



Access to Health Care News Update – 8.3.07

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(Note: Access to Health Care related materials highlighted in **RED** in longer sections for quick reading)

Even deep price cuts add few to ranks of insured

USA TODAY – 7.17.07

A 50% cut in health insurance premiums would only reduce the number of uninsured Americans by 3%, estimates a Rand study out July 16, which suggests that incentives and government tax cuts won't lead to universal coverage. **Instead, a federal requirement that all people have insurance may be the only way to achieve such a goal**, says study author Susan Marquis, an economist at Rand, a think tank.

The study comes amid heightened debate about ways to cover the approximately 45 million uninsured. Ideas on how to fix the problem cross the political spectrum, from loosening regulation of the industry to mandating a government-overseen health system. **The study, published online in the journal *Health Services Research*, says cost is just one obstacle to health coverage, with many uninsured citing other barriers, such as the hassle factor of buying insurance, the desire to spend money on other things or a belief that coverage is not necessary.**

"A lot of people aren't willing to pay for insurance; they have other things they feel are a priority," Marquis says. The study found consumers generally prefer health insurance with lower deductibles, even if they have to pay higher premiums. Still, cutting by 20% the amount of the annual deductible, which is what policyholders pay before benefits begin, would increase the likelihood of uninsured purchasing the policy by less than half a percent.

"Price does matter, but it matters less than many people would hope," Marquis says.

Data for the study were gathered from records of 19,500 people who bought health insurance from 1997 to 2001 in California, U.S. Census Bureau data and a telephone survey in California taken in 2002-03 of about 4,000 people with health insurance and 400 families with at least one uninsured adult.

Len Nichols, an economist at the centrist New America Foundation who was not involved with the Rand study, says there are generally two broad types of uninsured: those who don't think they'll get sick and the low-income. **"If you believe you are immortal, you'd have to make the price darn near zero (to get them to buy); and if you are poor, you have to make the price darn near zero," Nichols says. "The humane thing to do is have subsidies for the low-income, and they'll buy, and then mandate coverage for the immortals."**

But there is political opposition to the idea of requiring individuals to have coverage. Lawmakers nationwide are watching the first such effort, a law that went into effect this year in Massachusetts, to see if it succeeds.

Health Experts Discuss Ways to Achieve Universal Health Coverage

From: *The Commonwealth Fund newsletter* – 7.20.07

Health care experts came together this week to unveil four different policy proposals aimed at the same goal: launching a universal health care coverage system in the United States.

The authors agreed that universal health care is the next step in the health care debate. Among the principles of their policies, they said, is a focus on involving the lowest-income population who are uninsured. It is estimated that 45 million Americans are uninsured, and those who are insured spend more than one-sixth of their income on health care. Tuesday's event was hosted by the Brookings Institution's Hamilton Project, which aims to develop economic strategies and policy ideas to promote growth.

"Universal health care is the broadest step we can take to protect the economic security of the American family," said Robert E. Rubin, chairman of the Executive Committee at Citigroup Inc. and former Treasury Secretary. "The first step is covering the uninsured," said Rubin, a member of the Hamilton Project Advisory Council.

One proposal, co-authored by Ezekiel Emanuel of the National Institutes of Health, suggested initiating a government voucher system, instead of current insurance programs, that would provide a standard package of benefits comparable to employer-given health insurance.

Another plan, drafted by The Heritage Foundation's Stuart Butler, would create a "Health Exchange Plan," which would evolve the current system to allow for portable insurance through state-chartered "insurance exchanges. It also would overhaul current tax subsidies to target lower-income families.

"There is a fear of change among Americans," Butler said. "It's far better to make minimal changes to those parts of the system that work tolerably well, such as the large employment-based systems, and then construct mechanisms that are familiar to people who do not have coverage and allow others to gradually opt in to them."

Members of a different panel tasked with discussing how the plans could be implemented in the real world praised components of each strategy, but agreed that none was "perfect" yet. Former Centers for Medicare and Medicaid Services Administrator Mark B. McClellan, one panelist, said the solution would start with incremental changes that would offer choices to people in how they get coverage. The first step would likely be state overhauls, said McClellan, currently a Brookings visiting fellow.

Gerard Anderson, a professor at the Johns Hopkins Bloomberg School of Public Health, suggested expanding Medicare to allow everyone to enroll if they choose. His plan, which he co-authored, would require people to have health insurance, and require employers to provide it. It would allow firms and individuals to retain their current private insurance. That plan might be one that unions and their members would likely accept, or another plan where the government or public has the bottom line, said panelist Gerald W. McEntee, international president of the American Federation of State, County and Municipal Employees. He said the first step toward that goal would be opening Medicare coverage to people older than 55 and expanding the State Children's Health Insurance Plan (SCHIP).

Expanding SCHIP is critical to implementing a universal health care system, said Former Treasury Secretary Lawrence H. Summers, a Hamilton Project Advisory Council member. Summers also sat on the discussion panel.

A proposal co-authored by Jonathan Gruber of the Massachusetts Institute of Technology would make the Massachusetts health care system national. The state law requires all residents to obtain health insurance. It provides subsidies to those with lower incomes to help them pay for that coverage. And it creates a state-run marketplace called "the Connector" to help individuals and employees of small businesses find affordable health plans.

Another panel member, General Mills Chairman and CEO Stephen W. Sanger, said he liked Gruber's proposal, but said he favors proposals that focus on the role of the physician and the user, and that take market forces into consideration. The first step toward a health insurance solution, Sanger said, would be to move more conceptually and expand large employer programs that already treat employees.

Summers said it is "inconceivable" to build a health care plan that resembles the current system, and agreed that change had to come little by little.

"Everything in my training says to me that before you think about a system, you should spend at least a little bit of time saying, if the whole thing were on a piece of paper, how would we draw this, and at least try to

understand the answer to that question before you set a course," Summers said. "I think it's inconceivable that you'd start any system with any resemblance to our system."

