

older people. Seventy-five percent of the people in this country who get the benefits of Medicare and Medicaid live on less than \$24,000 a year. We can fix Medicare without burdening them.

That is my commitment: Fix the Medicare system. You don't have to stick it to the older people in this country who barely have enough money to live on. So let's balance the budget and do it right so we can grow the economy, reduce the crime rate, and bring this country together. That is my commitment, and I think it's yours.

Thank you, and God bless you all.

NOTE: The President spoke at 10:55 a.m. at Jacksonville International Airport.

Remarks in a Roundtable Discussion With Senior Citizens in North Miami Beach, Florida

September 19, 1995

The President. Thank you for taking a little time to meet with me and the Governor today. I wanted to just say a few words. First of all, let me thank Governor Chiles for being here. You know, when he was a Senator, he was the chairman of the Budget Committee, so he knows a lot about what we're going through in Washington.

Gov. Lawton Chiles. These people knew me when I had the Aging Committee, before I had the pleasure to know you. [*Laughter*]

The President. That's right. Before you were aging. [*Laughter*]

I'd like to just talk for a couple of minutes and then spend the rest of the time listening to you, trying to answer your questions or at least hearing your concerns about this. You all know we're in a major debate in Washington about balancing the budget, and we're trying to balance the budget. I think that's a good thing to do. Our country never had a permanent deficit in our Government accounts until the 12 years before I became President, and I've tried to change that.

When I became President, the annual deficit was \$290 billion a year; we've now got it down to \$160 billion a year. That's a huge decrease in only 3 years, and I'm proud of that. But we have to ask ourselves now that we're going to go all the way and balance

this budget: Why are we doing it, and how are we going to do it in a way that reflects our basic values as Americans, our sense of personal responsibility, our sense of family responsibility, our responsibility to our communities? And maybe most important, what are the obligations we owe to each other across generational lines and across income lines in America? How can we balance the budget in a way that permits us to honor these values and these obligations?

We want to balance the budget because we'd like to take this debt off of our children and grandchildren, because we would like not to spend so much money every year paying off interest on the debt so we'd have more money to invest in things like education and health care and the economy, but we have to do it in the right way.

Now, I have offered the Congress a balanced budget that increases our investment in education, because I think we owe the next generation quite a lot—in a global economy they'll need more education and because so many of our children, particularly poorer children, need the tools to work themselves into the middle class. I have offered a balanced budget that continues our fundamental obligations to clean air, clean water, safe food, public health, and the environment. And I have offered a balanced budget that deals with the need to slow the rate of growth in medical expenses so that health care does not consume the entire budget and does not take more and more of our income and more and more of your income.

Now, in addition to that, there is this issue with the Medicare Trust Fund, which the congressional majority, the Republican majority, has made a great deal of. But I'd like to talk a little about the Medicare Trust Fund and what its relationship is to the budget, and then we can hear from you.

The Congress has proposed to balance the budget in 7 years and to pay for a \$250 billion tax cut and to cut Medicare by about \$270 billion over that 7-year period and to cut Medicaid by about \$180 billion over that 7-year period.

My proposals, which balance the budget in 10 years with a much smaller tax cut, have a Medicare reduction that's less than half of theirs and a Medicaid reduction that's about

a third of theirs. Now, if you hear them talk, they will say two things. They will say, first of all, we're not cutting anything; we're just slowing the rate of inflation in these programs. And secondly, they'll say we have to cut Medicare because it's necessary for the Trust Fund. So I would like to deal with both of those issues if I might.

First of all, on the Trust Fund, there's a legitimate issue with the Trust Fund. Our administration brought it up in '93 and in '94 in the health care debate. And many of the same people who are saying we have to cut Medicare by \$270 billion today were denying that we could have any reductions at all just last year and denying that there was big problem with the Trust Fund. But there is a problem with the Trust Fund. And so our obligation, not only to the people on Medicare today, but to the people we want to have Medicare in the future, our obligation is to fix the Trust Fund.

The actuaries say that we need to put about \$90 billion into fixing the Trust Fund. That is, if we put \$90 billion in, we will secure it for another decade, and during that decade, we'll have time to figure out what we're going to do when all the baby boomers retire and they get on Medicare because then there will be a lot more people on Medicare.

But neither proposal really deals with that. We're just talking about how to add a few more years, 10, 11, 12 years to the Trust Fund. My proposal takes it out 11 years from today. And that's better than we're been doing in most of the last 15 years. My proposal does it by recognizing that the Trust Fund essentially provides hospital care and other services and is paid for essentially by asking the providers to take less money in the future and by cracking down on fraud and abuse.

