTUS to meet with reform groups. ● POTUS to meet with Democratic Congressional Leadership. 	

ISSUE AREA: BALANCE THE BUDGET BY 2002

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / ASSIGNMENTS	DEADLINES
Balance the Budget by 2002	<ul style="list-style-type: none"> ● FY97 budget scored by CBO to balance. ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While preserving Medicare (Extend the solvency of the Medicare Trust Fund) (Enact market-oriented reimbursement reforms and a major fraud and abuse prevention initiative) (Extend plan choices)	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While preserving Medicaid	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While preserving and increasing investments in Education and training	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. ● Achieved major increase (President's request) in FY97 budget agreement. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While preserving the Environment	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While investing in technology and research	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While protecting the Earned Income Tax Credit	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. ● May need to revive group to defend us against EITC cuts. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
...While Cutting Taxes \$500 per Child	<ul style="list-style-type: none"> ● Introduced in FY97 budget. FY98 Budget process and negotiations pending. POTUS proposal provides credit for children 12 and under. ● Republicans have similar proposal in their balanced budget proposal. GOP proposal provides credit for children 18 and under. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While Eliminating Capital Gains Taxes for Sales of Homes	<ul style="list-style-type: none"> ● Treasury drafting legislation. ● Similar proposal put forth by Dole during campaign but Congressional Republicans have never offered this proposal. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While expanding IRAs for saving tax-free for homebuying, education & training, and major medical expenses.	<ul style="list-style-type: none"> ● Introduced in FY97 budget. FY98 Budget process and negotiations pending. ● Similar proposal in Republican Budget Reconciliation Plan. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While cutting taxes for expanding college opportunity (as described above)	<ul style="list-style-type: none"> ● FY98 Budget process and negotiations pending. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. 	
...While providing small businesses with 10% tax credit to help cover the cost of education and training for their employees	<ul style="list-style-type: none"> ● Legislation drafted. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. ● Specific budget proposal. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
...While protecting and strengthening workers' pensions	<ul style="list-style-type: none"> ● Majority of President's initiatives included in Minimum Wage Bill passed last Congress. ● Additional protections under consideration. ● Audit Bill. 	<ul style="list-style-type: none"> ● Reflect in FY98 budget. ● Resubmit legislation. ● Consider Pension Act Round II to finish remainder of agenda. 	
Take on Medicare Long Term Challenges	<ul style="list-style-type: none"> ● POTUS stressed need for 2 step plan -- balanced budget plan to extend Trust Fund into next decade. ● President has called for bipartisan process to address long term challenges. 	<ul style="list-style-type: none"> ● NEC/DPC strategy on best options to proceed. ● Could reach an agreement on bipartisan process in 1997 as part of balanced budget negotiations. 	
Social Security Long Term Challenges	<ul style="list-style-type: none"> ● POTUS stressed need for bipartisan process like 1983. 	<ul style="list-style-type: none"> ● Must consider best process and best time. 	

