

HEALTH CARE

Decisions involving billions of dollars — and affecting the health care of millions of New Yorkers — confront state officials. But despite a looming deadline, the outcome at this point is anybody's guess.



Stakes high in HCRA debate

Albany Hospitals, patients, physicians keep eye on efforts to change state's health care system

By LARA JAKES
Capitol bureau

For 48-year-old Kendra Myers, the new year could mean an end to health insurance that helps treat a lifelong muscle disorder. Albany Med pediatrics resident Michael Quas may have to go elsewhere to finish medical training. In Cooperstown, Dr. William Streck will struggle to stretch scarce dollars even farther to care for thousands of rural patients.

All three are among the millions of New Yorkers anxiously watching as officials grapple with the extension and possible overhaul of the state's mammoth and complex health care system — which, in its present form, expires Dec. 31.

For months, state legislators have said they would return to Albany this fall to approve the 2000 Health Care Reform Act (HCRA). Passed first in 1996, HCRA now provides \$2.7 billion to fund the state's hospitals.

But only the Democrat-dominated Assembly so far has offered a HCRA plan for the next three years. Neither Gov. George Pataki nor his Republican allies who control the Senate have unveiled their own proposals — and they may not, some believe, for another six to 18 months, instead opting for a simple extension of

Please see **HEALTH A11** ▶



ALBANY MEDICAL Center resident Michael Quas cares for patient Melissa Nealon, 2, of Colonie.

STEVE JACOBS/TIMES UNION

Tough choices for tobacco cash

Ballston Spa As settlement money rolls in, states must decide where to spend it

By ALAN WECHSLER
Staff writer

Forget the pain of emphysema, the life-sapping lung disease that caught up with Harry Tuller after nearly six decades of smoking.

Forget how he can't leave his Ballston Spa house, his need to rest on the way to the bathroom, the feeling of slow suffocation. Forget the tube in his throat, his reliance on equipment to breathe, the daily contemplation of his inevitable death.

What is left to consider is the cost, the bills that never seem to stop.

It's a cost borne not only by Tuller, but also by taxpayers, who have paid for the care of hundreds of thousands of sick smokers across the United States. In 1993, smoking around the country cost Medicaid \$13 billion, Medicare \$14 billion and the entire health-care field \$72.7 billion, according to a recent article in the *Health Care Financing Review*. That's only a few billion less than the entire net worth of Bill Gates, the world's richest



CINDY SCHULTZ/TIMES UNION

MEDICAL BILLS have proved costly for Harry Tuller, shown here holding one in his Ballston Spa home he shares with his wife, Anna.

man.

The federal Center for Disease Control estimates smoking kills 430,000 people a year, and the path to the end is rife with medical complications.

It was the enormous price of smoking that persuaded states to sue tobacco companies. The lawsuits, initially settled by four states in

1997 and settled by the rest in 1998, resulted in an unprecedented legal agreement between the states and the country's five largest tobacco companies: R.J. Reynolds, Brown and Williamson, Philip Morris, Lorillard and Commonwealth Tobacco.

Over the next quarter-century, Please see **SMOKING A10** ▶

SMOKING: States face tough choices

▼ CONTINUED FROM A1

the companies will pay \$206 billion to the states as compensation for years of medical costs.

The money will be distributed in installments, and New York's first payment — almost \$306.3 million — arrives this month. Half of that money will go to county governments, the other half to the state. Perhaps within weeks, politicians will be deciding how to spend the windfall.

Health care advocates say the money offers states like New York a chance to create new health programs for the poor. Health experts say the money would be used most effectively to help smokers quit and keep non-smokers from smoking.

But they worry politicians will instead squander the money — throwing away an unprecedented opportunity to improve health care in exchange for short-term gains. Some want to use the state's money to reduce debt or cut taxes. Some counties, meanwhile, envision buying road equipment and funding repairs.

"This is a really critical moment in the settlement," said Michael Bopp, community organizer at the American Cancer Society. If the funds are diverted from health-related purposes, he said; "we're going to miss a historic opportunity to protect the future health of our children."

Meanwhile, for people like Tuller, 73, the windfall offers little more than the satisfaction of knowing that others may not have to go through what he's going through.

