



Access to Health Care News Update – 7.19.07

From: Nancy Mathews, Program Coordinator 906.233.0210 x 103 nmathews@uphealthaccess.org

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

OPINION: Health Care Takes Center Stage on National Agenda

Source: Cover the Uninsured, from [Boston Globe](#), 7.7.07

Health care is a top issue on the national and political agenda, but for the debate to succeed in the 2009 Congress, four things must happen, writes Drew Altman, president and CEO of the Kaiser Family Foundation, in a *Boston Globe* op-ed.

First, states that have initiated comprehensive health reform plans "need to achieve at least some measure of success, or substantial momentum nationally will be lost." Altman writes that a few states must prove the feasibility of these plans to "show the nation that it may be possible to break through the impasse between right and left on health reform with an amalgam approach that spreads the responsibility of paying for expanded coverage and builds a broad coalition strong enough to pass legislation."

Second, the business sector must "add its muscle to the debate" and "be a counterweight to the influence of the insurance and drug companies."

Third, health reform must have a role in the presidential campaign for legislation on the issue to pass in Congress in 2009. Although health care is on the rise as an important issue among Republican voters, candidates must join the debate on health care to win over independent voters.

Fourth, regardless of the outcome of the election, "our political leaders will need to show a willingness to compromise to achieve consensus."

Altman concludes: "No matter what health reform approach you prefer, let the candidates know you won't contribute to their campaigns unless they address the issue."

Tax on Tobacco May Help Fund Children's Health Program

Source: Cover the Uninsured, from [Associated Press](#), 7.8.07

An increase in the federal tax on tobacco will likely help pay for the spending increase that Democrats are pushing for to fund the State Children's Health Insurance Program (SCHIP) over the next five years, according to the Associated Press.

Trade groups representing doctors, hospitals and insurers have rallied around the idea of taxing the nation's 45 million smokers to generate revenue, while at the same time decreasing smoking among youth and the overall incidence of smoking-related health conditions. Ron Pollack, executive director of the advocacy group Families USA, said, "I've every reason to believe an increase in the tobacco tax will be part of the way expanded health insurance for children is paid for." Pollack is basing his assumptions on "frequent and relatively recent conversations" with the committees that have jurisdiction over SCHIP. Congressional Democrats are expected to unveil their SCHIP proposals soon.

The federal tobacco tax is currently 39 cents per pack, an amount that generated \$7.2 billion in 2005, which fed into the general fund of the U.S. Treasury. Tobacco companies oppose the tax increase, while a number of groups such as America's Health Insurance Plans (AHIP) support the increase.

Study Findings on Higher Medical Costs for Uninsured pre-Medicare

From: the Commonwealth Fund – 7.12.07

A new study published today in the *New England Journal of Medicine* underscores the importance of having health insurance coverage not only for ensuring access to needed care, but also for controlling overall health care costs and promoting good health outcomes.

The Commonwealth Fund-supported study, "[Use of Health Services by Previously Uninsured Medicare Beneficiaries](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=509290&#doc509290)," (http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=509290&#doc509290) found that among U.S. adults ages 59 to 64 who had been diagnosed with hypertension, diabetes, heart disease, or stroke, those lacking insurance coverage had much higher medical costs--51 percent higher--after becoming eligible for Medicare at age 65 than did those with insurance coverage.

Those who were uninsured also reported 13 percent more doctor visits and 20 percent more hospitalizations than those who were insured before Medicare. Higher use of services and higher costs persisted through age 72.

The researchers used nationally representative, longitudinal data from the University of Michigan's Health and Retirement Study to examine the health care use and expenditures of 5,518 adults who were either privately insured or uninsured before entering Medicare. This method allowed for a direct assessment of the effect of insurance coverage before age 65 on adults' subsequent need for health services. All of the data were self-reported.

"These findings support the hypothesis that previously uninsured adults used health services more intensively and required costlier care as Medicare beneficiaries than they would have if previously insured," say lead author J. Michael McWilliams, M.D., and his colleagues at Harvard Medical School. [The costs of providing health insurance to people earlier in life may be partly offset by reduced spending on health care after age 65.](#)

Coming Soon, Safer Cigarettes?

