The original documents are located in Box 16, folder "Health (2)" of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Digitized from Box 16 of the James M. Cannon Files at the Gerald R. Ford Presidential Library

THE WHITE HOUSE

ACTION

WASHINGTON

November 28, 1975

MEMORANDUM FOR:

JACK MARSH

PHIL BUCHEN

MAX FRIEDERSDORF ROBERT T. HARTMANN ALAN GREENSPAN

FROM:

JIM CANNON

SUBJECT:

Health Initiatives Memo to the President

We would like to have your recommendations on the attached by 6:00 p.m. so that we can finalize this memorandum and send it to the President tonight.

Thank you very much.

Attachment

THE WHITE HOUSE

WASHINGTON

November 28, 1975

MEMORANDUM FOR:

JIM CANNON

FROM:

MAX FRIEDERSDORF MM./).

SUBJECT:

Health Initiatives Memo

provides more time before committing to specifics on health insurance.

I sense a lot of steam has gone out of health insurance and I would be surprised if there is massive support on the Hill next year.

I don't want to see the President out front on this issue. Option #II keeps us in the game, but not as the coach.



THE WHITE HOUSE

WASHINGTON

November 28, 1975

MEMORANDUM FOR:

JACK MARSH

PHIL BUCHEN

MAX FRIEDERSDORF ROBERT T. HARTMANN ALAN GREENSPAN

FROM:

JIM CANNON

SUBJECT:

Health Initiatives Memo to the President

We would like to have your recommendations on the attached by 6:00 p.m. so that we can finalize this memorandum and send it to the President tonight.

Thank you very much.

Attachment





OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DECISION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON JIM LYNN

SUBJECT:

Health Initiatives

I. PURPOSE

The purpose of this memorandum is to present for your decision two alternatives for your health initiatives in the 1977 Budget. As we discussed yesterday, your decision will move you closer to or further from your previous position on national health insurance.

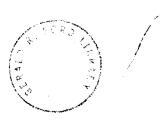
II. BACKGROUND

The House is currently holding hearings on national health insurance. In the Senate, Senators Long and Ribicoff have again recently introduced their proposal for universal catastrophic coverage and a federally funded basic benefit package for the poor population to replace Medicaid. In short, the national health insurance issue is politically inescapable during the next year.

III. OPTIONS

Description of Option I (Domestic Council)

Option I would be a clearly specified time-phased approach to national health insurance which makes progress at each stage contingent upon accomplishment of the previous stage. Stage I would save \$700 million in FY 1977 from an unconstrained estimate by imposing an 8% limit on all hospital rates.



Over a 5-year period, States would be required to regulate both physician's fees and hospital rate increases. Under separate legislation, the health services programs (\$1.4 billion in 1975), would be consolidated, with the exception of Medicaid.

Stage 2 would be implemented only after the Stage I mechanism has been legislated. In Stage 2. Medicare cost-sharing reforms would be instituted. A low cost catastrophic program for the entire population and expanded maternity and child care would be provided. The increased costs of these proposals would be met by adjustments in cost control levels and cost sharing for the new benefits and by using the \$1.7 billion "saving" produced by Medicare reform. These benefits would be funded primarily through private insurance plans, however, for those not covered by a private plan, Federal coverage would be available. Stage 3 would consist of a comprehensive health insurance program based on a private plan coverage, tailored to reflect the experiences of Stages 1 and 2, to become effective when fiscal policy permits. (Estimated increased Federal costs of \$8 billion in 1975 dollars)

Description of Option II (OMB)

Option II would:

- -- limit Medicare reimbursement increases to 7% for hospitals and 4% for physicians (savings of \$988 million in 1977);
- -- as in Option I, consolidate the health services programs (\$1.4 billion) but add Medicaid for a total \$10 billion State Health Revenue Sharing proposal. States would be required to provide basic health services to the poor before spending those funds on non-priority programs; and
- -- mandate that employers who offer health insurance also offer catastrophic health insurance protection (with specific limits to be defined).



At a later stage, other liberalizations, e.g., special coverage for early retirees and the working poor not now offered health insurance, could be required as the economic situation improves.

IV. BASIC ISSUES

The options differ substantially in terms of the Federal role in cost control and coverage.

Cost Control

Option 1 would require Federal regulation of all hospital and physician charges. States would be encouraged to assume these functions, but Federal controls would be imposed for those who do not.

Option 2 would place limits only on Medicare hospital and physician reimbursements in FY 1977.

Coverage

Option 1 would provide continuation of Medicaid. Stage 2 would mandate private plan coverage of catastrophic and maternal and well-child care. Benefits for those not covered for catastrophic and maternal and well-child care under private plans would be federally financed.

Option 2 would provide an average of \$400 per low income person for States to provide basic health services for the poor. Employers who offer health insurance plans would be required to offer catastrophic protection. Individuals would not be required to purchase insurance to pay for budgetable expenses, e.g., well-child care.

V. ARGUMENTS IN FAVOR OF AND AGAINST THE OPTIONS

Arguments in Favor of Option I

- 1. This approach clearly maintains a presidential commitment to national health insurance when economic and fiscal conditions permit.
- 2. By coupling cost control measures with expanded benefits it offers a better chance of achieving enactment of cost control.
- 3. For all the substantive reasons that CHIP was endorsed by the Administration, this approach is oriented in that direction—with emphasis on private—sector financing of the employee plan, with emphasis on significant cost—sharing, with emphasis on State administration, etc.

