

TALKING POINTS ON HEALTH

I. Introduction

1. The President will offer a total national health policy, more comprehensive in scope than any other pending proposal.
2. It is a strategy which will balance supply and demand considerations, placing special emphasis in the early years on increasing resources and reforming delivery.
3. The proposals below are grouped against the five major problems in the health system which they address.

II. Proposals

A. Gaps in Financial Access

1. Our plan is based on a clear division of labor between Government and private health insurance. We should take responsibility for providing basic health insurance protection for the unemployed. We should require employers to provide a minimum standard of insurance protection for their employees.
2. Any other approach has serious defects:
 - a. Extending FHIP up to \$8000 applies a means test and very high premiums to the blue collar group, and would displace existing private coverage.
 - b. Government financing of catastrophic insurance is inherently unstable, with strong political pressures to include any exempted services (renal dialysis) and to lower the deductibles. Could turn into National Health Insurance.
 - c. National Health Insurance is unnecessary and unworkable. Huge new taxes necessary.
3. In summary, the President is proposing that no family need be barred from care because of inability to pay. It is a universal health insurance proposal, but maintains a pluralistic approach with a mixture of public and private coverage.

B. Rising Costs

1. Point to stress here is the structure of present insurance which fuels health cost inflation through cost-plus contracting. Problems lie especially with hospital costs--in the last year or two, physicians' fees have slowed their rate of increase to a rate equal to that for other items in the CPI.
2. Our cost control strategy has three basic elements:
 - a. Create incentives for efficiency and use of lower cost services:
 - b. Create new utilization and quality control devices;
 - c. Reduce unnecessary demand through prevention.
3. Explain the elements, using the chart.

C. Geographic Maldistribution

1. Problem here is that many areas of the country--inner city and rural--simply do not have the resources for adequate medical care. (Doctors per 100,000 varies from 228 in New York to 82 in Mississippi.) The cause is not basically one of financing--Medicaid and Medicare proved that giving people money to buy services does not automatically produce response from providers. Rather, the problem is basically that doctors do not want to move into areas that lack other sources of medical support, peer stimulation, cultural advantages, or physical security. Our proposals aim at creating that support base.
2. Explain proposals.
3. Explain that Kennedy bill would meet distribution problems through a more draconian method--capturing all the reimbursement money through Federalized insurance, then allocating it in advance among all geographic areas with special preference for underserved areas in order to equalize care. Doctors are basically left to go chase the distribution of the money.

D. Quality

1. We face problems both in quality of care and availability of the types of care most needed. As to the latter, our greatest need is for primary care practitioners--G.P.'s, internists, and pediatricians; 80 percent of current graduates do not go into primary care.
2. Our first step must be to assure the survival of our existing sources of manpower production in a way which does not encourage waste and inefficiency. Over 60 medical schools applied for financial distress assistance last year. With capitation support, we are upping our dollar commitment but moving into a "first dollar" instead of our current "last dollar" role.
3. Incentives for more doctors built into the health manpower amendments through
 - a. Capitation based on graduates
 - b. Project grants for enrollment increases
 - c. Curriculum shortening--same capitation for 3 as for 4 years
4. Incentives for primary care graduates.