Associated Press – 7.16.07

WASHINGTON -- The federal agency charged with keeping food and drugs from harming people may soon be asked to take a consumer product that kills more than 400,000 people a year and make it safer.

The product is the cigarette -- generally acknowledged as anything but safe. [Smoking accounts for nearly one in five deaths in the United States.](#) That toll can be reduced, tobacco foes say, and they point to a bill that is expected to pass a Senate committee Wednesday as the tool to make it happen.

[The legislation would give the Food and Drug Administration the same authority over cigarettes and other tobacco products that the regulatory agency already has over countless other consumer products.](#) It's not something the agency necessarily wants, according to past comments by FDA commissioner Dr. Andrew von Eschenbach.

The bill would allow the FDA to regulate the levels of tar, nicotine and other harmful components of tobacco products. Cigarette smoke alone contains some 4,000 chemicals, more than 40 of which are known to cause cancer. New products would need FDA approval before they could be sold, according to the legislation. The bill also would authorize the FDA to set national standards for tobacco products to control how they are made, as well as force the disclosure of their ingredients, including compounds and additives, and in what quantities. That, supporters claim, should help expose and ultimately limit the ways cigarettes are engineered to the detriment of the public's health.

Child Health Insurance Bill Faces Veto

Associated Press – 7.15.07

WASHINGTON -- The Bush administration said Saturday that senior advisers would recommend the president veto Senate legislation that would substantially increase funds for children's health insurance.

The legislation calls for a 61-cent increase in the federal excise tax on a pack of cigarettes. The revenue would be used to subsidize health insurance for children and some adults with incomes too high to qualify for Medicaid but not enough to afford insurance on their own. Members of the Senate Finance Committee brokered a bipartisan agreement Friday that would add \$35 billion to the program over the next five years. The Bush administration had instead recommend \$5 billion.

The Senate legislation expands the State Children's Health Insurance Program beyond the original intent of the program, said White House Spokesman Tony Fratto. "It's clear that it will have the effect of encouraging many to drop private coverage -- purchased either through their employer or with their own resources -- to go on the government-subsidized program," Fratto said. "Tax increases are neither necessary nor advisable to appropriately fund SCHIP."

Congress is considering renewing the program before it expires Sept. 30. When Congress approved the program in 1997, it provided \$40 billion over 10 years. States use the money, along with their own dollars, to subsidize the cost of health insurance. The federal government covers about 70 percent of the cost.

"Congress needs to deliver a bill the president can sign or they need to send him an extension so that people don't worry about losing their current coverage," Fratto said. "It's important that Congress understands the serious consequences of delaying this or sending the president legislation that he clearly cannot sign." Fratto also called on the Senate Finance Committee to consider the president's recommendation to tax employees on the health insurance premiums paid by their employers. The president would offset the increased taxes by giving taxpayers a deduction or credit. The result would be a tax cut for most families, but not for those with the highest-priced insurance plans.

Senate Finance Nears Deal on Expansion of Children's Health Care Program

From: The Commonwealth Fund – 7.10.07

Members of the Senate Finance Committee said Tuesday they have reached **agreement on the framework for an expansion of the State Children's Health Insurance Program**. Under the bipartisan agreement, the expansion would cost \$35 billion over five years—significantly short of the \$50 billion increase sought by Democratic congressional leaders and included in the congressional budget resolution (S Con Res 21), several senators said. The expansion would be paid for with a 61-cent increase in the 39-cent federal cigarette tax, to an even \$1 per pack.

"There is general bipartisan support on the committee" for the SCHIP agreement, said Sen. Gordon H. Smith, R-Ore., who has pressed for a tobacco tax increase to pay for the program's expansion. Finance Chairman Max Baucus, D-Mont., who has been negotiating a compromise on the bill for months, said his committee would likely vote on the bill July 17.

But while the compromise might have the support of most of the Finance Committee, it is likely to be politically difficult for other members on both sides of the aisle to support.

