

THE WHITE HOUSE

WASHINGTON

May 21, 1999

5-24-99

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

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Reed
Kagan
Podesta

1. Education – Coverdell/Torrecelli Bill: The Senate Finance approved legislation that would allow parents to save up to \$2,000 a year in Educ and withdraw the money tax-free for costs of elementary and secondary education, including private school tuition, fees, books and computers. The Education IRAs currently are capped at \$500 annually and are available only for higher education expenses. This bill, sponsored by Senators Coverdell and Torrecelli, is almost identical to the one you vetoed last year. Secretaries Rubin and Riley sent a joint letter to the Hill opposing the bill and saying that if it passed, they would recommend that you veto it again. Their letter explained that this proposal would provide little benefit to lower- and middle-income families, and that the money would be better spent on much-needed school construction. Senator Conrad attempted to substitute your school construction proposal for this expansion of Education IRAs, but the Finance Committee defeated the amendment and then approved the bill with three Democrats voting for it.

2. Health Care -- Privacy Legislation: Senator Jeffords' Labor Committee is scheduled to begin marking up medical records privacy legislation on Tuesday. The Committee's efforts are largely a result of your pledge in the State of the Union to implement privacy protections by regulation (in accordance with the Kennedy-Kassebaum law) if Congress fails to pass privacy legislation by August of this year. Numerous difficult issues -- including federal preemption of state law, law enforcement access to records, and research community access to records -- could stand in the way of Congress enacting legislation by your deadline. The best way to push legislation forward is probably to include a strong preemption provision in the bill; the insurance industry and business community would stop fighting even a strong federal privacy bill if it relieved them of the obligation to comply with a host of differing state privacy protections. We will be able to review the Chairman's mark on Monday; if it is sufficiently strong, we may ask Secretary Shalala to release a supportive letter to encourage continued progress.

3. Health Care – Africa Report: *USA Today* will publish a major story on the AIDS crisis in Africa this week. The story will note that in sub-Saharan Africa, 10 million people have died from the disease (83 percent of all AIDS deaths to date), and more than 11,000 new people become HIV+ every day. The article will document Sandy Thurman's

recent trip to Africa and indicate that you will soon receive a detailed report from her documenting the problem and providing policy recommendations. We are currently considering unveiling this report in conjunction with the dedication of a new NIH building, named for Senator Dale Bumpers, that will house research to develop an AIDS vaccine.

4. Health Care – Patients’ Bill of Rights: Congressman Gephardt is planning to ask Marion Berry to introduce a resolution next week to begin the process for a discharge petition for the Patients’ Bill of Rights. Gephardt believes that this action will highlight the Republican leadership’s attempt to bury this issue, and he has asked us to issue a statement supporting the resolution. We are considering suggesting to Gephardt that he wait until after the Memorial Day recess to introduce the resolution. No Republicans will support a resolution introduced this week, whereas a few might consider breaking party ranks if the Leadership has not made a commitment on patients’ rights legislation by the end of the recess.

5. Health Care – Ornish Demonstration: We informed Dean Ornish that the Health Care Financing Administration will set up a Medicare demonstration for his nutrition/lifestyle program, pending final (and expected) OMB approval. The demonstration will include only beneficiaries who have heart disease, which will allow the best measurement of the program’s cost effectiveness. The only remaining issue concerns the reimbursement rate for the program. HHS and OMB probably will want to review all private market contracts to determine an appropriate rate. Nancy Ann Min DeParle believes, however, that this task can be done in short order and that the demonstration should be up and running by the end of the summer.

6. Health Care – Market-Oriented Medicare Demonstration Projects: HCFA is facing massive resistance from insurers and providers as it attempts to use the demonstration authority it received in 1997 to institute competitive bidding practices for managed care, durable medical equipment, and other specified health care services. We set up demonstrations in Florida, Arizona, and Kansas, but the same industry representatives and members of Congress who generally criticize Medicare’s inefficiencies have attempted to block each of these programs. (In a couple of cases, the providers have taken HCFA to court to stop the reforms.) Health policy analysts generally have validated our efforts. The Wall Street Journal recently quoted Ira Loss, a leading equities researcher, as saying that Medicare providers are “interested in the free market only if it means that the government is getting away from bothering them. But when it comes to the government actually forcing them to compete for business, they are unhappy about it.” This development makes clear the difficulty we will have in enacting the nationwide competitive purchasing mechanisms that are likely to be in our Medicare reform proposal.

7. Tobacco – International Tobacco Control Efforts: Secretary Shalala

pledged last week, at a meeting of the World Health Assembly in Geneva, that the U.S. would support the World Health Organization's plans to hold a framework convention on tobacco control. This convention will establish a multilateral framework to reduce tobacco use worldwide. The framework is expected to take several years to develop and ratify and may be followed by negotiated protocols which would address specific obligations. The State Department has authorized HHS to lead the negotiating team for the framework convention, which will include representatives from the State Department and other interested agencies. We will conduct an interagency process to coordinate these efforts.

8. Welfare -- Transportation Grants: The Vice President released last week the first round of grants funded under your Access to Jobs initiative, which was enacted as part of last year's transportation bill. A total of \$71 million will go to 179 urban, suburban, and rural communities in 42 states to help welfare recipients and other low-income workers get to where the jobs are. The Indianapolis Public Transit agency received a \$500,000 grant on behalf of a consortium of transportation providers including the organization that employed Elaine Kinslow, the welfare-to-work success story you praised in last year's State of the Union.

9. Welfare -- Linking Welfare-to-Work and Census 2000: Also last week, the Department of Labor announced the availability of \$20 million in Welfare-to-Work funds for a competitive project to employ welfare recipients as Census 2000 enumerators and to connect these individuals with permanent jobs once the census work ends. This collaborative effort between Labor and Commerce builds on the Census Bureau's success in hiring over 4,700 welfare recipients. The new initiative will provide approximately 10,000 welfare recipients with well-paying, flexible temporary employment near their homes, while helping to improve the census count in low-income neighborhoods. We plan to explore announcement opportunities when a grantee is selected this summer.

9. Immigration -- NACARA Regulations and Public Charge Guidance: The Department of Justice issued a proposed rule Thursday establishing a "presumption of extreme hardship" for the up to 500,000 immigrants from El Salvador and Guatemala granted some relief by NACARA. This rule substantially diminishes the inequities created by NACARA and elicited high praise from the immigrant community. One advocate was quoted on the front page of the Los Angeles Times as saying that the rule is "a landmark in the struggle for Central American immigrants in this country" and a "tremendous victory that will make the process more fair and humane." Predictably, however, Congressman Lamar Smith attacked the regulation and made clear he would try to overturn it in Congress. Following on the heels of the NACARA regulation, the Vice President will announce this week in Texas new guidance on the "public charge" issue, which will make clear that immigrants who receive Medicaid, CHIP, and a variety of other services will not incur any immigration penalties.

10. Crime – Gun Control Strategy: We will give you a separate memo early this week outlining an aggressive strategy for administration officials and Democratic Members of Congress to press for quick passage of our gun control proposals. The meeting you held yesterday with House Members produced a terrific front-page (second lead) article in today's New York Times, headlined "House Democrats Press Early Vote on Firearms Bill" and perfectly conveying our intended message.