In Focus: Searching for a Better Way to Pay Providers

From: The Commonwealth Fund Quality Matters Newsletter – 7.19.07 (By Sarah Klein)

Summary: *Current payment reform proposals hold the potential to lower health care costs and improve quality of care by promoting increased collaboration among physicians, hospitals, and ancillary service providers and rewarding quality and efficiency.*

The U.S. health care system is the most expensive in the world, yet it often achieves less than its industrialized peers. The result is less-than-optimal care for patients and a financial burden for U.S. companies that are competing with businesses in countries with efficient and effective systems. The financial strain falls on families, too, as medical costs absorb a higher percentage of their incomes.

Most health care experts pin a large part of the blame on the dominant **fee-for-service payment system**, which rewards physicians and hospitals for high volume and expensive care without regard to outcomes. **The payment methodology also fails to reward preventive care, coordination among clinicians, and close management of patients with chronic conditions—the very services that could help contain spiraling health care costs.**

Recent efforts to mitigate those effects have focused on pay-for-performance programs, which generally pay a bonus to providers when they meet or exceed certain measures of quality. Yet, these programs may be limited in their ability to promote efficiency and care coordination because the bonuses are made within the fee-for-service payment structure.

Many of the public and private sector groups advocating for fundamental payment reform beyond pay-for-performance say a more aggressive approach is necessary to tackle the most serious deficiencies in the current system. The mechanisms they propose to encourage more efficient care vary considerably. Some depend on risk-sharing techniques to drive collaboration among providers, while others rely on increased public reporting of cost and outcomes to improve performance. Another recommends reorganizing the delivery of care around diseases and conditions to improve accountability and quality. Despite their differences, **these payment proposals share the same premise: that increased collaboration among physicians, hospitals, and ancillary service providers will improve efficiency and quality of care, and in turn, lower health care costs.**

(Full details: http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=510153#focus)

Medicare Beneficiaries to Test-Drive Personal Health Records

From: The Commonwealth Fund Quality Matters Newsletter – 7.19.07

Under an 18-month pilot project launched in late June, Medicare beneficiaries will be able to create their own personal health records (PHRs) at a new site, www.mymedicare.gov.

The records will be pre-populated with data from Medicare files on beneficiaries' medications and medical conditions, claims status, eligibility to services, and other information. The PHRs will belong to beneficiaries, who can enter in their own information and choose which providers and family members can access their records.

CMS launched the program together with four health plans: HIP USA, Humana, Kaiser Permanente, and the University of Pittsburgh Medical Center. Each plan will offer different tools through the PHR, and CMS will monitor beneficiaries' use of the four systems to assess the most useful content and functionality.

Health Care Cost Growth to Slow in 2008, Report Says

The Commonwealth Fund Quality Matters Newsletter – 7.19.07

U.S. health insurers expect the growth in medical costs to slow in 2008, according to a new [report](#) from PricewaterhouseCoopers. The findings are based on a survey of five U.S. carriers that together insure more than 30 million people.

The insurers say that they expect medical costs to rise 9.9 percent next year, down from 11.9 percent for preferred provider organizations and 11.8 percent for health maintenance organizations this year. The report suggests that the decline can be contributed to slower spending growth for prescription drugs and increased employee cost-sharing. In addition, more employers have been investing in wellness programs and offering employee incentives for healthier lifestyles. The use of health information technology is also expanding.

Study: Low Literacy Limits Patient Questions, Participation

From: *The Commonwealth Fund Quality Matters Newsletter* - [Patient Literacy and Question-Asking Behavior During the Medical Encounter: A Mixed-methods Analysis](#). *Journal of General Internal Medicine* 22, 782–786.

This study found low-literacy adults asked significantly fewer questions about medical care issues and fewer questions overall compared with patients with higher literacy. Low-literacy patients also were more likely to ask a physician to repeat something and less likely to use medical terminology, refer to medications by name, request additional services, or seek new information. **The authors conclude that patients' literacy may affect their ability to learn about their medical conditions and treatments in health care encounters.** M. G. Katz et al. (2007)

Health Care Mediators Beset With Difficult Choices

NPR Morning Edition, July 20, 2007 – Listen:
<http://www.npr.org/templates/story/story.php?storyId=12118778>

Spending on health care has skyrocketed for employers and the average American family. Len Nichols, an economist at the New America Foundation, says **reducing reliance on employers for healthcare requires a commitment from government.** Nichols spoke with Linda Wertheimer.

Medical Homes Could Improve Care for All

Column by Karen Davis and Steve Schoenbaum from The Commonwealth Fund, 7.20.07

Insurance coverage helps people gain access to health care, but the next thing you have to ask is 'access to what?' – Anne Beal, M.D., Asst VP, Quality of Care for Underserved Populations, The Commonwealth Fund

As discussed in a previous [column](#), practitioners and policymakers are looking to **the medical home model as a way to improve the quality of primary health care.** The model has been promoted by professional organizations such as the American Academy of Family Physicians, the American Academy of Pediatrics, the American College of Physicians, and the American Osteopathic Association and discussed in congressional debates as a way to improve preventive care and control health care costs. As defined by the American Academy of Pediatrics, "A medical home is not a building, house, or hospital, but rather an approach to providing comprehensive primary care. A medical home is defined as primary care that is accessible, continuous, comprehensive, family centered, coordinated, compassionate, and culturally effective."

The [Commonwealth Fund 2006 Health Care Quality Survey](#) found that adults who have medical homes not only have enhanced access to care but also receive better-quality care. For the survey, medical homes were defined simply as regular health care providers that offer timely, well-organized care and enhanced access. Specifically, we asked respondents whether they had any difficulty contacting their regular providers by telephone or on evenings or weekends, and whether their office visits were generally well organized and running on time.

The survey found only one of four adults (27%) reported that their regular provider had all four of these indicators of a medical home. Three-fourths (74%) of those with a medical home said they always get the care they need, compared with only half (52%) of those with a regular provider that did not meet the criteria of a medical home and 38 percent of those without a regular source of care. (Read full column at: http://www.commonwealthfund.org/aboutus/aboutus_show.htm?doc_id=510655&#doc510655)

UAW aims to stop more downsizing

Free Press – 7.23.07

As the UAW and General Motors Corp. kick off formal negotiations on a labor contract today, the big question for many hourly workers is whether the two sides can negotiate a deal that keeps GM jobs in the United States and ensures health care for retirees.

