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010. email	Barbara D Woolley to Joseph D Ratner and Christine A Stanek at 21:29:10.00. Subject: Briefing/Talking Points- Meeting with Hospital Groups on Medicare Reform (6 pages)	08/01/1999	P5
011. email	Christine A Stanek to Barbara D Woolley at 13:00:00.00. Subject: BBA Meeting (2 pages)	11/06/1999	P5

6079

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6079

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 1-AUG-1999 21:29:10.00

SUBJECT: Briefing/Talking points - Meeting with Hospital Groups on Medicare Reform

TO: Joseph D. Ratner (CN=Joseph D. Ratner/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christine A. Stanek (CN=Christine A. Stanek/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Barbara D. Woolley/WHO/EOP on 08/01/99 07:03 PM ---------------------------

Devorah R. Adler
08/01/99 06:47:35 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject:Meeting with Hospital Groups on Medicare Reform

Attached are a briefing memo and talking points for tomorrow's meeting with representatives of the American Hospital Association, the Catholic Health Association, the National Association of Public Hospitals, the New York and Presbyterian Hospitals Care Network, Partners Health Care System, and the American Association of Medical Colleges.

Please call Chris at 456 5560 with questions.

Thanks a lot.

Message Sent
To:____
Steve Ricchetti/WHO/EOP@EOP
Jacob J. Lew/OMB/EOP@EOP
Bruce N. Reed/OPD/EOP@EOP
Gene B. Sperling/OPD/EOP@EOP
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Message Copied
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Melissa G. Green/OPD/EOP@EOP
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==================== ATTACHMENT   1 ====================
ATT CREATION TIME/DATE:    0 00:00:00.00

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MEMORANDUM

COPY

TO: John Podesta

FROM: Chris Jennings

CC:
Steve Ricchetti
Jack Lew
Bruce Reed
Gene Sperling
Larry Stein
Joel Johnson
Mary Beth Cahill
Dan Mendelson
Barbara Woolley

RE: Meeting with Hospital Groups on Medicare Reform

Tomorrow, you are scheduled to meet with representatives of the American Hospital Association, the Catholic Health Association, the National Association of Public Hospitals, the New York and Presbyterian Hospitals Care Network, Partners Health Care System, and the American Association of Medical Colleges.

The purpose of this meeting is to attempt to refocus the hospitals' advocacy efforts to assure that a significant portion of the surplus is dedicated to Medicare. In this regard, we also would like to point out that the absence of success in this endeavor will undermine our ability to provide immediate provider give-backs and / or to avert future excessive cuts when the baby boom retires. We need to redirect the attention of these hospitals away from their fixation on their relatively modest concerns about the President's plan towards the structural calamity that will result if we do not dedicate significant new resources to Medicare and / or enact the Breaux-Thomas Medicare reforms.

BACKGROUND

The Catholic Health Association and the National Association of Public Hospitals represent the constituency of providers that have been consistently supportive of the Administration's health care agenda and are likely to be less aggressive in complaining about provider cuts. They will be most open to the argument that the dedication of the surplus is an extraordinary contribution by the President and will be more trusting of our commitment to work with them on short term BBA reforms. The public hospitals are particularly appreciative of the carve-out out of managed care payments that reallocate disproportionate share payments directly to hospitals.

The American Hospital Association and the American Association of Medical Colleges continue to strongly advocate for us to explicitly identify administrative and or legislative initiatives that will directly benefit them. While they acknowledge that the dedication of the surplus is helpful, they feel that their membership requires more specific initiatives for them to be more supportive – or at least less critical – of the President's Medicare reform proposal. Clearly, their first priority continues to be relief from HCFA' s preliminary interpretation of the reductions in reimbursement for outpatient departments.

There is no question that the hospitals want to use their leverage to extract as many commitments from us as possible before even contemplating sending a message of support on our Medicare proposal. Moreover, they fear alienating Republican chairmen, who they hope will produce a freestanding provider give-back bill later this fall. Since they are unsure about how much they can expect from either the Republicans or the President on this issue, they are reluctant to send an open ended message of support, regardless of the concerns we commit to addressing.