ISSUE AREA: RENEW OUR CITIES & MOVE PEOPLE FROM WELFARE TO WORK

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS / <u>ASSIGNMENTS</u></p>	<p align="center">DEADLINES</p>
<p>Targeted Welfare to Work Tax Credit</p> <p>(Provide a tax credit to businesses for every person hired off welfare and kept employed.)</p>	<ul style="list-style-type: none"> ● Supervision: NEC, DPC, OMB, HHS Working Group ● Treasury drafting legislation. ● White House meeting with Democratic leadership staff. 	<ul style="list-style-type: none"> ● <u>Need to draft legislation</u> (Treasury will be lead drafter) ● Include in FY98 Budget. ● Visit businesses having success employing welfare recipients. ● POTUS meet with former welfare recipients. 	<p>DUE: Legislation must be ready to go by _____</p>
<p>Welfare to Work Job Creation Local Initiative (Fund)</p> <p>(Help communities put 1 million of the hardest-to-employ welfare recipients into jobs by the year 2000)</p> <p>(Bonus to private job placement firms for every welfare recipient they place in a job who stays in it)</p>	<ul style="list-style-type: none"> ● Supervision: NEC, DPC, OMB, HHS Working Group is meeting to develop more detailed proposal. ● Have challenged CEOs to hire welfare recipients at several VP and POTUS events. 	<ul style="list-style-type: none"> ● Develop proposal in more detail. ● Include in FY98 budget. ● Consider submitting legislation, or working with House and Senate moderates on bipartisan proposal. ● Visit model community strategies. ● Roundtable discussions with communities. ● "What Works" Welfare-to-Jobs Meeting. 	<p>DUE:</p>
<p>New Tax Incentives to Increase Investment in Distressed Areas</p> <p>(Provide a new tax credit to investors who invest in qualified community financial institutions and venture capital funds)</p>	<ul style="list-style-type: none"> ● Proposal has been developed by working group. 	<ul style="list-style-type: none"> ● Draft legislation and submit to Congress. (Treasury will be lead drafter) ● Include in FY98 budget. 	
<p>Empowerment Zones Round 2</p> <p>(20 Additional Empowerment Zones (15 urban, 5 rural or Indian nation) and 80 Enterprise Communities (50 urban, 30 rural or Indian nation))</p>	<ul style="list-style-type: none"> ● President's legislation was introduced by Congressman Rangel and Senator Mosely-Braun in last Congress. ● In FY97 budget. ● VP has taken leadership on implementation. 	<ul style="list-style-type: none"> ● WH-Legislative Affairs will need to work closely with Rangel and Mosely-Braun on reintroduction of legislation. ● Include in FY98 budget. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / ASSIGNMENTS	DEADLINES
<p>Expanded Brownfields Initiative and New Tax Incentive</p> <p>(Offer new purchasers and other businesses that redevelop brownfields a new targeted tax incentive to recover the cost of clean-up in distressed communities over a shorter period of time)</p> <p>(Increase funding for EPA's site assessment and state certification)</p>	<ul style="list-style-type: none"> ● Tax Proposal was developed last year and introduced in the last Congress. ● EPA spending component is under consideration in the internal budget review now being directed by OMB. ● In FY97 Budget. 	<ul style="list-style-type: none"> ● Resubmit tax legislation and work to include as part of reconciliation. ● EPA grant program will require some reprogramming of funds for FY97. ● Include in FY98 Budget. 	
<p>Create More Community Development Banks</p> <p>(Triple the current CDFI Fund)</p> <p>(Create a new CDFI Venture Capital Tax Credit)</p>	<ul style="list-style-type: none"> ● CDFI program expansion included in President's proposed FY97 budget. ● Treasury drafting Venture Capital tax credit legislation. 	<ul style="list-style-type: none"> ● Ensure CDFI expansion included in FY98 budget. ● Submit Venture Capital Tax Credit legislation. 	
<p>Fix the Welfare Reform Bill by restoring severe cuts in nutrition and assistance to legal immigrants.</p>	<ul style="list-style-type: none"> ● Working group is looking at budget to develop options for restoring these programs. 	<ul style="list-style-type: none"> ● Internal Administration agreement needed on how best to proceed. 	

ISSUE AREA: FIGHTING CRIME & DRUGS

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
Extend the Brady Bill (Anyone who commits an act of domestic violence against a spouse or child cannot buy a gun)	<ul style="list-style-type: none"> ● Already law. 	<ul style="list-style-type: none"> ● Publish guidelines to state and local law enforcement agencies. 	
Ban cop-killer bullets (Prohibit the manufacturing, importation, and distribution of handgun ammunition that can pierce standard bullet proof vests)	<ul style="list-style-type: none"> ● Legislation introduced in House by Rep. Schumer last Congress. 	<ul style="list-style-type: none"> ● DPC / Leg. Affairs working with Schumer and Biden on reintroduction. 	
Pass Victim's Rights Constitutional Amendment	<ul style="list-style-type: none"> ● DPC has worked with White House Council on Amendment language. Discussions still in progress. 	<ul style="list-style-type: none"> ● Review. ● Submit to Congress. 	
Pursue a national strategy to teach kids drugs are wrong, drugs can cost you your life.	<ul style="list-style-type: none"> ● ONDCP Developing National Drug Control Strategy. 	<ul style="list-style-type: none"> ● To be published in February. ● February release. ● Rollout planning. 	
Test parolees for drugs -- if using, send them back to jail.	<ul style="list-style-type: none"> ● Law. 	<ul style="list-style-type: none"> ● Guidelines to states on implementation. 	
Tougher sentences for gun-toting drug traffickers and gang members.	<ul style="list-style-type: none"> ● Introduced last Congress by Sen. Biden and Rep. Schumer. 	<ul style="list-style-type: none"> ● DPC / Leg. Affairs working with Schumer and Biden on reintroduction. 	
Use anti-racketeering laws on gangs.	<ul style="list-style-type: none"> ● Introduced last Congress by Sen. Biden and Rep. Schumer. 	<ul style="list-style-type: none"> ● DPC / Leg. Affairs working with Schumer and Biden on reintroduction. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINES
School Uniforms, Truancy, Curfews	<ul style="list-style-type: none"> ● Administration challenged communities earlier this year and provided \$10 million in grants in July. 		<ul style="list-style-type: none"> ● Survey and report on communities that have taken action based on our guidelines.
Congress should give drug war every cent President has requested to stop drugs at borders, crack down on those selling drugs and pursue a national strategy to turn kids away from drugs.	<ul style="list-style-type: none"> ● Congress fully-funded President's request for FY97. 		
Drivers License Drug Testing (Require minors to be drug free in order to	<ul style="list-style-type: none"> ● ONDCP and Transportation developing options / proposal. 	<ul style="list-style-type: none"> ● Submit to Congress as part of juvenile Anti-Gang bill. 	
Juvenile Anti-Gang Bill (1000) gang prosecutors			