Health care isn't the only issue, but analysts, economists and workers say they believe negotiations over the long-held UAW benefit will be the topic on which the negotiation of other GM-UAW issues will hinge.

GM wants to offload its responsibility for retiree health care by paying about 65% of its liability into a special trust fund called a voluntary employee benefit association, or VEBA. The VEBA then would cover retiree health care costs.

If GM secures that deal, that may be all it gets, said Sean McAlinden, chief economist at the Center for Automotive Research in Ann Arbor. "I believe the union will say: 'We will give you a VEBA, but that's it for restructuring. You cannot downsize any more,'" McAlinden said. "The union might demand really large guarantees for its 80,000 UAW workers. ... No more shutdowns."

At the top of GM's wish list, analysts say, is the offloading of a significant portion of retiree health liabilities. People close to GM's negotiating team say the automaker hopes to cut its estimated \$64-billion retiree health liability by 35%, by contributing \$41.6 billion to a VEBA and transferring management of the fund, likely to the union. McAlinden and others said the union would be unlikely to concede a scenario near that level and if it did, it would give nothing more to GM.

However, the UAW might accept a VEBA if the company paid closer to 80%, or about \$51 billion, to fund retiree health care, because it would provide some guarantee of retiree benefits if GM's financial troubles worsened, said analyst Kevin Tynan of Argus Research. There's also a belief that an agreement to relieve GM of its health care liability could help keep factories and jobs in the United States, Tynan said.

Poor kids don't vote

Commentary - Salon.com –7.22.07

On Monday, Julia Dahl wrote [in this space](#) about the president's plan to use his rarely employed [veto pen on legislation to fund the State Children's Health Insurance Program](#). Wednesday he gave an interview to the Washington Post and [explained](#) why he was so adamant about this particular legislation:

"I support the initial intent of the program," [Bush](#) said in an interview with The Washington Post after a factory tour and a discussion on health care with small-business owners in Landover. "My concern is that when you expand eligibility ... you're really beginning to open up an avenue for people to switch from private insurance to the government."

Right, except these are people who, by definition, cannot afford private insurance. But then this president doesn't have a very firm grasp of how the health care system works in this country in the first place. He thinks we already have universal healthcare -- [you just go to an emergency room](#). (Maybe he thinks that's free for everyone, just like it is for him.)

It wasn't too long ago that he was more than willing to dramatically [expand government health care](#) -- as long as the insurance companies got a nice healthy piece of the action and the pharmaceuticals companies got no price controls -- and, of course, the people who benefited were a huge voting bloc. Poor kids don't vote, so why bother?

This is the opening salvo in the new health care battle and, unsurprisingly, the compassionate conservative in chief is out there leading the charge for the insurance companies. But even [some Republicans](#) seem appalled at this particular stubborn and illogical tightfistedness:

[Sen. Charles] Grassley and [Sen. Orrin] Hatch, in a joint statement this week, implored the president to rescind his veto threat. They warned that Democrats might seek an expansion of \$50 billion or more if there is no compromise.

They also said that Bush should drop efforts to link the program's renewal to his six-month-old proposal to replace the long-standing tax break for employer-based health insurance with a new tax deduction that would help people pay for insurance, regardless of whether they get it through their jobs or purchase it on their own.

"Tax legislation to expand health insurance coverage is badly needed, but there's no Democratic support for it in the SCHIP debate," said Grassley, the ranking Republican on the finance panel. "In the meantime, our SCHIP initiative in the Finance Committee takes care of a program that's about to expire in a way that's more responsible than current law and \$15 billion less than the budget resolution calls for."

I have very serious doubts that the [Spineless Sages](#) will ever find the will to override any veto, but this one would certainly seem like a no-brainer. We're talking about sick kids here. If they can't muster the will to defy this 28 percent president for that, then they will go over the cliff with him on anything.

Get more children on health coverage

Opinion – Free Press – 7.24.07

Although facing the threat of a presidential veto, Congress needs to hold firm on a strong expansion of health coverage for the children of America's poor families.

S-Chip, short for the State Children's Health Insurance Program, has dramatically lowered the number of uninsured children over its initial decade. It expires Sept. 30 unless reauthorized, and Congress, to its credit and with a good deal of bipartisan support, is pushing to not just do that, but also to expand it. The Senate wants to add a cigarette tax, at 61 cents per pack, to finance it, while the House is looking at rescinding Medicare bonuses to private insurers as a financing tool.

Why President George W. Bush should see this as a threat is hard to fathom. He said earlier this month that "the immediate goal is to make sure there are more people on private insurance plans." But the program largely operates through third-party insurers or HMOs, with each state setting its own structure. Bush followed up with an even more perplexing comment: "I mean, people have access to health care in America. After all, you just go to an emergency room."

That's exactly what S-Chip is designed to prevent. Children need regular checkups and prompt diagnosis of their illnesses before they erupt into an event that requires an expensive emergency room visit or, worse, becomes a chronic problem that interferes with their ability to learn. [Keeping them out of emergency rooms should be a major national goal, and S-Chip delivers.](#)

S-Chip is not free, but its enrollment fees and co-pays are affordable for working families who otherwise forgo insurance. Children should not suffer because this country can't figure out how to do health care. An S-Chip expansion helps ensure they won't.

Michigan's Among Most Obese Population (2004 figures)

CNN Fit Nation feature

Timeline progression map shows dramatic transition from 1985 to 2004 in obesity trends in U.S. Michigan's status: among top nine states. View at: <http://www.cnn.com/SPECIALS/2007/fit.nation/obesity.map/>

Economy has hurt Michigan's kids, report says

Free Press – 7.2.07

LANSING — Michigan's struggling economy took its toll on children in recent years, hampering state infant mortality programs and causing the child poverty rate to rise 36 percent, triple the national increase.

Those are some of the findings of the annual Kids Count report released Wednesday by the Annie E. Casey Foundation and the Michigan League for Human Services.

Not all the news was bad, since more Michigan students are staying in high school. The percentage of teens aged 16-19 who are high school dropouts dropped from 10 percent in 2000 to 7 percent in 2005, matching the national average.