Tuller, who lives in a trailer with his wife, Anna, has an inch-thick pile of medical bills he's still in the process of paying. There was \$764 visit to Saratoga Hospital, a \$171 ambulance ride, \$200 in recent prescriptions, \$705.19 for the rental of a breathing unit, \$555.80 for bottled oxygen, \$527 for one month's worth of home nurse and aide visits.

Medicare takes care of some of the costs. But not all. Two years ago, the Tullers had to sell their \$76,000 house because of the bills.

"So if you see anybody smoking," Tuller said from the chair where he spends most of his day, "tell them to can it."

The U.S. Office of Management and Budget estimates that the average one-pack-a-day male smoker will have to spend

\$19,000 on extra medical costs due to his habit. A woman with the same habit will spend an average of \$25,800.

And in New York, cigarette-related health problems cost Medicaid alone \$1.8 billion last year — the highest level in the country, eight times higher than the cost of the most recent NASA mission to Mars.

Earlier this decade, states decided to try to recoup some of that money. The \$206 billion, 26-year agreement is the biggest civil settlement in history. The money is based on the number of smokers in each state and the state's Medicaid bills.

Over the next 25 years, more than \$24 billion will roll into New York, the home of 4 million smokers. (The dollar value could drop slightly if the number of smokers goes down.)

How the state's share of the money gets spent is largely up to Gov. Pataki and the Legislature. That decision may be made as early as next week, in an expected special legislative session.

Already, battle lines have been drawn.

The Democrat-dominated Assembly, in a bill passed last June, seeks to allocate \$83.4 million for a multi-year program that funds smoking cessation and prevention programs.

Gov. George Pataki, a Republican, hasn't yet put forward a proposal. But he has said he'd like to use as much as three-fourths on state debt reduction. The debt, depending on how you look at it, is up to about \$36 billion.

Meanwhile, the Republicans who control the Senate seem to be embracing the idea of spending more on health. Majority Leader Joseph Bruno, R-Brunswick, originally proposed spending one-third on debt reduction, one-third on tax cuts and one-third on health care. Last month, he said he'd rather spend most of the money on health concerns, including 25 percent on a prescription drug plan for the poor and elderly.

"We hear over and over that seniors have to either pay for prescription drugs or food. That's not the way it ought to be," Bruno said.

Divvying up the tobacco money may emerge as an issue as the Legislature weighs extending the Health Care Reform Act, which governs state aid to hospitals and other health programs.

During the past few weeks, lobbyists from such groups as the New York Public Interest Research Group and the American Cancer Society have been involved in an aggressive effort to win support for anti-tobacco programs.

Their argument is simple: Spend money on cutting taxes, and the benefit is gone a few years down the line. But cut down on smoking, and the state will save tens of millions of dollars over time that would have been spent on expensive treatment for lung cancer or emphysema patients.

In other states, the settlement inspired multi-million-dollar anti-smoking programs. Hawaii, for instance, will spend 25 percent of its cash on just that. Washington will spend nearly a third. Vermont, nearly half.

Then there's Massachusetts, which will spend the first year's settlement amount on health — 30 percent on a lauded anti-smoking program and 70 percent on a trust fund that will pay for future health costs, including treatment of sick smokers.

Nineteen states, including New York, have yet to make a decision on how to spend the money.

The federal Centers for Disease Control in Atlanta recently released a report offering advice on how each state could best use its tobacco cash. In New York, they suggest the state spend between \$18 million and \$54 million on anti-smoking ads, \$13 million to \$20 million on school programs, \$13 million to \$37 million on anti-smoking programs in the community and \$19 million to \$85 million on cessation programs. Total costs, according to the CDC, should be from \$95 million to \$269 million on anti-smoking programs.

Only CDC personnel seem to be surprised at the reaction. Last August, CDC Director Jeffrey Koplan told the Associated Press that it was a "sad fact" that no state was implementing changes.

But although New York isn't likely to spend as much as the federal officials advocate on anti-smoking efforts, it is enough to encourage the health lobbyists.

"I'm certainly more optimistic than I was," said Blair Horner, a tobacco expert at NYPIRG. "The question is, how much money will they ultimately agree to spend."

TIMES UNION ■ Albany, New York

HEALTH: Lawmakers may simply extend HCRA

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the current law.

The issue may be dealt with in a special session of the Legislature that begins Dec. 13.

Myers, Quas and Streck each have a huge stake in HCRA.