SCHIP is a state-federal insurance program, similar to Medicaid, that covers about 6 million children, along with about 600,000 adults. It is intended to provide health insurance for children whose families are low-income but not poor enough to qualify for the larger Medicaid program. The government has spent about \$4 billion per year on SCHIP since it was created 10 years ago. SCHIP will expire Sept. 30 without congressional action. Children's advocates and many health groups, including insurers and hospitals, have been pressing Congress to reauthorize and expand the program.

Since the start of the year, Baucus and other Democratic leaders have said that their goal is to boost spending on SCHIP enough to cover every child eligible for the program, an expansion that has been estimated to cost \$50 billion over five years. But conservative Republicans, including President Bush, have pushed back, arguing that such a large expansion is unaffordable and is a step toward socialized medicine.

There are still details to be resolved before the committee votes on the bill, members said, including an all-important analysis of the legislation's cost by the Congressional Budget Office. But Baucus said he is "very optimistic" that his months-long effort to reach agreement on the bill is nearly complete.

Grassley, Hatch Urge Bush Against SCHIP Veto

From: The Commonwealth Fund – 7.12.07

The chief Republican architects of a tentative deal the Senate Finance Committee has struck on children's health insurance are defending the proposal against criticism by President Bush, who may veto it.

Charles E. Grassley of Iowa and Orrin G. Hatch of Utah said that they are steadfast against expanding the program as much as Democrats would like, and gave examples in a statement Thursday of how they have scaled it back in committee negotiations.

Bush said in a speech July 10 that the State Children's Health Insurance Program is going beyond its original intent and that he will resist efforts to expand the program. Bush did not mention a veto, but the two Republican Senators said there are reports that he will do so if the proposal expands the SCHIP program. The White House press office did not return a phone call Thursday seeking confirmation of a veto threat.

Finance Committee members said earlier this week they have reached an agreement that would increase spending for SCHIP by \$35 billion over the next five years—\$15 billion less than Democrats called for in the congressional budget resolution (S Con Res 21.) The extra spending would be financed with increased tobacco taxes; chiefly a 61-cent boost in the cigarette tax, to \$1.00 per pack. Senate Finance Chairman Max Baucus, D-Mont., plans to release the proposal Friday and have his panel mark it up July 17, but lobbyists said Thursday negotiations were still underway.

The Finance deal would not allow SCHIP to be expanded to cover more adults, they said, though they did not say what would happen to the more than 600,000 adults already covered by the program. The deal also would not allow SCHIP to cover legal immigrants, a standard provision in every SCHIP reauthorization bill that Democrats have introduced so far.

Further, the lawmakers warned that Bush's preferred policy—tax breaks for middle-income families to help them buy health insurance—isn't going anywhere soon. "[I]t's not realistic—given the lack of bipartisan support for the President's plan—to think that can be accomplished by next week or even before the current children's health care program runs out in September," they said.

However the Senate SCHIP renewal evolves, it is likely to be more palatable to Bush than the House version. Rep. Diana DeGette, D-Colo., vice chairwoman of the Energy and Commerce Committee, which has jurisdiction over SCHIP, said Thursday that Democrats in her chamber are still planning a \$50 billion expansion that would allow continued coverage of adults.

While Baucus plans for his committee to vote on its bill July 17, DeGette said negotiations are ongoing in the House, and the Energy and Commerce Committee won't vote on a bill next week.

Bipartisan Pair Seeks Tax Credit to Spur Worker 'Wellness' Programs

From: The Commonwealth Fund – 7.9.07

Sens. Tom Harkin, D-Iowa, and Gordon H. Smith, R-Ore., introduced legislation Monday that would provide a tax credit to businesses that offer comprehensive wellness programs to their employees.

The programs would be part of insurance plans available to employees on a yearly basis. The bill would provide a tax incentive of up to \$200 per employee for the first 200 employees enrolled and \$100 for every employee thereafter.

Harkin, chairman of the Labor-Health-Education Appropriations Subcommittee, and Smith, a member of the tax-writing Finance Committee, said the bill's cost has not been calculated yet. However, Harkin said that typically there is \$3 to \$4 in health care savings for every dollar spent on wellness and prevention programs over a year to 18 months. Harkin said that he hopes to attach the proposal to tax legislation that is likely to move in the fall.