The state's teen birth rate dropped 15 percent, from 40 births per 1,000 females aged 15-19 in 2000 to 34 teen births per 1,000 in 2004. That was well below the national average of 41 teen births.

Overall, Michigan ranked 27th nationally among the 50 states on 10 key measurements of child well-being, the same as last year. It got its highest rating — 14th — with its relatively low number of child deaths per 100,000 children aged 1-14, going from 22 in 2000 to 19 in 2004, slightly better than the national average.

And it got some of its worst ratings, coming in 30th, in three categories: the percent of low-birthweight babies born in the state, [the percent of children living in poverty](#), and the percent of children living in families where no parent has full-time, year-round employment.

Governors Unite and Call on Congress to Expand Insurance Program

Source: Cover the Uninsured, from [Washington Post](#), 7.23.07

The nation's governors drafted a letter to Congress in which they asked lawmakers to extend and expand the State Children's Health Insurance Program (SCHIP), thereby disregarding the president's threat to veto the bill, reports the *Washington Post*.

While the letter did not specify what the increase to the program should be, it urged Congress to reauthorize SCHIP before it expires on September 30 and added, "For many reasons, defaulting to a series of temporary extensions of the program would be untenable for states and the millions of children who rely upon the program." The letter also did not specifically endorse the proposal to raise the tobacco tax, but said, "We are encouraged by the Senate Finance Committee efforts to move a bipartisan re-authoritative bill that provides increased funding and reflects the general philosophy that state flexibility and options and incentives for the states are preferable to mandates."

The letter was signed by two Democrats--Janet Napolitano of Arizona, outgoing chair of the National Governors Association, and Jon Corzine of New Jersey, chair of the association's Health and Human Services Committee--and two Republicans--Tim Pawlenty of Minnesota, chair of the association, and Jim Douglas of Vermont, vice chair of the association's health committee. All governors [approved it at the annual summer meeting of the National Governors Association](#). (*Editor's Note: took place in Traverse City*)

SCHIP Proposal Debate Creates Unusual Alliances

Source: Cover the Uninsured, from [Associated Press](#), 7.20.07

The debate over the State Children's Health Insurance Program (SCHIP) has created some unexpected coalitions, reports the Associated Press. "Seniors are joining with doctors. Unions with health providers. The pharmaceutical industry with one of its biggest critics, the advocacy group Families USA. They share the same goal--expanding the State Children's Health Insurance Program."

[Among the "odd unions" is the one between the AARP and American Medical Association](#), which are launching a lobbying campaign likely to exceed \$2 million to "make it uncomfortable for Republican lawmakers to agree with the administration's position," adding that they consider insurance companies to be overpaid. [The Partnership for Quality Care, an organization of labor unions and health providers, launched an advertisement supporting the tobacco tax increase as a measure to finance the expansion of SCHIP. The partnership will be joined in its efforts by America's Health Insurance Plans, the major health insurance industry trade group. Drug manufacturers represented by the trade association Pharmaceutical Research and Manufacturers of America do not mention the size of a SCHIP expansion in their television ads but only ask viewers to tell Congress to support the program.](#) Another organization lobbying for the program is the

Children's Defense Fund, placing ads on national television, in movie theaters, in the *New York Times* and in states where presidential debates are occurring.

Analysis of Leading Congressional Health Care Bills, 2005-07: Part II, Quality and Efficiency

From: The Commonwealth Fund, 7.26.07

Available on-line at:

http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=511249&#doc511249

Overview

The U.S. health care system will become a high performance health system only with strong leadership from the federal government in partnership with the private sector. A prior [report](#) analyzed the likely effect on U.S. health system performance of congressional legislative proposals to extend health insurance coverage. [This report addresses the major bills introduced over 2005–2007 designed to advance the quality and efficiency of the health system. The bills relate to: Medicare prescription drug coverage; Medicare payment reform; transparency; health information technology; patient safety; medical liability reform; and elimination of health disparities.](#) Although they fall short of a comprehensive strategy for systemwide improvement, the legislative proposals potentially lay a foundation for more fundamental reforms.

Children's Health Care Bill Loaded with Extras

NPR, *Morning Edition*, 7. 27.07 – Listen: <http://www.npr.org/templates/story/story.php?storyId=12295329>

In Congress, a bill aimed at supporting the State Children's Health Insurance Program (S-CHIP) has ballooned into a 400-page free-for-all. It now includes changes to the Medicare program for the elderly and disabled and a tax on tobacco.

Can You Afford a Healthy Retirement?

NPR, *Morning Edition* – 7.27.07 Listen: <http://www.npr.org/templates/story/story.php?storyId=12258297>

As they approach retirement age, many people have no idea how much money they will need to support themselves — and [they frequently underestimate the cost of health insurance that they'll need to supplement Medicare.](#)

As *Chicago Tribune* personal finance columnist Gail MarksJarvis reviews the numbers with Renee Montagne, she notes that most households on the verge of retirement have saved no more than \$88,000. That amount translates into about \$650 a month for living expenses, Jarvis says.

Medicare will cover only part of their health bill, and health insurance alone will cost a retired couple an average \$330 per month, she adds.

Analysis: Dems vow big agenda before summer recess

From: CNN – source: Associated Press – 7.27.07

WASHINGTON -- Beset by poor approval ratings and internal differences, congressional Democrats hope to give themselves a triumphant send-off when Congress departs on a monthlong summer vacation.

"They can't possibly do all the things they want to do," counters Rep. John Boehner, the House Republican leader.

Perhaps not. But Democratic leaders, seven months in power, have set an ambitious agenda for themselves for the next 10 days, even momentarily dispatching their efforts to end the Iraq war to the background.

They intend to send President Bush bills to counter terrorism and tighten congressional ethics, measures that were among the party's half-dozen top priorities when Congress convened in January.

The House and Senate are scheduled to vote on legislation expanding the health-care program for low-income children -- a signature issue for the new majority -- and raise tobacco taxes to finance it.