- 4. Its time-phasing character--and particularly its emphasis on cost-control first--renders it fiscally responsible. Further, it provides an opportunity for public policy makers to "look before they leap"--in that Stage II experience may be used to consider modifications in the approach to Stage III.
- 5. It allows the President to have a positive, fiscally responsible, program of his own—in an area of wide public concern. It would also be likely to improve the President's capacity to sustain vetoes, as necessary.
- 6. This option would preserve your flexibility to propose a "cash out" of health services financing as part of welfare reform.

Arguments Against Option I

- 1. Option I would require permanent Federal regulation and additional Federal employment to set hospital and physicians' fees for those States that fail to do so. The equity and quality considerations in these areas would be highly judgmental and controversial.
- 2. The inequities of the Medicaid program would be continued unless eventually eliminated by added Federal spending. Federal Medicaid spending for the poverty population ranges from \$84 to \$740 per capita among States.
- 3. It shifts the major cost burden away from State and local governments to the Federal budget and is directly contrary to the general Federal policy of increasing reliance on States. Increased Federal financing would reduce State incentives for health cost control.
- 4. It requires more extensive Federal reform and regulation of health insurance and financing than some of the proposals now before the Congress. The Administration has opposed 100% Federal financing of new health benefits since it would lead to federalization of the health industry.
- 5. This option would withdraw support for the \$1.7 billion Medicare cost-sharing proposal which has some merit in affecting overutilization. Reductions elsewhere would be required.

- 6. The mandating of new benefits to be financed by employers would mean, in effect, an increase in sales taxes.
- 7. This option places the "stick" of hospital reimbursement and physician fee regulation "before" the "carrot" of increased benefits.
- 8. A presidential endorsement of national health insurance in concept may, in an election year, induce Congress to enact some form of comprehensive national health insurance with a delayed effective date.

Arguments in Favor of Option II

- 1. A \$10 billion grant consolidation proposal for health benefits for the poor would constitute a dramatic proposal on your part. Moreover, the proposed average \$400 per poor person offers an equitable and easily comprehensible Federal policy for contributing to health care for the poor.
- 2. A fixed grant permits the Federal Government to review budget needs and priorities annually and determine the appropriate Federal contribution for financing health services for the poor. Moreover, it would more equitably be related to the number of poor people in the various States, rather than the current system which favors wealthier States.
- 3. A clearly limited Federal payment will encourage States to control health care costs, e.g., through health planning, licensure, prospective hospital budgeting and rate regulation, improved delivery systems.
- 4. The proposal would permit States broad flexibility to design programs to meet health needs of their population and to balance their health spending against other spending priorities.
- 5. This option provides more time before committing to any specifics of health insurance, but does not preclude any alternative form of health insurance being proposed at a later date.

- 6. This option does not add more Federal regulation of the private sector and limits Federal involvement only to those cases in which the Federal Government pays the bill.
- 7. The savings of \$1.7 billion in Medicare can contribute to meeting the 1977 budget totals.

Arguments Against Option II

- 1. Limiting Medicare reimbursement in 1977 does not get at the long term inflationary spiral of health costs. Increased costs might be shifted to the non-Medicare patients, resulting in increased costs to the middle class through direct payment to providers or through increased health insurance premiums.
- 2. States may attempt to spend the funds they receive on the non-poor or to provide a lower or different level of care for the low income. There is the possibility that the poor would only be treated in county hospitals.
- 3. Politically, Option II represents a marked departure from the Administration's earlier Comprehensive Health Insurance Plan (CHIP) proposal. It would make it more difficult to eventually integrate low income health care into a national health insurance plan, thereby making your political position on this issue more difficult in the year ahead.

V/T	- DE	CTS	TON

 Option	I
Option	II



OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DECISION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON JIM LYNN

SUBJECT:

Health Initiatives

I. PURPOSE

The purpose of this memorandum is to present for your decision two alternatives for your health initiatives in the 1977 Budget. As we discussed yesterday, your decision will move you closer to or further from your previous position on national health insurance.

II. BACKGROUND

The House is currently holding hearings on national health insurance. In the Senate, Senators Long and Ribicoff have again recently introduced their proposal for universal catastrophic coverage and a federally funded basic benefit package for the poor population to replace Medicaid. In short, the national health insurance issue is politically inescapable during the next year.

III. OPTIONS

Description of Option I (Domestic Council)

Option I would be a clearly specified time-phased approach to national health insurance which makes progress at each stage contingent upon accomplishment of the previous stage. Stage I would save \$700 million in FY 1977 from an unconstrained estimate by imposing an 8% limit on all hospital rates.

Over a 5-year period, States would be required to regulate both physician's fees and hospital rate increases. Under separate legislation, the health services programs (\$1.4 billion in 1975), would be consolidated, with the exception of Medicaid.