To qualify for the credit, companies would be required to have three of four components in their wellness programs: health education and risk assessments; behavioral change programs that include counseling, seminars or online courses in such topics as nutrition or smoking cessation; incentives to encourage employee participation, such as health insurance premium reductions to participating employees; and a workforce engagement committee to create a wellness program within the company. Businesses could receive the tax credit for 10 years for creating new wellness programs. Harkin said that while employers are major providers of health insurance benefits, they have not been at the forefront when it comes to wellness programs.

Supporters of the bill include the American Medical Association, U.S. Chamber of Commerce and various public health organizations such as the American Lung Association and American Cancer Society.

Cong. Budget Office: Trimming Health Cost Growth Will be Key

From: *The Commonwealth Fund* – 7.9.07

If health costs continue to grow as they have in the past four decades, income tax rates will have to rise dramatically by 2050 if they are the mechanism used to pay for those added outlays, according to an analysis released Monday by the Congressional Budget Office. Based on the current rate of health cost growth—2.5 percentage points per year higher than the growth in the Gross Domestic Product—the tax rate in the lowest tax bracket would have to climb from 10 percent to 26 percent. In the next bracket, it would climb from 25 percent to 66 percent, and in the highest bracket, it would have to rise from 35 percent to 92 percent.

But if health cost growth is held to one percentage point above GDP, the rate in the lowest bracket would rise to 17 percent instead of 26 percent; in the middle bracket to 43 percent instead of 66 percent; and in the highest bracket to 60 percent instead of 92 percent. "Given the nature of the nation's long-term fiscal challenge, constraining the growth of federal health care costs seems a key component of reducing the deficit over the next several decades," the CBO said in an analysis prepared for the top Republican on the Senate Budget Committee, Judd Gregg of New Hampshire.

UAW talks shape up as stiff test of Gettelfinger's flexibility

Detroit Free Press – 7.16.07

United Auto Workers President Ron Gettelfinger's ... biggest challenge lies just ahead: Contract talks begin this week with Detroit's three automakers, General Motors Corp., Ford Motor Co. and the Chrysler Group... The talks are widely viewed as the most pivotal since the 1950s, when lush UAW contracts helped create a middle-class lifestyle for blue-collar workers.

"I think he's certainly the right guy for this time," Troy-based automotive consultant Ron Harbour said last week. Having met Gettelfinger several times, Harbour said he was "very impressed. He was a good listener. That means everything to me. He truly wanted to understand the situation and the industry, and really has the best interest of everybody in mind, the success of the companies, the success of the union, and wants to make sure they all survive."

The challenge for the UAW is daunting. David Cole, chairman of the Center for Automotive Research in Ann Arbor, said the Detroit automakers must lower their labor costs -- estimated at about \$70 to \$75 per hour per worker including benefits and legacy costs -- by at least \$20 an hour to become competitive with the likes of Toyota, Honda and Nissan. Probably half of that savings has to come from health care costs.

"A contract that is only incremental would likely kill at least one of the Detroit Three and maybe more," Cole said last week. "The contract has to be transformational." That means potentially life-changing concessions on the part of UAW members, who are used to some of the best wages and benefits in industrial America.

Like Harbour, Cole said if anybody can achieve a soft landing for both the companies and the union, it's Gettelfinger. But it won't be easy.

"I think Ron Gettelfinger is a very civilized guy. He's moral, he's straight-arrow, he's tough, and he's got the hardest job of any leader in the last 50 years," Cole said.

UAW health fund looks promising

Free Press – 7.17.07

This is the year that something's got to give on health care in the Detroit-based auto industry. The car companies and the United Auto Workers both know that as they prepare for the start this week of the most important contract talks of modern times.

The industry has to keep cutting costs to remain competitive; the UAW has to protect its members. The proverbial middle ground may be something called VEBA -- voluntary employee benefits association.

The UAW has some recent, smaller-scale experience with the concept, which GM is reported ready to lay on the table. In a VEBA, the company essentially pours money into a fund for the union to administer to cover its retirees' health care. For a one-time payment, the company sheds its obligation.