After more than a decade out of power, House leaders intend to place their stamp on farm programs. And begin the dismantling of a Republican-enacted alternative to traditional Medicare that provides billions in federal subsidies to insurance companies. Additionally, some Democrats still harbor hope of passing of an energy measure. "Republicans on both sides of the Capitol are in a mode of delay. I think they fear we will pass our agenda, which the American people supports," said Rep. Steny Hoyer of Maryland, the House majority leader.

The low-income children's health measure has strong support within both parties in the Senate.

"Americans overwhelmingly support getting kids covered," said Sen. Max Baucus, D-Montana, as he guided the bill through the Senate Finance Committee. Supporters said the \$35 billion measure would allow 6.6 million people to maintain their current health coverage, and provide protection for another 3.2 million uninsured children. It is financed by a 61 cent-per-pack increase in the cigarette tax. Bush has a veto threat pending against the bill, which he has said would expand government-run health care.

But given the popularity of the measure, his allies in the Senate have a modest objective. They hope to show enough strength to sustain his threatened veto.

In the House, Democrats drafted a companion measure that underscores a dramatic ideological divide between the parties on health care. Like the Senate bill, it expands health coverage for the low-income. In addition, it cuts \$157 billion over the next decade from federal subsidies to HMOs that provide private coverage under Medicare, and repeals other provisions that Republicans enacted to give senior citizens an alternative to traditional Medicare.

"We think if this passes and becomes law, Medicare Advantage over much of the country will not continue," said Rep. Jim McCrery, R-Louisiana, the senior Republican on the Ways and Means Committee. Republicans adopted a strategy of delay on the measure. And there was talk of trying to win approval of an amendment that defined a fetus as a living person -- a tactic designed to embarrass Democrats, if not thwart passage of the overall bill.

House Dems Say SCHIP Plan Would Cover Five Million More Uninsured Children

From: The Commonwealth Fund newsletter – 7.30.07

House Democrats last week unveiled a \$90 billion legislative package they planned to mark up later in the week that would expand a children's health program by cutting Medicare payments to private insurers and raising tobacco taxes, including a 45-cent-a-pack increase in the federal tax on cigarettes.

The proposal also heads off scheduled Medicare payment cuts to doctors totaling 10 percent in 2008 and 5 percent in 2009, replacing them with 0.5 percent increases in each of the two years, and shaves payments compared to current law to home health agencies, skilled nursing facilities, inpatient rehabilitation facilities, and long-term acute care hospitals, in a package of Medicare reductions that includes almost \$50 billion in cuts to private plans.

Republicans said the measure was too large and would not become law. Rep. Joe L. Barton of Texas, the ranking Republican on the Energy and Commerce, was preparing an alternative to the Democrats' bill.

Among its provisions, the House Democrats' measure would increase Medicare benefits for preventive care and mental health care, raise the value of assets low-income seniors can have and still qualify for the relatively generous Medicare drug benefit for poor seniors, and cover more out-of-pocket Medicare costs for poorer elderly Americans. House Ways and Means Health Subcommittee Chairman Pete Stark, D-Calif., described the package as almost complete in an early evening telephone press briefing, issuing the caveat that the sponsors hadn't yet heard final numbers from the Congressional Budget Office confirming his assumption the tax would raise about \$27 billion. Stark asserted that the estimate was unlikely to change much when CBO finally weighed in.

To soften the blow of the Medicare reductions, Democrats resorted to phrasing employed by Republicans when they were in control of Congress, instructing reporters not to use the term "cuts," and emphasizing that savings under the package from payments to home health, skilled nursing and rehabilitation providers were consistent with the recommendations of the Medicare Payment Advisory Commission (MedPAC), which advises Congress and the Medicare program on payment levels. **Energy and Commerce Committee Chairman John D. Dingell, D-Mich., declared that "these are not cuts to HMOs. These are quite frankly reductions in completely unjustified overpayments" to HMOs.** Earlier in the day, Republicans likewise dropped their old phrasing, accusing Democrats of planning to fund the package using "massive cuts" in Medicare.

Among its provisions, the measure aims to equalize payments between Medicare Advantage plans and Medicare's traditional fee-for-service program by 2011, reducing federal reimbursements to those plans by nearly \$50 billion over the next five years. While there is no change planned for 2008, beginning in 2009, payment benchmarks will be a blend of two-thirds of the current private plan payment system and one-third of rates paid in traditional Medicare. In 2010, the blend moves to one-third current system payments and two-thirds traditional rates, with payments equalized in 2011. Plans that failed to bid below the phased down benchmarks would not be allowed to enroll new members in that year.

The House package also would repeal a stabilization fund created by the 2003 Medicare overhaul law (PL 108-173) to entice preferred provider organizations, or PPOs, to offer coverage in underserved regions.

Democrats estimated the cost of heading off payment cuts to doctors in 2008 and 2009 at around \$20 billion. They also said the provisions were written in a way that would not drive up the monthly premiums seniors pay Medicare for treatment outside the hospital, which typically are deducted from Social Security checks. The proposal replaces the current system that sets a single spending target for all Medicare outlays for physician care with one that carves up outlays into six separate pools with spending targets for each.

The change is meant to increase incentives for doctors not to overprescribe tests, visits, and procedures, in that outlays surpassing the applicable spending target must be recovered in subsequent years in the form of payment reductions. The pools include outlays for primary and preventive care, which are allowed to grow faster than other types of spending to increase that type of treatment; other evaluation and management services; anesthesia; imaging; major procedures; and minor procedures.

The provisions governing physician payment also create a mechanism to give doctors feedback on how the level of treatment resources they prescribe compares to that of their peers for the same type of patient. And they provide for a pilot program in which doctors get paid to provide a "medical home" to coordinate the often complex care received by the elderly.

Provisions reauthorizing the State Children's Health Insurance Program would cover some \$2 million more uninsured children than would the \$35 billion SCHIP expansion package approved last week by the Senate Finance Committee, Dingell said. The bill maintains current law regarding eligibility for SCHIP, with the exception that states would have the option of covering pregnant women meeting income eligibility criteria, according to a summary of the proposal.