Stage 2 would be implemented only after the Stage I mechanism has been legislated. In Stage 2, Medicare cost-sharing reforms would be instituted. A low cost catastrophic program for the entire population and expanded maternity and child care would be provided. The increased costs of these proposals would be met by adjustments in cost control levels and cost sharing for the new benefits and by using the \$1.7 billion "saving" produced by Medicare reform. These benefits would be funded primarily through private insurance plans, however, for those not covered by a private plan, Federal coverage would be available. Stage 3 would consist of a comprehensive health insurance program based on a private plan coverage, tailored to reflect the experiences of Stages 1 and 2, to become effective when fiscal policy (Estimated increased Federal costs of \$8 billion in 1975 dollars)

Description of Option II (OMB)

Option II would:

- -- limit Medicare reimbursement increases to 7% for hospitals and 4% for physicians (savings of \$988 million in 1977);
- -- as in Option I, consolidate the health services programs (\$1.4 billion) but add Medicaid for a total \$10 billion State Health Revenue Sharing proposal. States would be required to provide basic health services to the poor before spending those funds on non-priority programs; and
- -- mandate that employers who offer health insurance also offer catastrophic health insurance protection (with specific limits to be defined).

At a later stage, other liberalizations, e.g., special coverage for early retirees and the working poor not now offered health insurance, could be required as the economic situation improves.

IV. BASIC ISSUES

The options differ substantially in terms of the Federal role in cost control and coverage.

Cost Control

Option 1 would require Federal regulation of all hospital and physician charges. States would be encouraged to assume these functions, but Federal controls would be imposed for those who do not.

Option 2 would place limits only on Medicare hospital and physician reimbursements in FY 1977.

Coverage

Option 1 would provide continuation of Medicaid. Stage 2 would mandate private plan coverage of catastrophic and maternal and well-child care. Benefits for those not covered for catastrophic and maternal and well-child care under private plans would be federally financed.

Option 2 would provide an average of \$400 per low income person for States to provide basic health services for the poor. Employers who offer health insurance plans would be required to offer catastrophic protection. Individuals would not be required to purchase insurance to pay for budgetable expenses, e.g., well-child care.

V. ARGUMENTS IN FAVOR OF AND AGAINST THE OPTIONS

Arguments in Favor of Option I

- 1. This approach clearly maintains a presidential commitment to national health insurance when economic and fiscal conditions permit.
- 2. By coupling cost control measures with expanded benefits it offers a better chance of achieving enactment of cost control.
- 3. For all the substantive reasons that CHIP was endorsed by the Administration, this approach is oriented in that direction—with emphasis on private—sector financing of the employee plan, with emphasis on significant cost—sharing, with emphasis on State administration, etc.

- 4. Its time-phasing character--and particularly its emphasis on cost-control first--renders it fiscally responsible. Further, it provides an opportunity for public policy makers to "look before they leap"--in that Stage II experience may be used to consider modifications in the approach to Stage III.
- 5. It allows the President to have a positive, fiscally responsible, program of his own--in an area of wide public concern. It would also be likely to improve the President's capacity to sustain vetoes, as necessary.
- 6. This option would preserve your flexibility to propose a "cash out" of health services financing as part of welfare reform.

Arguments Against Option I

- 1. Option I would require permanent Federal regulation and additional Federal employment to set hospital and physicians' fees for those States that fail to do so. The equity and quality considerations in these areas would be highly judgmental and controversial.
- 2. The inequities of the Medicaid program would be continued unless eventually eliminated by added Federal spending. Federal Medicaid spending for the poverty population ranges from \$84 to \$740 per capita among States.
- 3. It shifts the major cost burden away from State and local governments to the Federal budget and is directly contrary to the general Federal policy of increasing reliance on States. Increased Federal financing would reduce State incentives for health cost control.
- 4. It requires more extensive Federal reform and regulation of health insurance and financing than some of the proposals now before the Congress. The Administration has opposed 100% Federal financing of new health benefits since it would lead to federalization of the health industry.
- 5. This option would withdraw support for the \$1.7 billion Medicare cost-sharing proposal which has some merit in affecting overutilization. Reductions elsewhere would be required.

- 6. The mandating of new benefits to be financed by employers would mean, in effect, an increase in sales taxes.
- 7. This option places the "stick" of hospital reimbursement and physician fee regulation "before" the "carrot" of increased benefits.
- 8. A presidential endorsement of national health insurance in concept may, in an election year, induce Congress to enact some form of comprehensive national health insurance with a delayed effective date.

Arguments in Favor of Option II

- 1. A \$10 billion grant consolidation proposal for health benefits for the poor would constitute a dramatic proposal on your part. Moreover, the proposed average \$400 per poor person offers an equitable and easily comprehensible Federal policy for contributing to health care for the poor.
- 2. A fixed grant permits the Federal Government to review budget needs and priorities annually and determine the appropriate Federal contribution for financing health services for the poor. Moreover, it would more equitably be related to the number of poor people in the various States, rather than the current system which favors wealthier States.
- 3. A clearly limited Federal payment will encourage States to control health care costs, e.g., through health planning, licensure, prospective hospital budgeting and rate regulation, improved delivery systems.
- 4. The proposal would permit States broad flexibility to design programs to meet health needs of their population and to balance their health spending against other spending priorities.
- 5. This option provides more time before committing to any specifics of health insurance, but does not preclude any alternative form of health insurance being proposed at a later date.

- 6. This option does not add more Federal regulation of the private sector and limits Federal involvement only to those cases in which the Federal Government pays the bill.
- 7. The savings of \$1.7 billion in Medicare can contribute to meeting the 1977 budget totals.