ISSUE AREA: STRENGTHENING FAMILIES

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS / <u>ASSIGNMENTS</u></p>	<p align="center">DEADLINE</p>
<p>Expand Family and Medical Leave</p> <p>(Extend Law to give parents time off to take kids to doctor, care for elderly relative, and attend parent-teacher conferences at school.)</p>	<ul style="list-style-type: none"> ● Proposed general concept. ● Legislation drafted by Labor in coordination with the White House. ● Bill submitted at end of last Congress. 	<ul style="list-style-type: none"> ● Need to develop legislation. 	
<p>Family-Flex Time</p> <p>(Pass a flex-time law that allows employees the choice of taking overtime pay in money or time off)</p>	<ul style="list-style-type: none"> ● Legislation drafted by Labor in coordination with the White House. ● Bill submitted at end of last Congress but Democrats declined to introduce. ● Republicans expected to reintroduce Ballenger Comp-Time Bill early this year. 	<ul style="list-style-type: none"> ● Introduce legislation. 	
<p>Increase Pension Security</p> <p>(Encourage companies to offer pension and retirement plans and make sure pensions are not at risk; make pensions portable.)</p>	<ul style="list-style-type: none"> ● Majority of President's initiatives included in Minimum Wage Bill passed last Congress. ● Additional protections under consideration. 	<ul style="list-style-type: none"> ● Daschle planning to introduce remaining issues as part of legislation. Need to identify sponsor. ● Consider proposing Pensions Act Round II to finish remainder of President's agenda. 	
<p>Anti-Tobacco Aimed At Kids</p> <p>(Implement FDA measures to reduce advertising and sale of cigarettes to kids)</p>	<ul style="list-style-type: none"> ● Issued Public Rule earlier this year. 	<ul style="list-style-type: none"> ● Implement Rule. ● Win litigation (1st decision expected by March) ● If win litigation, will have to push for FDA budget increase to help implement. ● Next Oct. report on Synar rule could be prepared. 	

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS / <u>ASSIGNMENTS</u>	DEADLINE
<p>Health Benefits For Workers in Transition Between Jobs</p> <p>(Extend the benefits of health care to the unemployed for up to six months)</p>	<ul style="list-style-type: none"> ● Included in FY97 budget proposal. 	<ul style="list-style-type: none"> ● Working group needs to reach consensus on some outstanding policy issues. 	<ul style="list-style-type: none"> ● Decision needs to be made about whether to fund it through entire budget window.
<p>Health Package for Children</p>	<ul style="list-style-type: none"> ● In response to Daschle/Gephardt desire to develop a kids health policy, DPC, HHS, & OMB have provided technical assistance to help evaluate options. ● Because most options are very expensive, the working group is considering a series of alternative approaches: <ol style="list-style-type: none"> (1) Implement current law Medicaid expansion of 1 million kids over age 13 over the next four years. (2) Enact President's coverage for the temporarily unemployed proposal. (3) Provide for additional flexibility for states by, for example, providing Medicaid expansions for kids by allowing for higher copayments in standard benefit packages for higher income individuals; (4) Work with the states to conduct better outreach for the millions of kids who are now eligible for Medicaid, but who are not receiving it; (5) Evaluate new options for school-based clinics and other community health centers. 	<ul style="list-style-type: none"> ● Working group needs to finalize initiatives. ● Working group will have a better idea of specifics and cost estimates sometime right before Thanksgiving. ● Consider whether anything new for FY1998 Reconciliation plan. 	<ul style="list-style-type: none"> ● Work with the Hill Democrats and Republicans on a common ground approach.