And by the way, we have a study which says that Medicare fraud and abuse is about 10 percent of our total cost. And we have the United States Attorney here for this part of Florida, and he can tell you what we're trying to do in Florida. But we have doubled the prosecutions on fraud and abuse, we have assigned 3 times as many FBI agents to try to crack down on fraud and abuse as any previous administration, and we've brought in more money from people who are skimming

the system illegally than ever before. So there is a lot of money there. And we can do that.

Their proposal would ask the beneficiaries of the system to pay more, dramatically more. And it's important that you realize that in their Medicare cuts, about half of them will be absorbed by providers or by improvements in fraud and abuse, but about half of them will come from beneficiaries. And none of that money goes into the Trust Fund. So let's get that on the table. This has nothing to do with the Trust Fund. And the only way you can get money from beneficiaries is either to charge more or give fewer services, or serve fewer people. And that all goes into the budget.

Now, on Medicaid, 30 percent of Medicaid goes to care for poor women and their poor children, but 70 percent of it goes to pay for health care for the elderly and the disabled. So this dramatic Medicaid cut, since the elderly people who get that are disproportionately low income, will have to either be paid for by their children or it means that we're going to serve fewer people. There will be fewer people in nursing homes, fewer people getting in-home services and things of that kind.

You just simply can't decree that the rate of medical inflation will go down to the level they say it will, because we have more and more older people coming onto the system all the time and, thank goodness, living longer, and living better.

So what we need to do is to find the right way to balance the budget, in a way that preserves the Medicare Trust Fund and extends it for at least a decade but does not, does not, cripple the health care system for today's elderly and those who will be coming on in the next decade. Seventy-five percent of the people on Medicare live on less than \$24,000 a year.

So I say to all of you, we need to be open to changes in the system—we can't continue to let it grow at 10 percent a year—but we need to do it in a way that recognizes our obligations across generational lines and across income lines. And we have to be very careful before we approve of a system that would cost our seniors a huge amount more or cause them to have to give up medical services in order to fund tax cuts that go to

people like me who don't really need it—and haven't asked for it, to be fair, haven't asked for it.

So, my point is we can have a tax cut if we target it toward raising children and educating people and middle income people who need it, we can have a balanced budget, and we can fix the Medicare Trust Fund, and we can do all of that without imposing undue burdens on Medicare and Medicaid recipients who simply cannot afford it. And that's the trick. That is what our obligation ought to be.

And I believe that a proposal that would basically reduce future spending in health care by \$450 billion, almost half a trillion dollars, you're either going to—you're going to do one of two things: You're going to either close a lot of hospitals in rural areas and urban areas and teaching hospitals and take a lot of doctors out of the system who won't serve anymore, or you're going to hurt the beneficiaries either by charging them more than they can afford or simply by not serving a lot of elderly people anymore.

So that's the point I've been trying to make going around America. We all have an obligation to fix the Trust Fund, but the proposals in Congress go way beyond that. About half the money in Medicare will go to fix the Trust Fund; the other half goes to their balanced budget tax cut plan. And there's no way around it; that's just the fact. And I just don't think that's right.

Governor, do you want to say anything?

[At this point, Governor Chiles explained that his State would be greatly affected by proposed Medicare and Medicaid cuts because its population is rapidly increasing.]

The President. I guess, the two things I want to hammer home are these: The trustees on which the Republican Congress have relied in saying that the Medicare Trust Fund is in trouble recommend an expenditure of between \$90 billion and \$100 billion to bail out the Trust Fund over the next 7 years. That's in Medicare; that's not \$270 billion, that's between \$90 billion and \$100 billion. I have proposed at around \$120 billion, to ask the providers to do some things that will save money in both Part A and Part B of Medicare. But the premium costs to elder-

ly people that go into Part B are all going into that general budget to fund the balanced budget tax cut plan.

The second point I want to make about Medicaid is, 4 percent inflation sounds like a lot, because we now have inflation down at an all-time low for the last 30, 40 years in America, down to about 2 percent and medical inflation down to 4 and 4½ percent.

The problem is, if you live in a State where—let's say you kept medical inflation to 4½ percent for 7 years, let's just say you could do it. That's 4½ percent per person, and that includes young people as well as older people, and that assumes no population growth. So if you're Florida and you have population growth and most of your health care goes to elderly people, we know that the older you get, the more health care you access, so the inflation will always be more there.