Arguments Against Option II

- 1. Limiting Medicare reimbursement in 1977 does not get at the long term inflationary spiral of health costs. Increased costs might be shifted to the non-Medicare patients, resulting in increased costs to the middle class through direct payment to providers or through increased health insurance premiums.
- 2. States may attempt to spend the funds they receive on the non-poor or to provide a lower or different level of care for the low income. There is the possibility that the poor would only be treated in county hospitals.
- 3. Politically, Option II represents a marked departure from the Administration's earlier Comprehensive Health Insurance Plan (CHIP) proposal. It would make it more difficult to eventually integrate low income health care into a national health insurance plan, thereby making your political position on this issue more difficult in the year ahead.

VI. DECISION

/_/ Option I

[Option II

cc: DO Records - Official File Copy

Director's Chron Director's Reading

Deputy Director

Mr. Cannon/Domestic Council

Mr. Quern/Domestic Council

Mr. Veneman/Domestic Councit

Mr. Hanna

Mr. Zafra

Health Br. File Copy

PRANTO PRANTO

HRD/Health: Zafra/Quern:mjh 11/28/75

Thetonors

THE WHITE HOUSE WASHINGTON

November 28, 1975

MEMORANDUM FOR:

JIM CANNON

FROM:

MAX FRIEDERSDORF

SUBJECT:

Health Initiatives Memo

I recommend Option II. It is more fiscally sound and provides more time before committing to specifics on health insurance.

I sense a lot of steam has gone out of health insurance and I would be surprised if there is massive support on the Hill next year.

I don't want to see the President out front on this issue. Option #II keeps us in the game, but not as the coach.

THE WHITE HOUSE

WASHINGTON

December 20, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON
JIM LYNN

FROM:

JIM CONNOR JES

SUBJECT:

Health Initiatives

The President reviewed your recent undated memorandum on the above subject and approved the following:

Option II - which would:

- -- Limit Medicare reimbursement increases to 7% for hospitals and 4% for physicians (savings of \$988 million in 1977);
- -- as in Option 1, consolidate the health services programs (\$1.4 billion) but add Medicaid for a total \$10 billion State Health Revenue Sharing proposal. States would be required to provide basic health services to the poor before spending those funds on non-priority programs; and
- --mandate that employers who offer health insurance also offer catastrophic health insurance protection (with specific limits to be defined).

Please follow-up with appropriate action.

cc: Dick Cheney





EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

DECISION

WASHINGTON, D.C. 20503

DECISION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Health Initiatives

I. PURPOSE

The purpose of this memorandum is to present for your decision two alternatives for your health initiatives in the 1977 Budget. As we discussed yesterday, your decision will move you closer to or further from your previous position on national health insurance.

II. BACKGROUND

The House is currently holding hearings on national health insurance. In the Senate, Senators Long and Ribicoff have again recently introduced their proposal for universal catastrophic coverage and a federally funded basic benefit package for the poor population to replace Medicaid. In short, the national health insurance issue is politically inescapable during the next year.

III. OPTIONS

Description of Option I (Domestic Council)

Option I would be a clearly specified time-phased approach to national health insurance which makes progress at each stage contingent upon accomplishment of the previous stage. Stage I would save \$700 million in FY 1977 from an unconstrained estimate by imposing an 8% limit on all hospital rates.



Over a 5-year period, States would be required to regulate both physician's fees and hospital rate increases. Under separate legislation, the health services programs (\$1.4 billion in 1975), would be consolidated, with the exception of Medicaid.

Stage 2 would be implemented only after the Stage I mechanism has been legislated. In Stage 2, Medicare cost-sharing reforms would be instituted. A low cost catastrophic program for the entire population and expanded maternity and child care would be provided. The increased costs of these proposals would be met by adjustments in cost control levels and cost sharing for the new benefits and by using the \$1.7 billion "saving" produced by Medicare reform. These benefits would be funded primarily through private insurance plans, however, for those not covered by a private plan, Federal coverage would be available. Stage 3 would consist of a comprehensive health insurance program based on a private plan coverage, tailored to reflect the experiences of Stages 1 and 2, to become effective when fiscal policy (Estimated increased Federal costs of \$8 permits. billion in 1975 dollars)

Description of Option II (OMB)

Option II would:

- -- limit Medicare reimbursement increases to 7% for hospitals and 4% for physicians (savings of \$988 million in 1977);
- -- as in Option I, consolidate the health services programs (\$1.4 billion) but add Medicaid for a total \$10 billion State Health Revenue Sharing proposal. States would be required to provide basic health services to the poor before spending those funds on non-priority programs; and
- -- mandate that employers who offer health insurance also offer catastrophic health insurance protection (with specific limits to be defined).

At a later stage, other liberalizations, e.g., special coverage for early retirees and the working poor not now offered health insurance, could be required as the economic situation improves.

IV. BASIC ISSUES

The options differ substantially in terms of the Federal role in cost control and coverage.

Cost Control

Option 1 would require Federal regulation of all hospital and physician charges. States would be encouraged to assume these functions, but Federal controls would be imposed for those who do not.

Option 2 would place limits only on Medicare hospital and physician reimbursements in FY 1977.

Coverage

Option 1 would provide continuation of Medicaid. Stage 2 would mandate private plan coverage of catastrophic and maternal and well-child care. Benefits for those not covered for catastrophic and maternal and well-child care under private plans would be federally financed.

Option 2 would provide an average of \$400 per low income person for States to provide basic health services for the poor. Employers who offer health insurance plans would be required to offer catastrophic protection. Individuals would not be required to purchase insurance to pay for budgetable expenses, e.g., well-child care.