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS	POSSIBLE FUTURE ACTIONS
Small Business Health Care (Make it easier for small business to buy into insurance risk pools to make it possible for them to offer coverage at reasonable cost)	<ul style="list-style-type: none"> ● Included in FY97 budget 	<ul style="list-style-type: none"> ● Include in FY98 budget. 	
Adoption	<ul style="list-style-type: none"> ● Directive being drafted on doubling the number of children adopted from the child welfare system in 2002. 	<ul style="list-style-type: none"> ● Develop proposal to achieve goal and include in FY98 budget. ● Implement new \$5000 adoption tax deduction. 	<ul style="list-style-type: none"> ● Issue Presidential directive.
Expand Medicare Benefits (New preventive benefits such as annual mamograms, flu shots, and diabetes screenings, and provide a respite benefit for families of beneficiaries with Alzheimer's disease)	<ul style="list-style-type: none"> ● Included in FY97 budget proposal. ● POTUS started stressing these initiatives in September and October, 1996. 	<ul style="list-style-type: none"> ● Include in FY98 budget package. 	
Extend Medicare Plan Choices for Beneficiaries to include HMOs with a point-of-service option, Preferred Provider Organizations and Providers Service Networks)	<ul style="list-style-type: none"> ● Included in FY97 budget proposal. ● POTUS started stressing these initiatives in September and October, 1996. 	<ul style="list-style-type: none"> ● Include in FY98 budget package. 	

Increase Medicaid Flexibility

(Eliminate waiver process for managed care and certain alternatives to institutionalization)

- Included in FY97 budget.

- Include in FY98 budget package and review savings options.

INITIATIVE (Promise)	CURRENT STATUS	REQUIRED ACTIONS	POSSIBLE FUTURE ACTIONS
Create Advisory Commission on Consumer Protection and Quality	<ul style="list-style-type: none"> ● Selecting Commission Members. ● Issued Executive Order in September 96. 	<ul style="list-style-type: none"> ● Release preliminary report by 9/97. ● Release final report after 18 months. 	<ul style="list-style-type: none"> ● Release preliminary report by 9/97. ● Release final report after 18 months.

ISSUE AREA: PROTECTING THE ENVIRONMENT

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS</p>	<p align="center">POSSIBLE FUTURE ACTIONS</p>
<p>New Environmental Cleanup Initiative: accelerate toxic waste cleanups in our communities.</p> <p>(Clean up two-thirds of the currently listed Superfund sites -- toxic waste dumps -- by the year 2000)</p>	<ul style="list-style-type: none"> ● Proposal has been developed and funding is under discussion with OMB. Trust Fund monies will run out approximately in 1999. 	<ul style="list-style-type: none"> ● Include in FY98 budget and reauthorize Superfund Tax. 	
<p>Make Polluters Pay</p> <p>(Make polluters clean up the toxic waste sites they created)</p>	<ul style="list-style-type: none"> ● Amendment to Executive Order was issued August 28, 1996. 	<ul style="list-style-type: none"> ● Development of interagency memorandum to implement Act. 	
<p>Environmental Crime Bill</p> <p>(Make it a crime to attempt to pollute)</p> <p>(Freeze the serious polluters' property until they clean up problems they create)</p> <p>(Require stronger penalties for the worst environmental crimes, such as those that cause serious injury to law enforcement officers or the public)</p>	<ul style="list-style-type: none"> ● Legislation introduced at the end of the last Congressional sessions. 	<ul style="list-style-type: none"> ● Need to resubmit legislation. 	

<p align="center">INITIATIVE</p> <p align="center">(Promise)</p>	<p align="center">CURRENT STATUS</p>	<p align="center">REQUIRED ACTIONS</p>	<p align="center">POSSIBLE FUTURE ACTIONS</p>
<p>Expand Right-to-Know Laws</p> <p>(Make it easier for families to find out about toxic chemicals in their neighborhoods;</p>	<ul style="list-style-type: none"> ● CEQ / DPC / NEC working group meeting to develop specifics of proposal. 	<ul style="list-style-type: none"> ● Either introduce legislation or take executive action utilizing existing law. 	<ul style="list-style-type: none"> ● Issue Executive Action?
<p>Create National Environmental Health Monitoring Network</p> <p>(Have an easy right-to-know system for families by 2000)</p>	<ul style="list-style-type: none"> ● Not currently funded in FY97 budget. 	<ul style="list-style-type: none"> ● Need to review how to fund. ● Need to reprogram EPA funds to provide seed funding for program and to seek additional appropriations in the outyears. 	
<p>Make Water Safe and Clean For All Americans</p> <p>(Fully restore the President's requested funds for drinking water)</p> <p>(Protect rural drinking water by fully funding programs for collecting data about pesticide runoff and assistance for rural drinking water)</p>	<ul style="list-style-type: none"> ● Partial restoration of funds in FY97 budget. ● Proposal included in FY98 budget. 	<ul style="list-style-type: none"> ● Ensure funds are included in final budget agreement. 	
<p>Great Lakes Protection</p> <p>(Expand grants and technical assistance to states)</p>	<ul style="list-style-type: none"> ● Was not included in FY97 budget agreement. 	<ul style="list-style-type: none"> ● Ensure funding is provided in final budget agreement. 	