On the upside for the UAW, such a fund could be maintained even in the event of a company bankruptcy. But the key will be coming to terms on the size of the initial company investment to ensure the fund's long-term solvency.

As part of its plan to emerge from bankruptcy, auto parts maker Dana Corp. this month put \$800 million into a UAW-controlled trust fund for retiree health care, projecting savings as a result of more than \$100 million a year. Similar deals have been worked out in the rubber and steel industries. None, however, has yet established the kind of long-term track record the UAW would like to see before going down this path.

But the approach at least appears to be a sensible alternative to a cost situation that is no longer tenable for a troubled industry.

Children's Health Insurance Faces Touchy Debate

NPR Morning Edition, 7.17.07 Listen: <http://www.npr.org/templates/story/story.php?storyId=12026382>

The Senate is set to move on a bill to renew the program that provides health insurance to more than 6 million children. Children in working-class families earning too much to qualify for Medicaid are covered. But lately the program has gotten caught up in the broader politics of health reform.

Choosing with Care: How to Select the Right Hospital

NPR Talk of the Nation, 7.16.07- Listen: <http://www.npr.org/templates/story/story.php?storyId=12007683>

The latest rankings of U.S. hospitals are out, but **some doctors warn that you need more than a top ten list to find the best medical care**. Surgeon Mehmet Oz and *Wall Street Journal* reporter Theo Francis discuss the key factors patients should consider before choosing a hospital. (synopsis of Francis article follows)

How to Size Up Your Hospital

Wall Street Journal online – 7.10.07

Amid a broad push to bring more accountability to the U.S. health-care system, consumers have access to a growing range of data on hospital quality.

Just a few years ago, only a handful of resources offered such data -- some of it too broad to apply to individual hospitals. But now, the federal government, state agencies and a number of private entities are stepping up their push for greater "transparency" on hospital practices. They are mining Medicare data and state records and surveying hospitals to come up with user-friendly databases to help consumers comparison-shop for care. [See some resources](#) to help find hospital-quality data online.

To be sure, many communities still have just one or two hospitals to pick from -- and in an emergency, choosiness may not be an option even in major cities. But hospital systems are expanding, and high-profile institutions are increasingly competing for patients across broad swaths of the country.

The push for more public hospital information is also part of a larger effort to improve health-care quality and ultimately lower health-care costs. Such public comparisons sometimes make hospitals and doctors uneasy, but disclosure can also inspire change, says Marc Volavka, executive director of the Pennsylvania Health Care Cost Containment Council, which analyzes data on hospitals in that state. "If in the light of day, problems are shown," he says, "that spurs improvement more than anything else you can imagine."

Here is a look at some of the mass of data being published online:

Hospital Practices: The best-known source for hospital data may be Hospital Compare (www.hospitalcompare.hhs.gov). Other groups track similar data on best practices, including the Joint Commission, the independent nonprofit group that accredits most of the hospitals in the U.S. www.qualitycheck.org.

The Leapfrog Group, a not-for-profit consortium of big health-care buyers like General Motors Corp., provides hospital ratings that are available to the public at www.leapfroggroup.org.

Tracking Outcomes: Some resources, including some state governments, are increasingly publishing data on how patients actually fare -- at least for some conditions. New York's state health department, for example, combines state and federal data to let consumers compare mortality rates for cardiac surgery at all hospitals in the state. hospitals.nyhealth.gov.

In Pennsylvania, the Pennsylvania Health Care Cost Containment Council collects a broad variety of data from hospitals in the state, and publishes quarterly reports on mortality rates, readmissions and complications for some

conditions, and average lengths of stay adjusted for how sick patients are, among other details. www.phc4.org Many states gather data from hospitals for public-health and other purposes, but only about 20 provide public quality reports for consumers, says Denise Love, executive director of the National Association of Health Data Organizations. www.nahdo.org/qualityreports.aspx.

