[New York Times, 12/25/1993]

CLINTON TO REQUIRE STATES TO FINANCE ABORTIONS OF POOR

CASES OF RAPE OR INCEST

Administration Aide Calls Move Interpretation of New Law Lifting Ban on Funds

IRVIN MOLOTSKY
Special to The New York Times

WASHINGTON, Dec. 24 — The Clinton Administration has decided to require states to pay for abortions for low-income women made pregnant by rape or incest, the Federal official in charge of the Medicaid program said tonight.

The official, Bruce C. Vladeck, said the Government intended to issue a directive by Jan. 1 requiring the states to pay for such abortions for those who want them.

"We think that this is the most consistent and defensible interpretation of the new law," Mr. Vladeck said, referring to a measure passed by Congress in October that removed an existing prohibition against publicly financed abortions in cases of rape and incest.

Symbolic Importance

The White House did not make an announcement of its decision, which is bound to stir strong opposition from groups that oppose abortions. Instead, it was disclosed in an article in The Washington Post, and Mr. Vladeck, the Medicaid Administrator, confirmed The Post's account tonight.

The number of abortions that might result from such public financing would be small, especially in comparison to the millions performed each year without public money, but the issue has great symbolic importance to both proponents and opponents of abortion.

The use of money under the state-Federal Medicaid program for abortion has been largely forbidden since 1976 by a measure known as the Hyde Amendment, named after its sponsor, Representative Henry J. Hyde, Republican of Illinois.

In October, the spending bill approved by Congress for the Department of Health and Human Services removed the Hyde Amendment.

'This Is a Welcomed Move'

Medicaid money has been permitted for the last 12 years for abortions when the mother's life was in danger, but Mr. Vladeck said tonight that the Reagan and Bush Administrations had issued regulations that made such abortions difficult to obtain.

An advocate in Congress of such Federal financing, Representative Charles E. Schumer, Democrat of Brooklyn, applauded the Administration's decision tonight.

"I think that this is a welcomed move by the Clinton Administration," Mr. Schumer said. "The vast majority of the American people, regardless of their views on abortion, believe that anyone who is the victim of rape or incest should not be required to give

Continued on Page 10, Column 1

Medical Costs Slower to Rise In New York

By MILT FREUDENHEIM

Changes in the way doctors and hospitals are paid — how much and by whom — have begun to curb the steady rise of health care costs in the New York region. Costs are still going up faster than overall inflation, but the annual rate of increase is the lowest in 21 years.

Economists said this trend was especially noteworthy in view of the New York region's long-standing identification with high-cost health care. In fact, in recent months, medical-care inflation in the rest of the country has outpaced increases here.

Health care prices in the region rose 4.1 percent in the 12 months ending Nov. 30, down sharply from 6.3 percent a year ago and 10.9 percent in 1990, the Federal Bureau of Labor Statistics said. It was the smallest 12-month increase since 1972.

"We have led the inflation parade," said Samuel M. Ehrenhalt, the bureau's New York Commissioner. "This is a rarity, whether you are talking about medical care or anything else in this region."

What is particularly important is that the gap is narrowing between the medical portion of inflation and the rest of the price index. Health care prices across the country are still rising at 5.5 percent, almost double the 2.7 general inflation rate. But the increase nationwide had been as much as 9 percent three years ago.

Health care experts said the moderating trend was propelled by growing

Continued on Page 36, Column 3

Medical Costs Rise More Slowly in New York Area

Continued From Page 1

competition among doctors, hospitals and medical insurers, as well as a rise in public acceptance of managed health care programs that offer incentives to restrain costs.

They said the long-running economic slowdown and persistent unemployment also played a role by placing a damper on increases in wages, which are a big item in hospital budgets.

Changes in the system have accelerated as hospitals, physicians and insurers scramble to anticipate or deflect President Clinton's health care proposals. The President's effort is intended in part to help the country regain control of health care costs, something that may be beginning to happen even before any national plan is enacted.

The changes show up in a variety of ways.

Changing Coverage

Many employers in the region, including General Electric, Martin Marietta, Allied-Signal and a growing number of retail stores and law firms, have been aggressively moving their people out of traditional coverage that pays separately for each service, with little or no supervision.

And both New Jersey and New York have loosened hospital rate regulations, freeing hospitals to compete for business as never before.

A brochure from New York University Medical Center itemizes the center's state-approved rates for selected procedures and higher charges at five other large Manhattan hospitals. It says, for example, that its price for gall bladder surgery is $5,810.24 while prices elsewhere range from $6,527.43 to $8,251.73.

Health maintenance organizations, such as U.S. Healthcare, provide incentives for obstetricians, for example, to follow professional rules that foster natural childbirth instead of expensive Caesarean section deliveries.

Egged on by cost-conscious employers, some patients are asking doctors to disclose the charges before agreeing to a test or procedure. And managed care companies often telephone to press doctors for reduced fees.

"The New York hospital market is seeing the dawning of competition," said Kenneth E. Raske, president of the Greater New York Hospital Association.

Doctors Taking Action

"It's been a revolution in the past year or so," added Joseph E. Davis, president of the 3,600-member New York County Medical Society. Exemplifying the changing medical culture, Dr. Davis, a urologist, has signed on with 10 managed care networks — a step that thousands of doctors in New York and New Jersey are taking after decades of resistance.