V. ARGUMENTS IN FAVOR OF AND AGAINST THE OPTIONS

Arguments in Favor of Option I

- 1. This approach clearly maintains a presidential commitment to national health insurance when economic and fiscal conditions permit.
- 2. By coupling cost control measures with expanded benefits it offers a better chance of achieving enactment of cost control.
- 3. For all the substantive reasons that CHIP was endorsed by the Administration, this approach is oriented in that direction—with emphasis on private—sector financing of the employee plan, with emphasis on significant cost—sharing, with emphasis on State administration, etc.

- 4. Its time-phasing character--and particularly its emphasis on cost-control first--renders it fiscally responsible. Further, it provides an opportunity for public policy makers to "look before they leap"--in that Stage II experience may be used to consider modifications in the approach to Stage III.
- 5. It allows the President to have a positive, fiscally responsible, program of his own—in an area of wide public concern. It would also be likely to improve the President's capacity to sustain vetoes, as necessary.
- 6. This option would preserve your flexibility to propose a "cash out" of health services financing as part of welfare reform.

Arguments Against Option I

- 1. Option I would require permanent Federal regulation and additional Federal employment to set hospital and physicians' fees for those States that fail to do so. The equity and quality considerations in these areas would be highly judgmental and controversial.
- 2. The inequities of the Medicaid program would be continued unless eventually eliminated by added Federal spending. Federal Medicaid spending for the poverty population ranges from \$84 to \$740 per capita among States.
- 3. It shifts the major cost burden away from State and local governments to the Federal budget and is directly contrary to the general Federal policy of increasing reliance on States. Increased Federal financing would reduce State incentives for health cost control.
- 4. It requires more extensive Federal reform and regulation of health insurance and financing than some of the proposals now before the Congress. The Administration has opposed 100% Federal financing of new health benefits since it would lead to federalization of the health industry.
- 5. This option would withdraw support for the \$1.7 billion Medicare cost-sharing proposal which has some merit in affecting overutilization. Reductions elsewhere would be required.

- 6. The mandating of new benefits to be financed by employers would mean, in effect, an increase in sales taxes.
- 7. This option places the "stick" of hospital reimbursement and physician fee regulation "before" the "carrot" of increased benefits.
- 8. A presidential endorsement of national health insurance in concept may, in an election year, induce Congress to enact some form of comprehensive national health insurance with a delayed effective date.

Arguments in Favor of Option II

- 1. A \$10 billion grant consolidation proposal for health benefits for the poor would constitute a dramatic proposal on your part. Moreover, the proposed average \$400 per poor person offers an equitable and easily comprehensible Federal policy for contributing to health care for the poor.
- 2. A fixed grant permits the Federal Government to review budget needs and priorities annually and determine the appropriate Federal contribution for financing health services for the poor. Moreover, it would more equitably be related to the number of poor people in the various States, rather than the current system which favors wealthier States.
- 3. A clearly limited Federal payment will encourage States to control health care costs, e.g., through health planning, licensure, prospective hospital budgeting and rate regulation, improved delivery systems.
- 4. The proposal would permit States broad flexibility to design programs to meet health needs of their population and to balance their health spending against other spending priorities.
- 5. This option provides more time before committing to any specifics of health insurance, but does not preclude any alternative form of health insurance being proposed at a later date.

- 6. This option does not add more Federal regulation of the private sector and limits Federal involvement only to those cases in which the Federal Government pays the bill.
- 7. The savings of \$1.7 billion in Medicare can contribute to meeting the 1977 budget totals.

Arguments Against Option II

- 1. Limiting Medicare reimbursement in 1977 does not get at the long term inflationary spiral of health costs. Increased costs might be shifted to the non-Medicare patients, resulting in increased costs to the middle class through direct payment to providers or through increased health insurance premiums.
- 2. States may attempt to spend the funds they receive on the non-poor or to provide a lower or different level of care for the low income. There is the possibility that the poor would only be treated in county hospitals.
- 3. Politically, Option II represents a marked departure from the Administration's earlier Comprehensive Health Insurance Plan (CHIP) proposal. It would make it more difficult to eventually integrate low income health care into a national health insurance plan, thereby making your political position on this issue more difficult in the year ahead.

VI. DECISION

/_/ Option I Jim Cannon

Option II Jim Lynn
Alan Greenspan
Robert T. Hartmann
Max Friedersdorf

"Option II is more fiscally sound and provides more time before committing to specifics on health insurance. I sense a lot of steam has gone out of health insurance and I would be surprised if there is massive support on the Hill next year. I don't want to see the President out front on this issue. Option II keeps us in the game, but not as the coach."

Jack Marsh

THE WHITE HOUSE

ACTION

Last Day: December 19, 1975

WASHINGTON

December 17, 1975

The W

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Enrolled Bill H.R. 8069 - Departments of Labor and Health, Education and Welfare Appropriation Act, 1976.

This is to present for your action H.R. 8069, the Departments of Labor and Health, Education and Welfare Appropriations Act, 1976.

BACKGROUND

The appropriations in H.R. 8069 are substantially above your requests for FY 76 and the transition quarter. The bill also contains specific problems, including:

- -- funding increases--principally \$740 million for health programs and \$171 million for the Community Services Administration
- -- a busing provision that causes concern to both HEW and Justice
- -- Congressional directives on Federal employment that limit the flexibility needed if the Executive Branch is effectively to carry out programs without unnecessary growth in overall employment levels.