So that's why these numbers simply won't work and will have to be modified and why we must reduce the size of these cuts in order to achieve a balanced budget in a way that reflects our obligations across generational lines and across income lines. You just need to remember those two big points, and everything else flows from that.

Now, you know more about this than I do, so I'd like to stop now and hear from you and let you say whatever you'd like to say or ask whatever questions you'd like to ask in whatever order you want to proceed.

Who would like to go first?

Governor Chiles. Let the ladies go.

The President. Doctor, you want to go first?

[A Dade County doctor discussed the decline of nonprofit hospitals and gave an example of a patient who received inadequate follow-up care due to the practices of for-profit hospitals.]

The President. Now, does this person—is this person in an HMO or not?

[The doctor said that she was not sure whether the patient was in a Health Maintenance Organization but thought perhaps the same company owned both the hospital and the HMO. She continued to cite examples of practices that she felt amounted to fraud in the health care system.]

The President. Let me just point out that, if I might, I'd like to ask—our U.S. attorney is here, and I'd like to ask him to—Kendall Coffey—just to talk very briefly about what we're doing in this here in Florida because this is one area where I hope we can get bipartisan agreement with the Congress.

There is a lot of money to be saved in fraud and abuse. And our friends in the press corps who are covering this, you know, they hear this in every Government program, and people tend to get cynical. But in the Medicare, Medicaid program, it's expanded so fast and diversified so much, and we have so much—things like Alzheimer's that you were talking about—there is genuinely a lot of fraud and abuse. And I think if we could get an agreement—there are some good things, by the way, in their plan that I like about dealing with this. And if we can get an agreement on about how much money we could save, this could help us to go some way toward resolving our differences.

So, Mr. Coffey, maybe you could talk a little bit about what you're doing here in Florida to deal with this fraud and abuse problem.

[Mr. Coffey described Federal and State efforts to crack down on medical fraud and Medicare fraud in particular.]

The President. The one thing I want to say is I think we are finally organized to handle this now so that when people like you believe you know about this, it's very important that you make a referral to the U.S. Attorney's office, because I think a lot of people all across America have these feelings that things aren't right, but they don't know that anyone would ever prosecute it or look into it. We now are organized to handle these problems, and it's very important that not only those of you here but those who will hear about this meeting all across America will call their United States Attorneys and let them know when they think there is some evidence of a problem.

Q. Thank you.

The President. Who else would like to go? Yes, sir.

[A participant voiced his distrust of doctors and hospitals and his concern that they often overcharge for services and asked what the

Federal Government could do to regulate them.]

The President. Well, I think there are two things we can do, two things we have to do at the same time. One is to increase our capacity to investigate fraud and abuse, and that's what we've done. As I said, we've got 3 times as many FBI agents as ever before. We've already doubled the number of prosecutions. We're bringing in more funds. We're moving on that. And then we need help—organized seniors groups can help us a lot by telling us what you think is wrong. You may not always be right, but we won't know unless you give us leads.

The second thing we have to do is to simply slow the rate at which we're putting new money into the system. Now, in this area, there is pretty much bipartisan agreement on at least rough numbers of how much we should slow the rate of money which we're putting into Part A of the Medicare system. And so we have some—we've got agreement. We know if we slow the rate of growth into the provider pool—that's the Trust Fund, the Part A part—that we will force certain discipline on the system and will help to save it money and help to lengthen the Trust Fund. So I think that we're agreed on that—you know, not to the last dollar, but generally those are the two things that can be done about it.

I don't think that the answer to the fact that the system is consuming too much money, however, is to ask the seniors on fixed incomes to pay a whole lot more for the same health care.

Q. That's what worries us.

The President. That's what—what we've tried to do is to strike a proper balance. And my plan is to make full disclosure—is to try to continue the system we've had, but to fix the percentage of Medicare premiums that the seniors have to pay. So if the overall cost goes up, your out-of-pocket costs will go up, because the percentage will be a percentage of the bigger number. That way, we share the responsibility and there's some incentive not to overuse the system. But the main problem is the one that you have outlined.

Who else would like to go next. Yes, sir?

[A participant explained that Medicare and Social Security not only benefit the elderly but also younger people who are no longer burdened with the high cost of taking care of their elderly parents.]