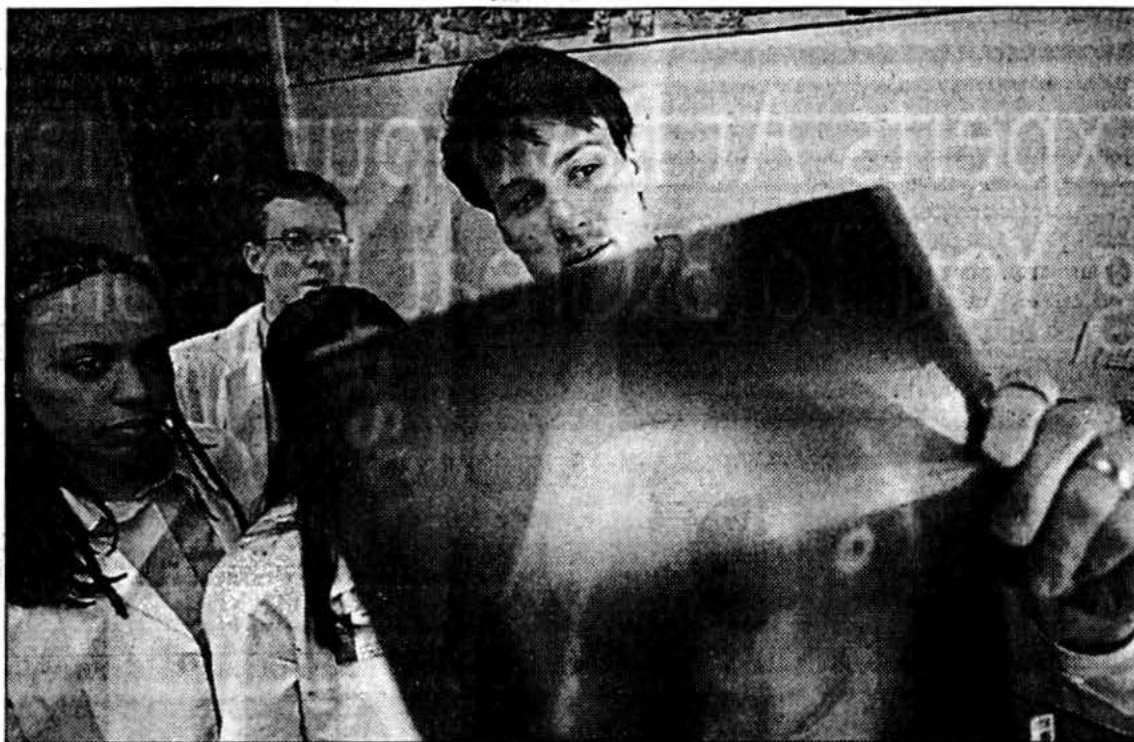
Myers, a single mother in East Greenbush, lost her job as a part-time teacher last summer, and her insurance coverage vanished with her paychecks. Now she pays out of pocket for visits to the doctor.

"I just don't have the money for it," Myers said. "Am I supposed to take it out of the food money, or the rent money, or the utilities money? Where is it supposed to come from?"

Essentially, HCRA imposes added fees on medical services, nearly all of which are paid by health insurance companies. The funds raised through those surcharges are then allocated to hospitals around the state to pay for health care.

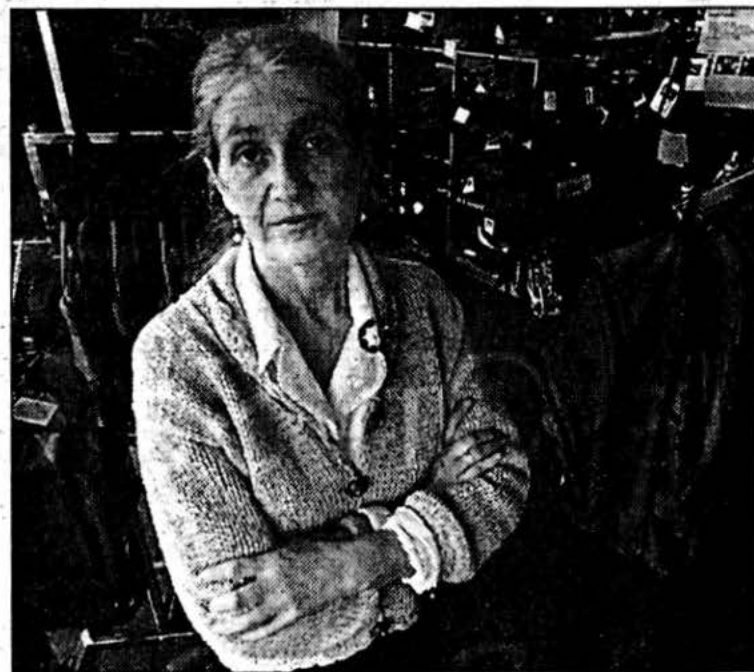
This year, HCRA was set to pay \$1.38 billion for graduate medical education and \$738 million to reimburse hospitals for indigent or "charity care" costs. The rest of the HCRA pot — \$630 million — funded new insurance benefits for children and small businesses, job retraining for health care workers, prenatal care for HIV-positive women, rural medical services and myriad other programs.