Despite Administration opposition, H.R. 8069 was passed by the Senate by a unanimous voice vote and by the House by a vote of 321-91. A preliminary motion in the House to recommit the bill to conference because of the high appropriations was defeated 156-265.

BUDGET IMPACT

The total new budget authority provided in this bill, \$45,027 million, is \$916 million above your requests for 1976 and \$20 million above for the transition quarter—an overall increase



THE WHITE HOUSE

Last Day: December 19, 1975

WASHINGTON

December 17, 1975

Thou

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Enrolled Bill H.R. 8069 - Departments of Labor and Health, Education and Welfare Appropriation Act, 1976.

This is to present for your action H.R. 8069, the Departments of Labor and Health, Education and Welfare Appropriations Act, 1976.

BACKGROUND

The appropriations in H.R. 8069 are substantially above your requests for FY 76 and the transition quarter. The bill also contains specific problems, including:

- -- funding increases--principally \$740 million for health programs and \$171 million for the Community Services Administration
- -- a busing provision that causes concern to both HEW and Justice
- -- Congressional directives on Federal employment that limit the flexibility needed if the Executive Branch is effectively to carry out programs without unnecessary growth in overall employment levels.

Despite Administration opposition, H.R. 8069 was passed by the Senate by a unanimous voice vote and by the House by a vote of 321-91. A preliminary motion in the House to recommit the bill to conference because of the high appropriations was defeated 156-265.

BUDGET IMPACT

The total new budget authority provided in this bill, \$45,027 million, is \$916 million above your requests for 1976 and \$20 million above for the transition quarter—an overall increase



JUL 2 9 1976 CENTRAL FILES of \$936 million. The net effect of these increases on estimated outlays is to add \$382 million in 1976, \$165 million in the transition quarter, and \$372 million in 1977.

RECOMMENDATIONS AND COMMENTS

OMB:

Disapproval.

HEW:

Disapproval.

Friedersdorf:

Disapproval. "...should the Congress adjourn before midnight, December 19, subject bill

could be pocket vetoed."

Buchen:

Disapproval. "Due to the distinct possibility that we will be denied a pocket veto option and the near certainty of litigation should the option exist, coupled with the limited political

utility of such action, Counsel's office

recommends against [a pocket veto]."

Greenspan:

Disapproval.

Seidman:

Disapproval.

Jim Lynn's memorandum, which includes David Mathews' recommendation for disapproval and comments from the Department of Justice and the Civil Rights Commission, is at Tab A. A veto message to the House of Representatives, the text of which is approved by Paul Theis, OMB, Max Friedersdorf, Counsel's Office, Alan Greenspan and Bill Seidman, is attached at Tab B. The enrolled bill is attached at Tab C.

RECOMMENDATION

I recommend disapproval of H.R. 8069 because of the excessive appropriations and problems with specific elements of the bill.

I also recommend that you sign the veto message at Tab B.

DECISION

1Approve H.R. 8	069
-----------------	-----

2Disapprove H.R.	8069 and	sign	veto	message
------------------	----------	------	------	---------

SERALO NATIONAL DE LA PORTIZIONAL DEPURBIZIONAL DE LA PORTIZIONAL DE LA PORTIZIONAL

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval H.R. 8069, the Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976.

As you know, I have just vetoed H.R. 5559, which would have extended for six months the temporary tax cut due to expire on New Year's Eve, because it was not accompanied by a limit on Federal spending for the next fiscal year.

H.R. 8069 is a classic example of the unchecked spending which I referred to in my earlier veto message.

H.R. 8069 would provide nearly \$1 billion more in spending authority than I had requested. Not only would the \$45 billion total in this bill add significantly to the already burdensome Federal deficits expected this year and next, but the individual increases themselves are unjustified, unnecessary, and unwise. This bill is, therefore, inconsistent with fiscal discipline and with effective restraint on the growth of government.

I am not impressed by the argument that H.R. 8069 is in line with the Congress' second concurrent resolution on the budget and is, therefore, in some sense proper. What this argument does not say is that the resolution, which expresses the Congress' view of appropriate budget restraint, approves a \$50 billion, or 15 percent, increase in Federal spending in one year. Such an increase is not appropriate budget restraint.

Effective restraint on the growth of the Federal

Government requires effective limits on the growth of

Federal spending. This bill provides an opportunity for

such limitation. By itself, this bill would add \$382 million

to this year's deficit and would make next year's deficit

\$372 million more than if my recommendations had been adopted. In addition, the increases provided for this year would raise expectations for next year's budget and make the job of restraining spending that much more difficult. Thus, this bill would contribute to excessive deficits and needless inflationary pressures.

Furthermore, if this bill became law, it would increase permanent Federal employment by 8,000 people. I find it most difficult to believe the majority of the American people favor increasing the number of employees on the Federal payroll, whether by Congressional direction or by other means. On the contrary, I believe the overwhelming majority agree with my view that there are already too many employees in the Federal Government.

I am returning this bill without my signature and renewing my request to the Congress to approve a ceiling on Federal spending as the best possible Christmas present for the American people.

THE WHITE HOUSE,

THE WHITE HOUSE

January 16, 1976

AU

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

PHIL BUCHEN

JIM CANNON

FROM:

JIM CONNOR

1 21

Abortion

SUBJECT:

The President reviewed your memorandum of January 15 on the above subject and approved Statement 1 as amended:

"As President I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions the Court ruled 7-2 that States could not interfere with a woman's decision to have an abortion the first three months.