States would have two years to spend the allotment they receive each year. If they ran out of money enrolling eligible children, they would receive payment adjustments. States would receive higher payments if they adopted certain practices meant to increase enrollment, such as 12-month coverage, presumptive eligibility, elimination of in-person interviews, and a single application form covering both SCHIP and Medicaid. The five million gaining coverage would be children enrolling either in SCHIP or Medicaid. The proposal also would allow for coverage of the children of legal immigrants and of qualifying pregnant women who are legal immigrants.

The proposal also would require dental coverage, and coverage of mental health care benefits on a par with benefits for physical health.

In 2008, the bill also would make a one-time series of changes to scheduled payment updates to fee-for-service providers. Skilled nursing facilities, home health agencies, and long-term care hospitals would see a freeze in their payments, while inpatient rehabilitation facilities (IRF) would see a 1 percent update. To qualify as an IRF, 60 percent of a facility's patients would have to meet special criteria for the hospital to qualify for the more generous reimbursements given to inpatient rehabilitation facilities.

The provider payment changes, a House aide noted, follow payment recommendations from MedPAC and the panel's recommendations also have influenced the package's provisions aimed at controlling the rising use of imaging services. Stark said the measure also would include a "bundled payment" for dialysis facilities to prevent improper dosing of biotech anemic drugs to dialysis patients.

Concerning specialty hospitals, the legislation would repeal the "whole hospital exception" that allows physicians to refer patients to hospitals in which they have ownership. The package would limit to 13 months the period of time in which beneficiaries pay to rent oxygen equipment, after which time they would assume ownership.

The House Democrats' bill also would eliminate a "trigger" provision in the Medicare drug law (PL 108-173) that requires the president to propose legislation on reducing Medicare spending if the program's trustees find for two years in a row that Medicare is projected to draw more than 45 percent of its funding from general government revenues. For the first time in April, Medicare trustees for the first time triggered the funding warning.

The package also would give Medicare the authority to use recommendations of the U.S. Preventative Health Services Task Force to add new preventative benefits without congressional approval. The bill also would eliminate co-insurance and waive the deductible for current preventative benefits covered by Medicare. Over a six year period, co-payments for mental health services would be reduced from the current 50 percent co-payment to the standard 20 percent co-payment for other medical services.

Commonwealth Fund Health Care Opinion Leaders Survey - 7.30.07

Keys to improving the quality and safety of health care include implementing a national quality agenda, reforming the way health care providers are paid, and integrating provider care, according to the latest [Commonwealth Fund Health Care Opinion Leaders Survey](#).

The survey, conducted among a diverse group of health care experts from across the nation, found that more than half support the creation of a new public-private entity to coordinate quality efforts and form a national quality agenda. Moreover, nearly all experts agreed that fundamental payment reform is needed, while three-fourths said that greater organization and integration of provider care are necessary to effect improvements in quality and efficiency. (11th in the Fund's series of Health Care Opinion Leaders surveys)

Public-Private Switch Snarls Insurance Program

NP,R All Things Considered, 7.30.07 Listen:
<http://www.npr.org/templates/story/story.php?storyId=12359152>

The biggest fight in Congress over renewing a popular federal health insurance program for kids has to do with how many will leave private coverage to get government insurance instead. Too many, says President Bush. But every plan to help the uninsured involves some substituting of public for private coverage; the trick is figuring out how to keep it to a minimum.

Healthy Wisconsin/BadgerCare Plus Proposal

From: Families USA, July 2007

Pending legislation in Wisconsin : <http://familiesusa.org/assets/pdfs/healthy-wisconsin.pdf> and <http://familiesusa.org/assets/pdfs/state-expansion-wi.pdf>

Dept. of Human Services leader takes new job

Free Press – 8.1.07

Marianne Udow, the director of the Michigan Department of Human Services for the past three years — a period marred by the deaths of several children under DHS supervision — announced Wednesday that she was leaving her position.

Udow, 53, said she will become the director of a new center at the University of Michigan Health System dedicated to improving the quality and effectiveness and efficiency of health care systems. "It's an incredible opportunity for me," Udow said of the new position.

Leading DHS since 2004 has "been challenging," she said. "It's a job that I have so appreciated and so valued. But I think it's time for a change." Udow said a new DHS director has been identified by Gov. Jennifer Granholm's office but that person has asked that an announcement be delayed until a transition from the person's current position is worked out.

OPINION: Bush's Veto Threat May Provoke Constructive Health Care Debate

Source: Cover the Uninsured, from [Washington Post](#), 7.29.07

President Bush's veto threat has provoked "what could be a serious debate on the future of health care by threatening to veto an extension of one of the most popular and successful government programs in that field," the State Children's Health Insurance Program (SCHIP), writes David Broder in a commentary for the *Washington Post*.

Health and Human Services Secretary Mike Leavitt said the SCHIP debate was "a surrogate for the larger philosophical debate on the role of government in health care." The Senate has proposed a bill that would insure 3.2 million more children at a cost of more than \$35 billion over five years. The House version would cover 5.1 million more children and cost more than \$50 billion. Broder expects that Congress will pass a bill and the president will veto it --"and then the serious bargaining will begin." Whatever the outcome will be, Broder concludes, "the larger issues of health care will remain," and it will be important for presidential candidates to have clear statements on the issues.

Doctors don't heal for God, study finds

Healthday News – 8.2.07

Though providing aid and comfort to less-fortunate people is a fundamental tenet of organized religion, a U.S. survey suggests religious doctors are slightly less likely to care for poor and underserved patients than doctors who say they aren't religious. As reported in the July/August issue of *Annals of Family Medicine*, 35% of doctors who described themselves as atheist, agnostic or without religious affiliation said they practiced medicine among the underserved, compared with 31% of religious physicians.

Study lead author Farr Curlin, an assistant professor of medicine with the MacLean Center for Clinical Medical Ethics at the University of Chicago, described the spread between the numbers as "slight, statistically speaking." "However, the important point is that it doesn't seem to matter much what a physician's general religious characteristics are," he said. "They are more or less equally likely to care for the underserved."

The researchers found that, for many physicians, helping those most in need can be its own reward. The impulse is often rooted in deeply held values whether religious or secular. On the downside, doctors who decide to work with the poor, the uninsured and the underserved typically do so at a considerable cost in terms of salary, prestige, free time, administrative control and academic opportunity, the researchers said.