The President. Governor Chiles and I were talking about that on the way in. I don't think people—that whole aspect of it hasn't been thought through. The extent to which, particularly if you look on the Medicaid budget, people who have to go into nursing homes and people who get help with in-home care, a lot of the elderly people themselves have low incomes, but their children have—a lot of them are basically getting by on middle class incomes. And their incomes would also be dramatically lowered if they had to basically go back to try to take care of their parents and their grandparents who were also less independent than they have previously been. I think it's a very important point, and thank you for making it.

Q. It is.

Q. Can we get this across to the congressional majority?

Governor Chiles. Now, that's a different ball game. You'll have to help us.

The President. I think if you can make those points, that this could be, in effect, an indirect middle class tax increase if they overdo it, then it would register, I think, on people, because it certainly would be. I mean, basically it would be an indirect tax increase on young people who are fortunate enough to still have their parents and grandparents living. And I'm saying, of course, it's just like everything else, some could afford to pay it, some couldn't, which is why I like the universal nature of Social Security and Medicare, because it basically empowers and gives dignity to the lives of people. It also strengthens families' ability to take care of their children. So you don't have people choosing between their children and their parents. That was a very important point.

[A participant thanked the President for his support of Medicare and asked the Holy Spirit to guide him in his efforts.]

The President. Bless you. If we had a little more of the Holy Spirit, we could probably come close to—[laughter]

[A participant voiced her concerns about older people who could not afford medical care and about doctors who would no longer take elderly patients. She said that while this was not the case where there were many HMO's, there were other problems with HMO's, such as fraud and excessive profits.]

The President. I think we're going to have to do a lot more work on that because, you know, some of them are wildly popular and are doing a good job. Some of them have taken their management savings, for example, and given people who've joined them free prescription drug benefits—something that Medicare doesn't provide—which is a godsend for people who need it. So we shouldn't condemn the whole industry. I mean, some of them have done a wonderful job. But it also provides a vehicle through which people who care only about making a quick buck can justify just about any way to, in my opinion, to abuse people.

What were you going to say?

[A participant explained the fraudulent practices of some HMO's and what is being done to prevent further abuse.]

The President. Let me say, you know, I think we are getting close to agreement on the question of whether people should have more HMO choices available to them on Medicare and Medicaid but should not be forced into it.

And I'm adamantly opposed to that, any kind of forced—but even if you do that, then you have a problem that we have to be very vigilant about, that Governor Chiles talked about, because the healthiest people which used to go into HMO's and get the best deals, and then the HMO's could then decline to take people who might need, say, the drug benefit. And then 3 years from now, we could be spending even more money on the program than we are now because we let the people that don't cost much go into HMO's and get the regular fee and then everybody else will be out there, we'll have to spend even more on them.

So if this is not a—the HMO, it's a good option in many cases, if it's a well-run HMO. But it's certainly not a be-all and end-all to the problem of medical costs.

[A participant voiced her support for Medicaid but stated that reforms must be made to ensure that the system benefits those who need it and that all programs should be monitored. Another participant then stated that, despite the belief of some people, the elderly are not being selfish in their need for assistance. She also discussed the fact that the talents and capabilities of nurses are going unused in many hospitals.]

The President. Well, as you know, I strongly support that. And I was interested in a comment you made—I hadn't thought to make this point today, but I think it's worth making—when you said that a lot of seniors have children in their fifties who can't get health insurance.

We are—I tried to do something about that, as you know, unsuccessfully. We are losing now—a million Americans a year are losing their health insurance—non-seniors, under 65. This is happening in no other country in the world with an advanced economy. No other country would tolerate this.

Q. Outrageous.

The President. We lose one million a year. Now, we would lose more but for the Medicaid program. The Medicaid program not only helps seniors who need institutionalized care or who need in-home care, it helps some low-income people who are working poor people, who are not on welfare but are working poor—who are not on welfare but still have low incomes from other sources. And many States have tried to do what Governor Chiles has tried to do here, which is to achieve some savings in the Medicaid program by having a decent selection of HMO's and take the money and put it into providing subsidized insurance to the working poor.

All of that will go totally out the window if we reduce Medicaid spending by the amount we're talking about, so that instead of just being the only country in the world that doesn't provide health insurance for people under 65, the only country in the world with an advanced economy losing a million people a year—that number, that one million number will go up quite a lot. We will then begin to lose even more people who are younger.

So this is—that's another way in which this whole issue is an intergenerational thing. I will say again, I believe we can slow the rate of growth in Medicaid spending and Medicare spending. We have already done that in the last 2½ years. But I do not believe that you can just jerk \$450 billion out of the system and pretend that there will be no adverse consequences. That is the point I want to make.