As a matter of personal philosophy, however, my belief is that a remedy should be available in cases of serious illness or rape. Personally I do not favor abortion on demand.

I feel that abortion is a matter better decided at the State level. While House Minority Leader, I co-sponsored a proposed amendment to the Constitution to permit the individual States to enact legislation governing abortion."

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE

WASHINGTON

January 15, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

PHIL BUCHEN

JIM CANNON

SUBJECT:

Abortion

This memorandum is to request your decision on a statement on your policy on abortion.

BACKGROUND

You have not made any public statements on abortion in public since becoming President.

Jerry terHorst on September 5, 1974, attributed the following position to you:

- (1) You favored an amendment that would let each State enact its own laws on the subject; and
- (2) Personally, you and Mrs. Ford believed in abortions for limited situations such as rape or illness but not on demand.

He pointed out that you opposed a 1972 Michigan referendum that would have permitted abortion on demand. (A copy of the language of the referendum and a letter you used on your position at that time are attached at Tab A.)

Anne Armstrong informed the press in September 1974 that in a meeting with representatives of major women's groups, you indicated your belief that abortion should be a matter left to the States.

Two months after the 1973 Supreme Court decisions on abortion, as House Minority Leader you co-sponsored a proposed amendment to the Constitution which would have permitted the States to enact abortion legislation (Attachment B).



These views and your support as House Minority Leader of a proposed Constitutional amendment are <u>currently</u> expressed in letters sent by the Correspondence unit in response to letters received on abortion (Attachment C).

During your Administration, the Secretaries of Defense and of HEW have taken action to ensure that departmental policy on abortion is consistent with the 1973 Supreme Court decisions on abortion. The White House has publicly expressed no view about these actions.

It should be noted that the First Lady has been quoted that she feels "very strongly that it was the best thing in the world when the Supreme Court voted to legalize abortion" (60 Minutes, August 10, 1975).

OPTIONS

Presented here for your decision are several statements which could be used as your position on abortion.

The first, which you requested, is the most explicit statement.

The other four options develop a position in less detail.

Statement #1

As President I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions the Court ruled 7-2 that States could not interfere with a woman's decision to have an abortion the first three months.

As a matter of personal philosophy, however, my belief is that a remedy should be available in cases of serious illness or rape. Personally I do not favor abortion on demand.

I feel that abortion is a matter better decided at the State level. While House Minority Leader, I co-sponsored a proposed amendment to the Constitution to permit the States to enact abortion legislation.

Statement #2

(The difference between statements #1 and #2 is that #2 does not include the sentence "Personally, I do not favor abortion on demand.")

As President, I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions the Court ruled 7-2 that States could not interfere with a woman's decision to have an abortion during the first three months.

As a matter of personal philosophy, however, my belief is that a remedy should be available in cases of serious illness or rape. I feel that it is a matter better decided at the State level. While House Minority Leader, I co-sponsored a proposed amendment to the Constitution to permit the States to enact abortion legislation.

Statement #3

As President, I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion. In those decisions, the Court ruled 7-2 that States could not interfere with a woman's decision to have an abortion during the first three months.

As a matter of personal philosophy, my belief is that a remedy should be available in cases of serious illness or rape.

Statement #4

As President, I am bound by my oath of office to uphold the law of the land as interpreted by the Supreme Court in its 1973 decisions on abortion.

Statement #5

The Supreme Court in its 1973 decisions on abortion ruled that States could not interfere with a woman's decision to have an abortion during the first three months. As President, I am bound by my oath of office to uphold the law of the land.

While it was appropriate for me to support a proposed amendment to the Constitution while a member of the House of Representatives, it would be inappropriate for me to take a position on this as President.

RECOMMENDATIONS

Buchen:

Cannon: Recommend Statement #4.

DECISION

Statement	#1	**************************************	APPROVE
Statement	#2		APPROVE
Statement	#3		APPROVE
Statement	#4		APPROVE
Statement	#5		APPROVE

Congress of the United States

Office of the Minority Leader House of Representatives Washington, D.C. 20515

AB-2

ABORTION - VS

Revised 3/30/73

Margin 15

Dear :

Your of recent date concerning the Supreme Court decision on abortion has been received.

I agree with you and in the election in Michigan last fall I voted against the referendum calling for legalization of abortion. Several states had asked the U.S. Supreme Court to reconsider its decision, but unfortunately the Court denied the motion to reconsider its earlier ruling.

Therefore, I am cosponsoring a constitutional amendment which would allow each state to determine its own rules regarding the practice of abortion. This resolution, H.J.Res. 468, provides that "Nothing in this Constitution shall bar any State or territory or the District of Columbia, with regard to any area over which it has jurisdiction, from allowing, regulating, or prohibiting the practice of abortion."

I want to thank you for your views and comments, and hope with you that a wise and responsible revision in the current Court ruling will come about.

Kindest regards.

Sincerely,

Gerald R. Ford, M.C.

GRF:DM



Congress of the United States

Office of the Minority Leader House of Representatives Washington, D.C. 20515

ABORTION

REVISED 3/6/73

AB-2

Margin 15 (STOP CODE FOR CARD, TELEGRAM, LETTER AND CALL)

Dear :

Your of recent date concerning the Supreme Court decision on abortion has been received.