The HCRA 2000 bill passed by the Democratic-led Assembly in June generally would keep most of these programs. It would also increase charity care funding by another \$82 million and create Family Health Plus — a benefits plan for lower-middle class and poor patients without health insurance.



STEVE JACOBS/TIMES UNION

HOSPITAL RESIDENT Michael Quas, above, reviews an X-ray with other Albany Medical Center Hospital interns Friday. Nancy Gold, below, president of Tough Traveler, stands in the retail shop in Schenectady.



CINDY SCHULTZ/TIMES UNION

More than 3.2 million New Yorkers have no health insurance. Myers is among the 300,000 who would likely qualify for Family Health Plus benefits. "Every month we make them wait, it damages their health and their family finances," said Assembly Health Committee Chair Richard Gottfried, D-Manhattan.

Yet without proposals from Pataki and the Senate, the Dec. 31 deadline to renew the state's health care system will come and go without a resolution. Even in high-level, closed-door negotiations, Gottfried said, neither Pataki's aides nor Senate advisers have revealed their intentions.

Senate Majority Leader Joseph Bruno, R-Brunswick, has indicated he awaits Pataki's lead, and the governor's aides have said he aims to "make improvements" before the law expires. But some legislators are reluctant to push through what could amount to widespread changes in the health care system by the year's end simply to meet the deadline.

Adding to the debate is the \$1 billion-plus in annual payments that New York is just starting to receive as a result of the national tobacco settlement. All sides — Pataki, the Senate and the Assembly — agree that a big share of the money should go to fund health programs. They haven't begun to discuss just how, and where, and to what extent that will affect HCRA.

Without that settled, it makes more sense to simply extend the 1996 statute for at least a few months while the new policy is carefully hashed out, said Senate Health Committee Chair Kemp Hannon, R-Westbury.

"Due to the fact that the field of health care has not changed that dramatically, you don't have to rewrite it," Hannon said. "Parts of HCRA need to be extended, but all of the policy

questions don't need to be addressed by the end of the year. We want to take a hard look at what's going to happen."

The most vocal opponent of the Assembly plan is the Business Council of New York State, which "wants to make all of the HCRA taxes go away," according to Matthew Maguire, the lobby group's spokesman. Surcharges for medical services that get picked up by insurers are, in turn, passed on in higher premiums that must be paid by employers and employees, he noted.

The Assembly proposes to have the state's general fund pay for some of the smaller HCRA programs in order to give businesses more of a break. But that money comes from taxes, too, and many business operators say it is high taxes that have forced cuts in employee benefits in recent years.

Nancy Gold is a case in point. Gold is president of Schenectady-based Tough Traveler, a backpack and luggage manufacturing company and retailer that employs fewer than 100 workers. Facing health insurance costs that have jumped roughly 8 percent each year and competitors abroad who don't have to deal with such government mandates as a minimum wage, Gold has trimmed benefits for employees.

Tough Traveler, which has offered health insurance through Mohawk Valley Plan and Community Health Plan, can now only afford to pay 70 percent of employees' premiums — less than in the past.

"Why would government want to put another thing on us?" Gold said. "Don't they want us to exist? We've given health insurance all these years — why discourage employers like us?"

Meanwhile, the Business Council notes, hospital profits

have jumped by more than \$150 million in the three years since HCRA 1996 took effect. The lobby group's main objection to HCRA is the graduate medical education program — which pays to train 15 percent of the nation's doctors even though New York only accounts for 7 percent of the country's population. And many doctors trained in New York end up practicing in other states, Maguire noted.

