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October 18, 1976

SUBJECT:

HEALTH STUDY PLAN

SITUATION: The New York Times reported this morning that "an actuarial study of health insurance reform, prepared for the Federal Government, says that the cradle-to-grave plan for Federal Health Insurance that is backed by organized labor and is most like the plan outlined by Jimmy Carter may not be the most expensive of the reform plans, as it has been labelled."

QUESTIONS: How does the President feel about the report?
Will the President modify his opposition to proposing a federal health insurance plan now, because of it?

- GUIDANCE:
1. The New York Times article is misleading.
 - a. The study is not "unreleased." It was released at noon Friday to the public. Copies of it were mailed to many reporters who had asked for it.
 - b. The only plan more expensive than the Kennedy-Corman Plan, which it says is not the most expensive of the six plans studied, is one proposed by the American Hospital Association. That plan would encourage institutions to provide a full-range of out patient services to the public. But that plan has not been under serious consideration.
 - c. The Kennedy-Corman Plan is the most expensive of the two bills under consideration. It would add a total of \$105.3 Billion to the federal budget each year. Part of this would be paid for by \$53.3 Billion in new payroll taxes for workers, and part of it would come from \$53.0 Billion of general revenues, which would require additional general taxes. (The figures add up to more than \$105.3 because of a slight loss in general tax revenues on the money being taxed for the medical insurance).
 - d. The Administration Plan would add only \$9.4 billion to the annual federal budget. The President has said he would not propose any additional programs until we are out of the recession.
 - e. YOU MIGHT WANT TO BLAST KENNEDY-CORMAN AS ANOTHER EXAMPLE OF DEMOCRATIC SPENDING PROGRAMS WHICH ADD TO THE BURDEN ON THE TAXPAYER.

January 16, 1976

GUIDANCE:

PRESIDENT COOL TO THREE
KEY AGENCIES

Is the New York Times story correct that the President has attacked several major federal health and safety programs, and this will be revealed in the Economic Report to Congress?

GUIDANCE: As I recall the story, there was some question as to the effectiveness of some key agencies.

I think it is very accurate to say that in developing the budget for this fiscal year, all departments and agencies had their major programs and major efforts reviewed in great depth. One responsibility of the federal government and OMB and the Administration is to eliminate those programs or reduce those programs or to improve those programs, which in the past, have been ineffective or less than successful.

However, I would warn that from what I have read that the material that has been seen is early staff galleys and it is typical that the final reports are often substantially different from early drafts.

The final report of the CEA will be available on January 26.

JGC

HEALTH INSURANCE FOR THE UNEMPLOYED

Question:

Secretary Weinberger's testimony on Capitol Hill on plans to provide health insurance for the unemployed has generated a good deal of criticism. Some have charged that by opposing this popular proposal the Administration is insensitive to the needs of people in this time of economic distress. Would you comment?

Answer:

First of all, let me say that the Administration recognizes a need to ensure protection against health care costs for all Americans. If it weren't for the current economic situation we would be supporting the immediate enactment of national health insurance. But as I have said our first priority must be getting our economy back on its feet and this means a moratorium on any new spending programs.

Second, what the unemployed need most is not health insurance but jobs and money. This is where we have chosen to target our Federal resources. In calendar year 1975 over \$20 billion will be expended (of which \$8.5 billion is Federal money) through expanded unemployment compensation programs and public service jobs. In addition, my tax rebate proposal would get the necessary resources to the unemployed.

Finally, it is not feasible nor affordable to provide health insurance for the unemployed as proposed by the plans before Congress. Cost estimates range from \$1.26 billion to \$3.1 billion. Administratively the plans would be impossible. But most important they wouldn't be fair. More generous benefits would be given to the unemployed person collecting unemployment compensation than to the working poor with little or no insurance; the unemployed with no unemployment compensation would not be provided for at all, and those whose employers did not offer health insurance would get nothing.

We say it would not be fair for the working taxpayers of this country, millions of whom have little or no health coverage, to use their taxes to pay premiums of up to \$85 a month for some -- not even all -- of the unemployed. Instead, I would hope that the Congress would work with me, as soon as the economy permits, to devise an equitable, comprehensive health insurance plan to protect all Americans.

PGN
3/11/75

HEALTH INSURANCE .

Q. Even advocates of legislation to set up a national health insurance system concede that, in view of the recession, there is no likelihood it will be adopted soon if ever. But a year ago you proposed a program to insure all Americans against the high costs of catastrophic illnesses. Is the Administration still pushing for enactment of such a program by Congress?

A. Yes. As outlined in the State of the Union address, I am proposing catastrophic health insurance for everybody covered by Medicare -- and that includes both the elderly and the disabled. Under this proposal, no one who is 65 years or older would have to pay more than \$500 a year for hospital or nursing home care nor more than \$250 a year for doctors' bills. In order to finance this program, it will be necessary to impose slightly higher costs upon beneficiaries for initial medical treatment, but this strikes me as a small price to pay for insurance against catastrophe.

March 11, 1975

SUBJECT:

ADMINISTRATION OPPOSES HEALTH
INSURANCE FOR UNEMPLOYED

Why does the Administration oppose health insurance for the unemployed?

GUIDANCE: As you know, Secretary Weinberger of HEW testified yesterday along with Under Secretary of Labor, Dick Schubert that health insurance for the unemployed would be too expensive, unfair to the working taxpayers, a bureaucratic headache, and would result in administrative chaos.

We think it would be unwise to develop a new categorical program for this purpose. We do think there is a need for a comprehensive health insurance program for everyone, but feel this is not the way to go. The administrative tangles and inequities that would result present more problems, costs and headaches and could negate any real benefits.

JGC

November 11, 1974

SUBJECT: PRESIDENT URGED TO ASK
HEALTH INSURANCE TAX

According to UPI, Frank Carlucci, Under Secretary of HEW, proposed in a memo to President Ford on August 29, that he make compromises in order to obtain passage of the National Health Insurance Plan this year. One of these compromises would have been an increase in payroll taxes which was opposed by the medical profession, the insurance industry, and private business, but favored by the House Ways and Means Committee.

Was President Ford prepared to compromise in order to achieve passage of the National Health Insurance Program?

GUIDANCE: As you recall, the President in his address to the Joint Session of Congress on August 12, stated that as Vice President he had studied various proposals for better health care financing. He then asked that, in the greatest spirit of cooperation, together, the Congress and the Administration write a good health bill on the statute books in 1974 before this Congress adjourns.

So, it was no secret and is no secret that the President is willing to cooperate and work with Congress in order to obtain National Health Insurance. It was within this context that the memo was written by the Under Secretary on ways in which we could possibly compromise in order to achieve passage of the health bill this year.

JGC