I agree with you and in the election in Michigan last fall voted against the referendum calling for legalization of abortion. Several states have asked the U.S. Supreme Court to reconsider its decision, but unfortunately the Court has denied the motion to reconsider its earlier ruling.

Representative Larry Hogan (Republican of Maryland) has introduced a Constitutional amendment to ban abortion. The House Committee on the Judiciary, which has jurisdiction over such matters, should hold hearings on this serious issue.

I want to thank you for your views and comments and assure you that I will be supporting efforts to bring about a wise and responsible revision in the current ruling.

Warmest personal regards.

Sincerely.

Gerald R. Ford, MC.

GRF:DM



Congress of the United States

Office of the Minority Leader House of Representatives Washington, D.C. 20515

LETTER 7
Dear TEleston, 9

Your letter of recent date concerning the Supreme Court decision on abortion has been received.

I wholeheartedly agree with your view. In the last election in November in Michigan, I voted against the referendum calling for the legalization of abortion. I hope and trust the Supreme Court will reconsider its decision or that some means may be found to revise it.

Representative Larry Hogan (Republican of Maryland) has introduced a Constitutional amendment to ban abortion. The House Committee on the Judiciary, which has jurisdiction over such matters, should hold hearings on this serious issue.

Thank you for giving me the benefit of your observations and recommendations.

Warmest personal regards.

Sincerely,

Gerald R. Ford, M.C.



IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 1973

Mr. Wherehurst (for himself, Mr. Archer, Mr. Bevill, Mr. Broyhill of Virginia, Mr. Butler, Mr. Derwinski, Mr. Gerald R. Ford, Mr. Hastings, Mr. Huber, Mr. Hunt, Mr. Ketchum, Mr. Mazzoli, Mr. Parris, Mr. Sikes, Mr. Steicer of Arizona, Mr. Won Pat, and Mr. Zion) introduced the following joint resolution; which was referred to the Committee on the Judiciary

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States.

- 1 Resolved by the Senate and House of Representatives of
- 2 the United States of America in Congress assembled (two-
- 3 thirds of each House concurring therein), That the follow-
- 4 ing article is proposed as an amendment to the Constitution
- 5 of the United States, to be valid only if ratified by the
- 6 logislatures of three-fourths of the several States within
- There we years after the date of final passage of this joint res-
- S olution:

1 "ARTICLE —

2 "Section 1. Nothing in this Constitution shall bar

3 any State or territory or the District of Columbia, with

4 regard to any area over which it has jurisdiction, from

5 allowing, regulating, or prohibiting the practice of abortion."

18T SESSION ALO J. DATS. 4.5

JOINT RESOLUTION

Proposing an amendment to the Constitution of the United States.

By Mr. Whiremeast, Mr. Archer, Mr. Beyna, Mr. Brownna, of Virginia, Mr. Burnar, Mr.

March 28, 1973
Referred to the Committee on the Judiciary

Mr. Mazzota, Mr. Pannis, Mr. Strees, Mr. Strenge of Arizona, Mr. Won Par, and Mr.

Derwinske, Mr. Gerald R. Ford, Mr. Hastings, Mr. Huber, Mr. Hunt, Mr. Ketchum, Re: Abortion

THE WHITE HOUSE

· WASHINGTON

, 1975

GEN WE 3

Dear /s/
Thank you very much for your letter expressing your concern about the serious matter of abortion. As you may know, in 1973, as Minority Leader of the House of Representatives, I cosponsored an amendment to restore to the citizens of each State the power to regulate abortions.

Your letter tells me that you truly care about this problem. I share your concern. In the time ahead, I hope you will continue to maintain your high ideals and, by your personal example, inspire others to care as deeply as you do about the rights and lives of all people.

Sincerely,

(Rec. 4/3/75)

/s/ ///// /////

cut - 4/3/75 - beo
margin - rba
proofed - mah/beo

GRF: AVH: PLE: PAT:

85

P-839

Re: Abortion

THE WHITE HOUSE

WASHINGTON

, 1175

Dear /s/

On behalf of President Ford I want to thank you very much for your letter expressing your concern about the serious matter of abortion. As you may know, in 1973, as Minority Leader of the House of Representatives, he cosponsored an amendment to restore to the citizens of each State the power to regulate abortions.

As he has said often, the President is determined to do his very best to serve the interests of all the American people. Toward this end he sincerely appreciates hearing from concerned citizens like you. He shares your deep concern for the rights and lives of all people.

Sincerely,

Roland L. Elliott Director of Correspondence

15/ 111 111

cut 4/25/75 - ki proofed mah/ki

cc: Anne Higgins

(Rec. 4/25/75)

RLE: AVH: MAF: /s/

RLE-70

Presidential Tape II

RESTRICTED USAGE

Re: Human Life Amendments to Constitution (Con Abortion)

THE WHITE HOUSE

WASHINGTON

February 4, 1975

GEN WE3

Dear /s/

Thank you very much for your letter on the proposed Human Life Amendments to the United States Constitution. I believe it would be desirable to amend the Constitution in order to change the 1973 Supreme Court decision on this matter.

As you may know, while Minority Leader of the House of Representatives, I cosponsored an amendment which would restore to the citizens of each State the power to regulate abortions. I appreciate your taking the time to write me on this important subject.

Sincerely,

/s/ ///

revised 2/3/75 - mvm proofed mah/mvm

GRF:AVH:PAT:RLE:/s/

P-40 60

(recd 2/3/75)