To gauge the impact that faith might have on a doctor's decision to embark on the more self-sacrificing route, Curlin and his team analyzed questionnaires completed by 1,144 physicians. All the respondents were under age 65, and all were asked about their religious beliefs and whether or not they attended to underserved patients. "Underserved" patients included people who were uninsured, receiving Medicaid or attending a so-called safety-net setting such as a free clinic, community or migrant health center, public or county hospital, or rural health center.

Slightly more than 25% of those doctors surveyed said they work among underserved patients. Those who did so tended to be slightly younger, female and more likely to work in an academic setting. Doctors who said they had no religious affiliation or who grew up in families that stressed service to the underprivileged were also among the most likely to care for the underserved.

Democrats Pass Hike in Child Health Plan

Associated Press – 8.1.07

WASHINGTON - Democrats pushed through legislation Wednesday to add 6 million lower-income children to a popular health insurance program while making deep cuts in federal payments to Medicare HMOs, defying a veto threat from President Bush.

The House voted 225-204, mostly along partisan lines, to pass the legislation, which would add \$50 billion to the decade-old State Children's Health Insurance Program and roll back years of Republican-driven changes to Medicare. It would slash federal payments to private insurance companies that cover seniors under Medicare and shift money to doctors and benefits for low-income seniors.

The legislation sparked a bitterly partisan health care battle on the eve of Congress' month-long summer recess. A raucous debate over the measure -- filled with parliamentary fireworks by angry Republicans -- engulfed what is otherwise a broadly supported program to insure working poor kids in a larger argument over whether the government or the private sector should provide health insurance to the nation's most vulnerable populations.

A more limited, \$35 billion expansion of the children's health care program without broader Medicare changes appeared headed for a bipartisan endorsement in the Senate by the end of the week, despite another threatened veto. Bush has proposed spending half as much on the program over the next five years. In a veto threat of the House bill issued Wednesday, the administration said the legislation "clearly favors government-run health care over private health insurance," and spends far too much.

The decade-old SCHIP program is designed to subsidize the cost of insurance for children whose families earn too much to participate in Medicaid, but not enough to afford private health insurance. **Through federal waivers, however, the program has expanded in many states to include middle-income children and adults, prompting Republicans to argue that it has morphed into a backdoor way to extend government-provided health care to an ever-increasing population of Americans.**

Bipartisan Support for Drug Website

Michigan News Wire – 8.01.07

LANSING - Attorney General Mike Cox today congratulated the Michigan Senate for their quick passage of a **drug cost website bill that will provide Michigan's seniors and consumers with a broad-based, user-friendly website to compare the cost of prescription drugs.**

"Michigan consumers are one step closer to an efficient and easy to use drug cost website," said Cox. "I want to thank the Michigan Senate for their quick passage of this bill, and I look forward to this bill moving to the House."

The drug cost website bill, sponsored by Senator Roger Kahn (R-Saginaw), passed the Senate with bipartisan support, 26 in favor and six members opposed (in addition, six members were absent). **The bill will expand the current drug cost website to at least 150 drugs, clearly define the difference between name brand drug and generic drug prices, and create a toll-free number consumers can call if a pharmacy is withholding information from consumers.**

Cox has been pushing for a comprehensive, broad-based, user friendly drug cost website since 2004. The website is operated and maintained by the Department of Community Health. To visit the website, please go to www.michigandrugprices.com .

Partisan battle brewing over children's health insurance

Associated Press – 8.1.07

WASHINGTON -- **Republican efforts to scale back expansion of a popular children's health insurance program failed in the Senate Wednesday, as a bitter partisan battle unfolded in the House over a more**

generous version that includes broad Medicare changes. The Senate rejected, 53-42, an amendment by Sen. Judd Gregg, R-New Hampshire, that would have cut federal payments for middle-income children and childless adults under the State Children's Health Insurance Program -- originally designed to cover only poor kids -- and limit future coverage for those populations.

Earlier, the Senate defeated, 58-26, an amendment by Sen. John Ensign, R-Nevada, that would have shifted the bill's \$35 billion SCHIP increase, financed through a tobacco tax increase, into treating diseases like cancer and heart disease. It would have left the program, slated to expire on September 30, funded at its current \$25 billion level for the next five years.

The action came as House Republicans slowed the chamber to a crawl through parliamentary tactics in protest of a \$75 billion SCHIP bill they derided as the first step in moving toward government-run universal health care.

Both versions are under veto threats from President Bush, who calls them overly expensive and an inappropriate shift away from private health insurance.

"The real plan here is to set the stage for a movement of the next gigantic step in the direction of what should be called Hillary-care -- national socialized medicine," said Rep. Jerry Lewis, R-California, referring to the failed Clinton administration health care effort, directed by then-first lady Hillary Rodham Clinton.

Democrats are using the legislation as an opportunity to roll back years of Republican-driven changes to Medicare, cutting payments to Medicare HMO's and shifting the money to doctors and benefits for low-income seniors. They painted the GOP opposition as mean-spirited attempts by their political foes to deprive children of health insurance.

"Health care for America's children cannot be delayed or denied," said Rep. Kathy Castor, D-Florida, as Republicans worked to stall the legislation through time-consuming procedural votes.

In the Senate, the picture is far different. There, home-state politics are colliding with Bush's health care agenda, prompting Republicans to line up with Democrats on expanding the children's health insurance program. In threatening to veto the Senate measure, Bush argued it spends too much and covers too many middle-income people. He faces an uphill battle in persuading Senate Republicans, whose states have come to rely on the program to cover an ever-larger chunk of their constituents, to accept a less expensive version. The \$60 billion measure is on track to pass the Senate this week with wide bipartisan support. Bush had proposed spending half that on the program.

Sen. Trent Lott, R-Mississippi, the party whip, said his hunt for the votes to sustain a Bush veto is a challenge given senators' parochial interest in the program. It takes two-thirds of senators present and voting to override a veto, leaving Republicans in search of up to 34 votes to deny Democrats that chance.

"I thought this was the United States Senate, and if it is the United States Senate -- which I have my doubts about -- you vote against a program, even if it means more money for your state, if it's bad," Lott lamented. "But I don't think we do that anymore."