But graduate medical education funding is largely supplied by the federal government. For every dollar that New York pays to teaching hospitals, Medicaid pays \$2, and localities pay another.

Dr. Michael Quas is a third-year pediatric and general-practice resident at Albany Med. His is a four-year program with an annual salary "in the low-30s," he said, all of which is supplied through HCRA's graduate medical education fund.

When HCRA 1996 was first enacted, Albany Med lost \$9 million in funding for graduate training. That brought the hospital's resident total down to 420 from 450, said board chairman and CEO James Barba. If HCRA 2000 makes massive cuts to the graduate medical education fund, as the Business Council proposes, Quas said he and other students will likely leave Albany Med to work in another state where they won't face yet another round of staff cutbacks.

Fewer residents means more work and longer hours for the remaining staff and, usually, a decline in patient care.

"I couldn't work in an institution like that," said Quas, who came to Albany Med from medical school in Colorado and is facing a debt of \$90,000 in student loans at age 31. "Our patient care and patient population

would be affected by the cuts — you'd basically be throwing people out on the streets. Corners would have to be cut, and the current care that our patients receive cannot afford that."

As all sides face off to deal with HCRA, one of the state's most powerful labor unions is gearing up to deal with those who put it off.

Local 1199, which represents more than 150,000 hospital and health care workers throughout New York, has already launched part of a multimillion dollar ad campaign aimed at putting political pressure on the Legislature and the governor.

Television stations have already reserved air time for another round of ads that advocates promise will hit legislators hard as they head into the 2000 election year if HCRA is not resolved this month.

"The status quo is not acceptable to us," said Local 1199 President Dennis Rivera, a widely respected and powerful political broker. "We need relief, and we need to aggressively pursue it. This is good politics: If you want to be a popular elected official, you should do the right thing."

"If we fell short of that, and there are others ... going into an election that occupy this position, then I would support those candidates," Rivera said.

At the Cooperstown-based Bassett Healthcare, keeping up with increasing costs among 20 outpatient clinics in rural communities has been a stretch, according to President and CEO William Streck. Those clinics logged more than 190,000 patient visits in 1998.

HCRA currently provides a relatively meager \$17 million annually for rural health care. Many of Bassett's patients cannot pay for their care, which left the hospital with a \$12 million shortfall in unreimbursed services. And like all other hospitals in New York, Bassett is at the same time facing cutbacks in federal Medicare aid.

All of that puts a bit of a financial crunch on Streck, who was on the state's original HCRA advisory panel when the legislation was first being drawn up.

Yet he remains a believer.

"There are certainly things that could be improved," Streck said. "But what we don't want to lose is this sense toward public good issues," like charity care and graduate medical education.

"We may need to thoughtfully change it," he said, "but I would be surprised if anyone wants to step away from the health commitments we've now made in this state."

Wanted: Available, affordable care

The problem of those without health insurance has received much local attention recently through news articles, a Journal editorial and a community "speak out." The message is clear, and was well stated by Martha Ferger, project coordinator for the Ithaca Area Health Care Action Network: "Too many hardworking people in the Ithaca area are going without the health care they need." I concur.

The problem is serious and it is growing. The number of people in New York state who lack health insurance has risen by about 1 million this decade to an estimated 3.1 million.

The problem is real. People without health insurance lack for adequate preventive services, treatment for chronic illnesses, timely care for acute conditions, and access to the medical, technical and pharmaceutical advances that increase the length and quality of our lives.

The primary obstacle to health care coverage is affordability. The high cost of coverage is making it harder for businesses to offer their employees health coverage. The number of workers obtaining coverage through work has declined by over 1 million this decade. Those who are self-employed, own or work for small businesses, or who have part-time employment are most likely to go without health coverage.

If you do not receive health coverage through an employer-sponsored group plan, an individual or family will face severe sticker shock when purchasing insurance in the direct pay market.

In Tompkins County, a single

JAMES L. SEWARD/GUEST COLUMNIST



In Tompkins County, a single person will pay between \$2,100 and \$3,200 a year for coverage. For a family, that coverage will cost from \$5,400 to over \$8,000 a year. Too few people can afford these costs.

person will pay between \$2,100 and \$3,200 a year for coverage. For a family, that coverage will cost from \$5,400 to over \$8,000 a year. Too few people can afford these costs.