Lastly, it is important to note that the President has been extremely vocal in publicly expressing his concern about the impact of the BBA on hospitals. These comments, in addition to our $7.5 billion quality assurance fund, should be used by you as an example of his commitment to the hospital community and his already significant contribution to beginning to address their issues. We should also contrast our position against what Republicans are now saying is their position on Medicare – the Breaux-Thomas Medicare reform initiative. (Parenthetically, I should note that the career policy experts at both OMB, HCFA, GAO, and MedPAC continue to believe that there is very little evidence to suggest that the reduction in Medicare payments can reasonably linked to any financial difficulties that the hospitals are currently facing.)

Attached for your information are talking points for tomorrow's meeting and specific cites from the President's remarks that document his concerns about hospitals.

TALKING POINTS

- We all recognize that the irresponsible tax cut produced by the Republicans ~~will be vetoed.~~ However, it is important to point out that even a much smaller tax cut would seriously crowd out surplus dollars directed to Medicare.

- In fact, the $295 billion tax cut designed by Senate Finance Committee Democrats significantly reduced the Medicare commitment. In the absence of a very strong push-back from all interested parties, the amount dedicated to Medicare will almost inevitably decline. Tax cuts or discretionary priorities will almost inevitably reduce the level of this commitment.

- I raise this because we have three Medicare funding priorities that are at risk, two of which are likely to be priorities of your own. If we don't secure a significant surplus contribution to Medicare, not only will the drug benefit be at risk, but a significant contribution of revenue to BBA provider give-backs will be as well. In addition, as the surplus dedication declines, so too will those dollars dedicated for solvency, effectively increasing the likelihood that we will see Medicare cuts that meet or exceed those in the BBA as the baby boomers retire.

- We recognize that you are seeking specific commitments to administrative or legislative provider give-backs. As you have noted, the President has been very public in his recent remarks about his concern for hospitals. This, combined with the President's $7.5 billion quality assurance fund and the redirected disproportionate share payments to hospitals, lay the foundation for the type of assistance you seek. Moreover, we continue to work hard on the issue of reimbursement to outpatient departments, but still need a letter from Senator Roth and especially from Congressman Thomas to clarify Congressional intent on this matter.

- Lastly, we should not take for granted that every Republican in the Congress consistently cites the Breaux-Thomas plan as the most meaningful and appropriate reform for Medicare. It's bipartisan name provides camouflage for provisions that I believe we share a mutual concern over. In particular, as reported out of the Commission, it does not dedicate one dime of the surplus to Medicare, provides no provider relief from BBA 1997, assumes a straight extension of BBA reductions in provider reimbursement, and its premium support proposal coerces beneficiaries in managed care into low paying managed care plans that receive no full geographical adjustment in urban areas.

- We wanted to have this meeting to discuss our common interests and to make certain that we do not take positions that inadvertently harm our visions for reform. I believe that our visions are not too dissimilar from one another and want to work closely with you in the weeks and months to come.

RECENT STATEMENTS BY THE PRESIDENT ON PROVIDER REIMBURSEMENT UNDER THE BALANCED BUDGET OF 1997

JUNE 29, 1999
REMARKS BY THE PRESIDENT ON STRENGTHENING MEDICARE

"And to make sure that health care quality does not suffer, my plan includes, among other things, a quality assurance fund to be used if cost containment measures threaten to erode quality."

JULY 21, 1999
PRESIDENT CLINTON'S PRESS CONFERENCE

"In the 1997 Balanced Budget agreement (and this is the reason all these teaching hospitals are in trouble today – we agreed to a Medicare savings figure. And we said okay, here is our health information…And the CBO said no, no, no, that won't come close; you need these changes plus these changes. And we said, okay, we're following the CBO, we put it in there. And that's one of the reason the surplus is somewhat bigger than it otherwise would be – the cuts in Medicare were far more severe, our numbers were right, their numbers were wrong and that's why you've got all these hospitals all over America, every place I go, talking about how they're threatened with bankruptcy."

JULY 22, 1999
PRESIDENT CLINTON'S REMARKS ON MEDICARE IN LANSING, MICHIGAN

"And we took some very tough actions in 1993 and again in 1997 to lengthen the life of the trust fund – actions which, I might add, most hospitals with significant Medicare caseloads, and teaching hospitals which deal with a lot of poor folks, believe went too far. And we're going to have to give some money back to those hospitals in Michigan and throughout the country."

JULY 27, 1999
PRESIDENT CLINTON'S REMARKS ON WOMEN AND MEDICARE

"Then the next year we did the Balanced Budget Act and it has worked superbly. The only problem with it is that the Medicare cuts were too burdensome on certain groups, and we are trying to fix that."