A private company, [Health Grades](http://www.healthgrades.com) Inc. of Golden, Colo., also rates doctors and hospitals and provides information on a broader range of outcomes. www.healthgrades.com Much of the information is available free on the site, which is searchable by state, procedure and other criteria. However, you won't get much on smaller hospitals: If a facility doesn't report handling a condition or procedure at least 30 times in three years, Health Grades says its data aren't statistically significant. Other companies that provide similar information: Subimo, a seven-year-old Portland, Ore., company, and HealthShare Technology Inc., recently acquired by WebMD Corp. of Elmwood Park, N.J.

Value of Volunteer Time

From: *Independent Sector* (http://www.independentsector.org/programs/research/volunteer_time.html)

The estimated dollar value of volunteer time is \$18.77 per hour for 2006.

The estimate helps acknowledge the millions of individuals who dedicate their time, talents, and energy to making a difference. Charitable organizations can use this estimate to quantify the enormous value volunteers provide. Learn more about these figures, including how they are calculated and how nonprofit organizations often use them, below.

Dollar Value of a Volunteer Hour: 1980 - 2006		
1980: \$7.46	1990: \$11.41	2000: \$15.68
1981: \$8.12	1991: \$11.76	2001: \$16.27
1982: \$8.60	1992: \$12.05	2002: \$16.74
1983: \$8.98	1993: \$12.35	2003: \$17.19
1984: \$9.32	1994: \$12.68	2004: \$17.55
1985: \$9.60	1995: \$13.05	2005: \$18.04
1986: \$9.81	1996: \$13.47	2006: \$18.77
1987: \$10.06	1997: \$13.99	2007: to be released in spring 2008
1988: \$10.39	1998: \$14.56	
1989: \$10.82	1999: \$15.09	

Please note: Values for 1990-2006 were adjusted to reflect a new data series released by the Bureau of Labor Statistics.

Dollar Value of a Volunteer Hour, by State: 2005

Please note that 2005 is the latest year for which state-by-state numbers are available. There is a lag of almost one year in the government's release of state level data which explains why the state volunteering values are one year behind the national value."

Alabama: \$15.15	Indiana: \$15.79	Nebraska: \$14.24	South Carolina: \$14.43
Alaska: \$17.28	Iowa: \$14.54	Nevada: \$16.86	South Dakota: \$12.76
Arizona: \$16.79	Kansas: \$15.26	New Hampshire: \$18.27	Tennessee: \$15.98
Arkansas: \$13.71	Kentucky: \$15.03	New Jersey: \$21.88	Texas: \$18.20
California: \$20.36	Louisiana: \$14.94	New Mexico: \$13.96	Utah: \$14.61
Colorado: \$18.53	Maine: \$14.29	New York: \$23.60	Vermont: \$14.98
Connecticut: \$23.90	Maryland: \$19.06	North Carolina: \$15.93	Virginia: \$18.69
Delaware: \$19.87	Massachusetts: \$22.46	North Dakota: \$13.18	Washington: \$17.92
Dist. of Columbia: \$27.44	Michigan: \$18.32	Ohio: \$16.40	West Virginia: \$13.59
Florida: \$16.07	Minnesota: \$18.25	Oklahoma: \$14.06	Wisconsin: \$15.63
Georgia: \$17.60	Mississippi: \$13.01	Oregon: \$16.14	Wyoming: \$14.52
Hawaii: \$15.40	Missouri: \$16.12	Pennsylvania: \$17.48	Puerto Rico: \$9.59
Idaho: \$13.55	Montana: \$12.44	Rhode Island: \$16.51	Virgin Islands: \$14.03
Illinois: \$19.52			

Notes: The value of volunteer time is based on the average hourly earnings of all production and nonsupervisory workers on private nonfarm payrolls (as determined by the Bureau of Labor Statistics). Independent Sector takes this figure and increases it by 12 percent to estimate for fringe benefits.

Charitable organizations most frequently use the value of volunteer time for recognition events or communications to show the amount of community support an organization receives from its volunteers.

According to the Financial Accounting Standards Board, the value of volunteer services can also be used on financial statements – including statements for internal and external purposes, grant proposals, and annual reports – only if a volunteer is performing a specialized skill for a nonprofit. The general rule to follow when determining if contributed services meet the FASB criteria for financial forms is to determine whether the organization would have purchased the services if they had not been donated. Accounting specialists, may visit FASB's website for regulations on use of the value of volunteer time on financial forms: <http://www.fasb.org/pdf/fas116.pdf>.