Go ahead. What were you going to say?

[A participant praised the ombudsmen appointed by Governor Chiles to investigate complaints against nursing homes in Florida and stated the need for more control of physicians' fees for particular services.]

The President. Thank you. We have a big crowd of people downstairs, and it's kind of hot for them, so we probably ought to go down there. I do—I want to thank you for sharing this time with me. And I want to assure that I will take your concerns back to Washington, and the things that I can do something about by myself, I will do it. And I hope that this forum will serve to inform this debate that will occur in Congress over the next month or two.

And I hope all of you will speak out. And I hope you will make many points, but first of all, be clear on how much fraud and abuse you think is in the system, because I think that will help to focus people on that. And secondly, remind people of the point you made, that this is not just about elderly people. This is about our intergenerational way of life in America, how we live, how our families function. That's a very important point.

Q. Well, a lot of the older people are taking care of their little grandchildren.

Q. Right now they are, yes, unfortunately.

The President. I bet they are.

Q. Sure they are. And we've got to keep the older people well for the children.

The President. Thank you all. You were great. Thank you.

NOTE: The President spoke at 1:40 p.m. at Point East Senior Center.

Remarks to Senior Citizens in North Miami Beach

September 19, 1995

The President. Thank you. Wow. Thank you so very much, Governor Chiles and Lieutenant Governor MacKay and Attorney General Butterworth and members of the legislature and Mayor, other local leaders and, especially, Ginger, thank you for that wonderful introduction and that wonderful comment about the joys of old age. [Laughter] The last year has brought me prematurely closer to those joys—[laughter]—as I have worked along in Washington.

I did come here today to talk about Medicare and Medicaid, but I'd like to put them, if I might, into a little bit of context about what's going on in our country today for all the American people. We are, all of us, privileged to be living through one of the most interesting periods in our country's history, where the way we work and the way we live is changing very, very rapidly.

I think that you could argue that since we got started as a country, we've had about four periods of really profound change: obviously, leading up to and then after the Civil War; and then when we changed our economy from a rural to an industrial economy between about 1895 and about 1916; and then the Great Depression and World War II and the cold war; and now, coming out of that.

I believe this is the most profound period of change we have faced in 100 years in the way we live and the way we work. And whenever those kinds of things happen, we have to think anew about what our basic values are, what kind of people we are, what our obligations to one another are across the generations and across incomes and in different ways of making a living, and we have to chart a course for our country's future.

For me, that means that we have to have a period that is governed by new ideas rooted in old-fashioned values. This is still a country, fundamentally, that's about individual liberty and individual responsibility, devotion to family and devotion to community, rooted in the idea that we all ought to work if we can, and we all have responsibilities, not only to ourselves but to each other, and that we also have a responsibility to be a beacon of hope

to the rest of the world. And that is what we have tried to do.

We've tried to change the economic policy of the country in a way that would bring the deficit down but invest more in education and technology, and it seems to be working. We've got 7.3 million new jobs. Florida is growing jobs at 3 times the rate it was growing them before our administration came in. And we've reduced the deficit from \$290 billion a year to \$160 billion a year in only 3 years. So we need new ideas and a new direction.

We have found a way to do this while increasing our investment in the education of our children, something I know all of you care deeply about and something that is more important than ever before. We know we've got to cut some things. Your Government is much smaller than it was the day I became President. We've reduced the size of the Federal Government by 160,000, and by the time I finish this term we'll have the smallest Federal Government we've had since President Kennedy was the President of the United States, trying to give you a more entrepreneurial, less bureaucratic, less cumbersome Government, but still one that could fulfill our fundamental values.

Today, even as we speak, the Congress, in the Senate at least, is debating the very important subject of welfare reform, something I've worked on for 15 years, almost as long as I've worked on issues affecting senior citizens in America. What we all want, I think, is for people on welfare to be able to live the way the rest of America lives. We want people to be able to succeed as workers and as parents. We want the values of family and work and responsibility to triumph. We don't want anybody to be trapped, generation after generation, on welfare. And we know it would be good for the rest of us as well if they were liberated and became taxpayers instead of tax drawers. We know that.

Since I've been President, waiting for the Congress to act, I've done what I thought I could to move people from welfare to work and help them succeed as parents. Florida is one of 34 States now that have received permission to get out from under old-fashioned Federal rules to put people to work. And in just one of Governor Chiles's experi-