There are many reasons for the high cost of health insurance in New York state. Our health care costs are 22 percent higher than the national average, and medical liability costs are among the highest in the nation.

Initiatives such as mandated benefits, community-rating and standard benefit laws have increased access and available care for many but have also resulted in higher premiums. Pharmaceutical, medical and technological advances are saving and improving lives, but are costing more.

New York state has done much to extend coverage, but more needs to be done. The Child Health Plus program provides care to nearly half a million children, with an additional 10,000 children enrolling each month. Programs like the New York State Health Insurance Partnership have proven to be successful in encouraging businesses to provide coverage to their employees. This and other

pilot programs have made affordable health insurance available to many thousands of working people who had previously been uninsured.

We must build upon these initiatives to provide access to affordable health coverage for every New Yorker. Our goal must be to ensure that everyone has access to quality health care without going broke. To do so, I propose the following:

■ Enroll all eligible persons in existing programs. We need to continue Child Health Plus and Medicaid outreach and enrollment efforts, which may result in as many as 700,000 children and 680,000 adults obtaining health care coverage.

■ Stabilize the direct pay market. Premiums are highest for people who don't get their health coverage through an employer and have to purchase it themselves in the direct pay market. The direct pay market is unable to sustain itself and requires reforms that will prompt more people to buy health policies.

■ Reduce premiums and expand pools. The group and direct pay markets are unaffordable for too many businesses and

individuals. Reforms to provide relief from mandates and to promote benefit flexibility and choice will lower premiums. Reduction in premiums and incentives will make the market stronger and more affordable as more people and businesses purchase coverage.

■ Consolidate programs and redirect funding. New York state spends nearly \$4 billion annually on various fragmented efforts to provide care for the uninsured. A review of current programs and spending may result in a more coordinated and comprehensive program and financing system.

■ Subsidized coverage for hard-working people. New York State should subsidize coverage for those who cannot afford health care coverage. Hard-working citizens should not have to go broke to pay for the health care they need.

New York state offers its citizens the finest health care delivery system in the world. We must ensure that it remains accessible and affordable. Without the reforms outlined above, premiums will continue to skyrocket and more people will lose coverage.

I believe that New York state must act to make the health insurance market sustainable and to provide a safety net. I will be working to do so during the upcoming discussions on the Health Care Reform Act renewal and the use of tobacco settlement moneys, as well as during the next legislative session.

Seward, R-50th Dist., represents half of Tompkins County, including Ithaca, in the State Senate. He is chairman of the Senate Insurance Committee.

State plan would cover uninsured parents

Tobacco funds suggested as way to pay bill

BY SAMME CHITTUM

Staff Writer
Press and Sun 11/8/99

There is more than a little irony in Kathy Juckett's situation. The single mother from Nineveh is, in effect, an unhealthy mother with a typically healthy, rambunctious 12-year-old son.

Yet it is Adam, a seventh-grader who likes camping and computers, who is fully insured. By contrast, Kathy — who requires \$1,200 a month in prescription drugs to control a chronic autoim-

mune disorder called myasthenia gravis — has no insurance.

"I always say that it's the healthy people who have health insurance; it's the sick people who don't," said Juckett, a 40-year-old single mother who now receives Social Security disability, but can't qualify for health care coverage under Medicaid.

Juckett used to have a full-time job driving a forklift until she fell ill in 1996. She became disabled and was unable to afford the \$369 a month required to maintain coverage for her family, which includes a 19-year-old daughter and a 14-month-old granddaughter.

"The system stinks," said

HOW MANY IN TIER NEED HELP

These are current estimates of the number of uninsured individuals in the Southern Tier from NY-Penn Health Systems Agency.

They are based on the latest population data from the U.S. Census and assume that 15 to 17 percent of the population lacks health insurance, comparable to the state and country as a whole.

"The reality is, given what's

happened in Broome County, it's likely closer to the high end than the low end," said Donna Rider of NY-Penn.

Broome: 29,500 to 33,400
Chenango: 7,600 to 8,600
Cortland: 7,200 to 8,200
Delaware: 6,900 to 7,800
Otsego: 9,100 to 10,300
Tioga: 7,900 to 8,900
Tompkins: 14,400 to 16,300
Regional Total: 82,600 to 93,700.

Juckett, who gets by, just barely, by collecting free drug samples and skipping dosages.