It is very difficult to put a dollar value on volunteer time. Volunteers provide many intangibles that can not be easily quantified. For example, volunteers demonstrate the amount of support an organization has within a community, provide work for short periods of time, and provide support on a wide range of projects. The value of volunteer time presented here is the average wage of non-management, non-agricultural workers. This is only a tool and only one way to show the immense value volunteers provide to an organization. The Bureau of Labor Statistics does have [hourly wages by occupation](#) that can be used to determine the value of a specialized skill.

It is important to remember that when a doctor, lawyer, craftsman, or anyone with a specialized skill volunteers, the value of his or her work is based on his or her volunteer work, not his or her earning power. In other words, volunteers must be performing their special skill as volunteer work. If a doctor is painting a fence or a lawyer is sorting groceries, he or she is not performing his or her specialized skill for the nonprofit, and their volunteer hour value would not be higher.

Auto insurance industry backs medical coverage choices

Detroit Free Press – 7.17.07

LANSING – Michigan motorists could pay as much as 21% less on average for auto insurance if the state allowed them to buy less medical coverage than they're now required to carry, according to an insurance industry study. Part of the savings would come from limiting medical payments for injured motorists to what is paid for workers compensation injury cases under state law. The study bolsters arguments to eliminate Michigan's requirement that all motorists buy unlimited medical coverage under their no-fault auto insurance, according to the Insurance Institute of Michigan.

The institute supports legislation in the state House that would allow motorists to buy a minimum of \$50,000 for medical care or more if they choose, including unlimited medical coverage. An auto insurance policy with a maximum \$200,000 medical coverage would save an average motorist 18%, according to the study.

The study, by actuary Michael Miller, found that 94% of medical claims under Michigan's no-fault system cost less than \$50,000. But the cost of insuring all motorists for unlimited medical coverage has helped make insurance unaffordable for many, said Insurance Institute executive director Peter Kuhnmuensch. He said an estimated 17% of Michigan drivers drive illegally without insurance, and that lowering the cost would help them afford it.

Michigan is the only state that requires unlimited medical coverage for no-fault auto insurance. Insurance companies have long sought to undo the requirement, saying it makes insurance unaffordable to many low-income drivers because of the soaring cost of medical care.

Rep. Virgil Smith, D-Detroit, chairman of the House Insurance Committee, supports changing Michigan's no-fault law to allow motorists to buy less than unlimited medical coverage. A separate analysis by State Farm Insurance Companies shows that Detroit motorists could save \$400 a year on auto insurance if they could buy \$50,000 in medical coverage, instead of unlimited coverage. The State Farm study pegs Detroit's average auto insurance policy at \$2,787 a year.

System tied to inmate deaths ending

Free Press – 7.18.07

Michigan's troubled and high-cost health care system for prison inmates, which has been blamed for several prisoner deaths, is headed for the scrap heap in favor of a first-in-the-nation plan using health maintenance organizations, Department of Corrections officials said Tuesday.

The plan calls for up to six regional HMOs to provide health care coverage to the state's 50,000 inmates on a contractual basis, much like employer health care contracts in the private sector.

In an interview with Free Press reporters and editors, Corrections Department Director Patricia Caruso said the system will replace a statewide, managed care contract in which costs have spiraled and problems persist.

As documented in a series of Free Press editorials during the last two years, prisoner health care in Michigan is fraught with delays, misdiagnoses and bungled communication, leading to inmate suffering and death. Caruso said other innovations are planned in patient record-keeping and staff training. Also, there will be increased use of telemedicine. The HMO contracts are scheduled to be awarded early next year for implementation in March, when the current contract expires.

Caruso declined to estimate potential savings, but said, "I absolutely think our costs can come down." The department is expected to pay at least \$300 million in health care costs this year, she said. That does not include the security and transportation costs related to doctor and hospital visits. The problem of cost control is exacerbated by the relatively poor health of the people who go to prison, she said.