He said physicians at several New York hospitals, including Cabrini Medical Center, where he practices, New York University Medical Center, and Lenox Hill, are also organizing their own networks to bid directly for group business, bypassing the H.M.O.'s and insurance companies.

"Physicians are anticipating change and really beginning to change their practices," said Kenneth J. Reifert, a vice president for corporate benefits planning at Merrill Lynch & Company. "They are more willing to negotiate than in the past."

Helping to drive costs down, a growing number of H.M.O.'s, including U.S. Healthcare, Cigna, Sanus and Prudential, are paying family doctors, pediatricians and internists a pre-set monthly amount for each health plan member, replacing the traditional fee for each visit, test or procedure. As a result, these primary care physicians are careful to avoid unnecessary services.

Hospitals also receive a fee for each illness, or a flat rate per day from many managed care plans, instead of reimbursing item by item for lengthy bills.

Cigna, which says it has H.M.O. contracts with 200,000 people in the tri-state area, pays $600 to $1,000 a day for medical and surgical patients, according to Tracy Bahl, executive director for Cigna in New York, a deep discount from the rate people on their own are charged.

Besides the new hospital-based physician groups, a number of hospitals are following the example of New York Hospital-Cornell Medical Center, which has forged a network of hospitals to bid for the business of insurers and self-insured employers.

Labor Costs Are a Factor

The sluggishness in the regional economy is holding down labor costs in hospitals, economists said. And as business declines under managed care, some hospitals are combining departments and reducing staffs.

Mr. Raske said 1,000 hospital jobs were eliminated in New York this year. New York University Medical Center, for example, has cut 325 jobs overall, even while it added 150 employees at a new women's center and a research institute.

Adding yet another possible explanation for the changes, some economists believe the insurance business may be at a low point in a cost cycle as insurers lower prices to attract new customers. If they discover they are losing money, their prices might soar in the next year or two, the economists said.

But some experts doubt that this pattern will hold. "Is this just another cycle, or a fundamental shift?" asked Bob Braddick, a principal with the Foster Higgins consulting firm. The answer may not be clear until next year at the earliest.

Although New York still lags far behind such hotbeds of managed care as California and Minnesota, health maintenance organizations here have recruited about 15 percent of the region's 19 million people, compared with only 11 percent in 1989.

Advertising heavily to increase their share of the market, U.S. Healthcare, Prudential, and Empire Blue Cross, among others, expect to raise monthly charges for H.M.O. members by 5 percent or less next year, compared with projected statewide increases averaging 5.7 percent in New York and 5.6 percent nationally.

With spending moderating for hospitals and physicians, insurance company requests for rate increases are getting a skeptical reception from state regulators.

Rate Increase Is Denied

Noting that profits of U.S. Healthcare, the largest investor-owned H.M.O. in the region, were "significantly higher" than projected, the New York Insurance Commissioner, Salvatore Curiale, denied the company's request for a 6.2 percent average rate increase for next year.

Instead, he ordered U.S. Healthcare to cut premiums by 14.6 percent for individuals and 4.9 percent for employers with more than 50 workers. He approved a 1.6 percent increase for groups with 3 to 50 workers.

U.S. Healthcare, which has 350,000 members in 11 downstate New York counties, has appealed the ruling in New York Supreme Court.

New Jersey recently approved a 2 percent increase for U.S. Healthcare for the 12 months ending next June 30.

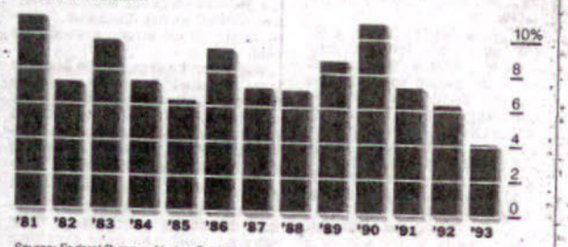
Trying to stay competitive, Healthnet, a H.M.O. owned by Empire Blue Cross and Blue Shield, is not seeking a 1994 rate increase in New York, Ramesh Punwani, Empire's chief financial officer said.

The nonprofit Empire Blue Cross and Blue Shield, the state's largest health insurer, also canceled a previously approved general increase for non-H.M.O. members scheduled for next month.

HEALTH

For Medical Costs, Slower Growth

Annual rate of increase in medical prices in the New York City metropolitan area, defined as 26 counties in New York; New Jersey and Connecticut.



Source: Federal Bureau of Labor Statistics

The New York Times

Competition and H.M.O.'s help in lessening health care increases.

Lottery Numbers

Dec. 24, 1993

New York Numbers — 651

New York Win 4 — 6575

New York Take 5 — 16, 32, 34, 37, 39

New York Pick 10 — 1, 17, 18, 25, 31, 32, 36, 39, 45, 47, 49, 55, 62, 63, 66, 72, 73, 74, 79, 80

New York Lotto — 7, 8, 11, 28, 41, 45; supplementary, 21

New Jersey Pick 3 — 565

New Jersey Pick 4 — 9803

Connecticut Daily — 738

Connecticut Play 4 — 9670

Connecticut Lotto — 20, 22, 23, 28, 34, 43

Dec. 23, 1993

New York Pick 10 — 1, 10, 12, 14, 15, 21, 22, 23, 27, 28, 29, 31, 35, 37, 45, 56, 61, 62, 65, 77