

VETO OF H.R. 3384

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE VETO OF H.R. 3384



JANUARY 21, 1986.—Message and accompanying papers referred to the Committee on Post Office and Civil Service and ordered to be printed

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To the House of Representatives:

Since the adjournment of the Congress has prevented my return of H.R. 3384 within the meaning of Article I, section 7, clause 2 of the Constitution, my withholding of approval from the bill precludes its becoming law. Notwithstanding what I believe to be my constitutional power regarding the use of the "pocket veto" during an adjournment of Congress, however, I am sending H.R. 3384 to the House of Representatives with my objections, consistent with the Court of Appeals decision in *Barnes v. Kline*, 759 F.2d 21 (D.C. Cir. 1985), cert. pending sub nom. *Burke v. Barnes*, No. 85-781.

H.R. 3384 contains some desirable features, particularly a change in the Federal employees health benefits law recommended by my Administration that would allow anticipated rebates of health insurance premiums to be paid by insurance carriers to Federal annuitants, as is already allowed for active employees. I fully support the proposed rebates, but I could not approve the bill, especially because of one seriously objectionable feature. That feature would eliminate the current 75 percent ceiling on the Government's share of the premiums of any individual health insurance plan of employees and annuitants.

Elimination of the ceiling would add to Government costs and increase the Federal budget deficit at the very time that there is a critical need for fiscal restraint. In order to comply with the deficit reduction mandated by the Gramm-Rudman-Hollings Act, spending for most Government programs will have to be cut. Under those circumstances, this is not the time to raise the Government's personnel costs.

Lifting the 75 percent "cap" by itself would directly increase Government costs for many Federal Employees Health Benefits (FEHB) premiums, since the Government would now pay for costs previously paid by employees. OPM has estimated that this will result in adding almost \$90 million to the Federal deficit in fiscal year 1986 and another \$173 million in 1987. Over the six-year period 1986 through 1991, the Federal deficit would increase by an estimated \$1.2 billion. Some proponents of this provision will claim that it would save money because it will induce employees to shift to low-cost plans. However, any such savings must be weighed against the substantial Federal cost increases projected over the next six years.

Health benefits reform legislation proposed by the Administration included lifting the cap as one of its elements. In our proposal, however, that provision was linked with structural improvements in the Federal employee health insurance program, including a change in the way the Government's contribution is established, that would reduce the cost of the program for both employees and the Government. H.R. 3384 ignores that essential linkage by simply lifting the cap without program reform, resulting in an unaccept-

able shift in costs from employees to the Government. I look forward to working with the Congress early in the session to develop a suitable package of structural reforms that would include lifting the cap.

In addition, the provision requiring direct access to and permitting direct payment for the services of nurses and nurse-midwives, without supervision or referral by another health practitioner, deserves full evaluation, including hearings by the Congress. In its present form, it is a major departure from established health care practice and may be counter to many State laws.

In the meantime, I urge the Congress to act as soon as possible to enact acceptable legislation that will permit Federal annuitants to receive rebates of health insurance premiums without undue further delay.

RONALD REAGAN.

The WHITE HOUSE, *January 17, 1986.*