The care of a single, very ill inmate last year cost the department \$800,000, Caruso said, and the 300 most expensive inmate patients, in terms of medical costs, account for \$30 million of overall spending. State prison inmates are not eligible for Medicaid or Medicare. Department officials said they hope some of the more seriously ill inmates -- so sick they pose little or no risk to re-offend -- will have their sentences commuted by Gov. Jennifer Granholm so they can return to civilian life and government health care.

Caruso said she understands public resentment over free health care for felons when so many law-abiding citizens go without insurance. But "prisoners are virtually the only people in our society with a constitutional right to health care," she said.

A dose of hope for prison care

Opinion – Free Press – 7.18.07

A plan by the Department of Corrections to reform its dysfunctional prison health care system with regional managed-care contracts -- in effect, inmate HMOs -- holds great promise. Still, to ensure progress, the state must provide the kind of independent oversight that ended when the Legislature closed its Corrections Ombudsman's Office in 2003.

Such oversight could also come from a medical ombudsman appointed by the governor. In any case, it will become especially important, at least initially, as the state contracts for inmate care with health maintenance organizations that have little or no experience in prisons.

Under a plan detailed Tuesday by MDOC Director Patricia Caruso and consultant Robert B. Johnson, Michigan expects to become the first state to use HMOs for inmate care, which now costs taxpayers \$300 million a year for a system with 50,500 people in 42 institutions. **The state will award six regional HMO contracts by January.**

The reform plan also includes a new electronic medical records system, third-party evaluations, stronger performance standards, reorganized prison health care management, expanded care through video and electronic "telemedicine," and **a statewide contract for assisting newly released inmates who are chronically ill or medically fragile.**

The new prison managed-care system will be like the one used, relatively successfully, by the state's Medicaid program. Caruso said it would deliver better care for less money. That's clearly possible. Medical care, when done correctly, costs less than the malpractice and incompetence that too often have plagued the system.

Because only licensed HMOs can bid, the new contract will probably exclude the current provider of primary medical services, Correctional Medical Services Inc. of Missouri. That's encouraging, given the company's dismal record in Michigan and in other states. As a private company, CMS has operated in near-secrecy while taking up to \$90 million a year from Michigan taxpayers. The contract, assumed by CMS in 1998, has not been put out for bid since 1997.

A Free Press editorial page investigation last year showed systemic failures in the system, including misdiagnoses, delayed or denied treatment, poor record keeping, withheld medications and inadequate accommodations for the mentally ill and people with disabilities. An independent review of prison health care, ordered later by Gov. Jennifer Granholm, will wrap up in November. Johnson said the new managed-care system would include the study's recommendations.

Caruso and the department deserve credit for acting now instead of waiting for the governor's review. Johnson, a former CEO of Detroit Medical Center with expertise in urban health systems, was an excellent choice to lead the study, paid for by a \$200,000 grant from JEHT Foundation of New York.

Now, there is reason for hope but also for caution. **MDOC's new managed-care contract lays the groundwork for a more accountable, cost-effective, efficient and humane system, but independent oversight is still essential. In changing a system that has rewarded incompetence, raised costs, invited lawsuits and federal intervention, and caused unnecessary suffering and death, Michigan must not fail again to oversee prison health care.**

'Marketplace' Report: Drug Guarantees

NPR Day to Day, 7.17.07 – Listen: <http://www.npr.org/templates/story/story.php?storyId=12032060>

What if medicine came with a money-back guarantee? Drug manufacturer Johnson & Johnson has proposed paying back insurers if their cancer drug, Velcade, doesn't shrink a patient's tumor sufficiently. Other drug companies are now considering similar types of drug guarantees. Steve Tripoli of *Marketplace* talks with Deborah Amos about this new pay-for-performance drug pricing.

Child Health Care Prompts New Bush-Senate Fight

NPR News Analysis, *All Things Considered*, 7.18.07 –

Listen: <http://www.npr.org/templates/story/story.php?storyId=12067219>

NPR Senior News Analyst Daniel Schorr **says the Democratic-controlled Senate faces another standoff with President Bush over increased funding for the S-CHIP program**, which provides health care coverage for poor children.