Lott and Minority Leader Mitch McConnell, R-Kentucky, offered a scaled-down, \$35 billion alternative that would limit eligibility for the program to those it was originally designed to cover -- people at 200 percent of poverty, or \$41,300 for a family of four.

Since the program's inception, the Bush administration has issued waivers to several states that allowed them to extend coverage to children with higher incomes and to adults. Nineteen states have done so, allowing families earning as much as \$82,600 to be covered.

Republicans accuse Democrats of using the program as a way to extend government health insurance to millions of people. In a veto threat issued Monday, the administration said the measure "essentially extends a welfare benefit to middle-class households" and "goes too far in federalizing health care."

The bipartisan bill would gradually move adults who don't have children out of SCHIP, giving states the option of covering them through Medicaid. The government also would lower payments for parents'

coverage and be barred from issuing new waivers allowing states to cover parents. But states would still have the option of providing coverage to pregnant women through SCHIP.

In the Senate, many Republicans say they're sympathetic to Bush's criticism that the measure covers adults and children it was never intended to, but those worries take a back seat to their states' interests.

Congress Mulls Children's Health Insurance Program

NPR - Day to Day 8.1.07 – Listen: <http://www.npr.org/templates/story/story.php?storyId=12421586>

This week, Congress takes up renewal of S-CHIP, or the State Children's Health Insurance Program. The program provides health care for children whose family income isn't low enough to qualify for Medicaid.

States administer the program with about \$5 billion in annual support from the federal government, and a renewal likely to be approved by the Senate would more than double that amount over the next five years. President Bush is threatening to veto the legislation.

Alex Chadwick talks with health care correspondent Julie Rovner about [the debate and what's ahead for the program](#). Celeste Headlee [provides an on-the-ground look at how the program is working for doctors and families in the Detroit area](#). Finally, [Sen. Tom Coburn, R-OK, who is also a physician, discusses the flaws he sees in S-CHIP and his alternative proposal involving a tax credit](#).

House Preserves Children's Health Insurance

NPR Morning Edition, 8.1.07 - Listen: <http://www.npr.org/templates/story/story.php?storyId=12442214>

The House passes a sweeping health bill that would add \$50 billion to the State Children's Health Insurance Program, raise cigarette taxes, and make changes to the Medicare program. Although the issue of children's health insurance is popular, the debate was nasty, and the final vote split along partisan lines.

Medicare to Pay Docs Better, if Kids' Health Bill Enacted

Wall Street Journal Health Blog – 8.2.07

Tucked into the [bill](#) that the House of Representatives passed yesterday is a valuable gift for doctors. [Besides expanding the federal children's health insurance program by \\$47 billion over five years, the bill would direct the government to dole out an extra \\$19 billion to docs, undoing planned Medicare cuts.](#)

That Medicare funding merry-go-round is becoming an annual ritual. Every year, the Centers for Medicare and Medicaid say they're going to cut Medicare reimbursements to doctors, as required by a funding formula laid out by Congress. And every year, Congress intervenes with special legislation to prevent the cuts.

The first part of the ritual played out earlier this year, with CMS projecting reimbursement [cuts of 9.9%](#) next year. With the passage of yesterday's bill, Congress sets in motion the second part, where it rides in to save doctors from rules Congress itself created.

Later this week, the Senate is likely to pass its own bill to expand children's health insurance. But, as the Washington Post [notes](#), the Senate bill doesn't include any money for physician reimbursement. And with President Bush already promising to [veto](#) the legislation as an unwarranted expansion of the government's role in health care, there's a good chance that any compromise bill that ultimately reaches his desk would cut out the extra money for Medicare reimbursement. Last year, Congress didn't get around to [blocking](#) the planned reimbursement cuts until December. This year might not be any different.

Senate backs expansion of children's health insurance program

Associated Press - 8.3.07

WASHINGTON -- The Senate passed legislation Thursday to add 3 million lower-income children to a popular health insurance program in bipartisan defiance of President Bush's threatened veto.

The 68-31 vote, one day after the House passed a more ambitious and expensive version over bitter Republican opposition, handed Democrats a solid achievement to trumpet as they leave Washington for a summer break.

It also gave Democrats, who secured a veto-proof margin, a chance to draw a stark distinction between their priorities and Bush's on an issue that resonates with voters.

"For the life of me, I can't understand why the president would want to veto this legislation," said Sen. [Max Baucus](#), D-Mont., the Finance Committee chairman. "It's moderate, it's bipartisan, it helps low-income kids. ... It's just the right thing to do for the country."

Bush has proposed spending \$5 billion to extend the program. He says the Senate's \$35 billion expansion would balloon the decade-old program beyond its original mission of covering children of working-poor parents and would move more people toward government-run health care.

The State Children's Health Insurance Program expires Sept. 30.

The Senate measure now must be reconciled with the House-passed \$50 billion expansion, which was paid for partly by cutting government payments to [Medicare](#) health maintenance organizations.

Both bills include hefty tax increases on tobacco products to pay for the spending increase.

The health program is designed to subsidize the cost of insurance for children whose families earn too much to participate in Medicaid, but not enough to afford private health insurance.

Through federal waivers, the program has expanded in many states to include middle-income children and adults. That has led Republicans to argue that it has become a backdoor way to extend government-provided health care to an increasing number of people.

National polls show overwhelming majorities of voters support expanding the children's health program and are more likely to support candidates who back it.

Senate OKs Children's Health Insurance

NPR *Morning Edition*, 8.3.07 · Listen: <http://www.npr.org/templates/story/story.php?storyId=12476689>

The Senate passes a bill to renew and expand the State Children's Health Insurance Program, or S-CHIP. It received 68 votes — more than enough to override a threatened veto from President Bush. But there are other hurdles to overcome before the bill becomes law, including merging the Senate's bill with a very different version passed by the House of Representatives before S-CHIP expires at the end of September.

Web Link:

The [Wall Street Journal Online Health Blog](#) -- free feature at www.blogs.wsj.com/health The blog offers analysis on health and the business of health including news about the pharmaceutical and biotech industries, FDA actions, medical issues and health insurance.