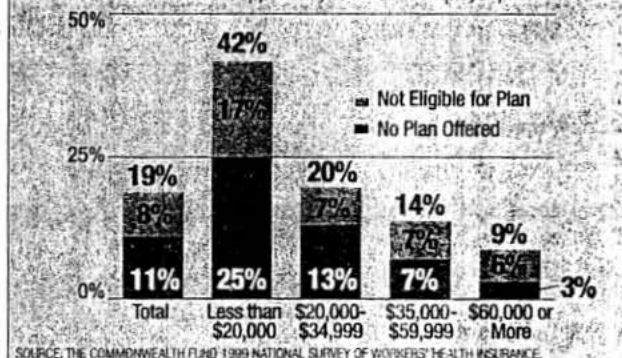
Juckett's situation — and opinion of the system — could change if state lawmakers move in December to fund a

state-backed insurance program aimed at helping uninsured parents.

The proposed plan, dubbed Family Health Plus by its advocates, would potentially be funded by a windfall of

LOW-WAGE WORKERS OFTEN HAVE NO HEALTH PLAN AVAILABLE THROUGH THEIR JOBS

Percent of workers without opportunity to enroll in employer plan



tobacco settlement money and build on the success of the existing Child Health Plus.

The reason Juckett's son can still have his eyes tested

or go to a doctor is because of CHP, the state-subsidized insurance program created in

SEE FAMILY 3B

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1991 to provide coverage for uninsured children. Monthly co-premiums range from free to a modest \$15 per child to a maximum of \$45 per family for those who meet income guidelines.

Juckett has chosen to speak out about her family's situation because she hopes FHP will become a reality for her and others like her.

While most prepare for the holidays in the usual ways, state lawmakers are preparing to return to Albany where they will tackle unfinished business that will affect the future of health care across the state.

In fact, Family Health Plus is but one piece of a larger issue known to insiders by the awkward acronym HCRA, which stands for the Health Care Reform Act, passed in 1997, which controls the state's health-care financing system and is set to expire Dec. 31.

"They have to deal with this before the end of December, they have no choice," said Mary Clark, director of Citizen Action of New York, an advocacy group that's pushing for funding of Family Health Plus.

Advocates of FHP have reason to believe some version of the plan may become a reality this year or next. "It has a tremendous chance," of being approved and funded, "although no one knows what the state Senate is doing at this point," said Clark, who said there are two versions of a bill in the Assembly that outline some form of FHP, while none has yet been drafted in the Senate.

Advocates of FHP want to see a plan that delivers coverage for a co-premium of \$9 to \$13 per person per month for qualifying families or individuals — a fraction of the cost of comparable coverage.

Medicaid now offers coverage for only the poorest of the poor. For instance, parents in a family of three must earn less than \$10,300 a year to qualify. "There is a large group of people out there who don't get insurance through their employer, but can't afford it on their own," said Rima Cohen, vice president of insurance options for the Greater New York Hospital Association, which backs FHP.

"If you're in a family of three and earning \$18,000 a year, your kids would be eligible for CHP," said Cohen. "But the parents would have to spend about \$7,000

CHILD HEALTH PLUS

Child Health Plus is a state-funded program implemented in 1991 to provide health coverage for the uninsured. It has gained momentum as services were added and today insures 400,000 New Yorkers ages 1 to 19.

Among services covered are hearing and speech screening, hospitalization, treatment for alcohol and substance abuse and prescription and non-prescription drugs. Here is an eight-county breakdown of the number of children and teens enrolled as of the end of September, according to the Mothers and Babies Perinatal Network of South Central New York.

Broome:	3,516
Chemung:	1,134
Chenango:	1,478
Cortland:	1,066
Delaware:	1,450
Otsego:	1,788
Tioga:	906
Tompkins:	1,036

"If you're in a family of three and earning \$18,000 a year, your kids would be eligible for CHP. But the parents would have to spend about \$7,000 in the private insurance market, or one-third of their income on insurance."

RIMA COHEN

VICE PRESIDENT OF INSURANCE OPTIONS
FOR THE GREATER NEW YORK
HOSPITAL ASSOCIATION

in the private insurance market, or one-third of their income on insurance." FHP would benefit those families, she said.

The push for FHP comes as pressure mounts to do something about the growing number of uninsured Americans.

"There certainly is an urgent need for a program that provides access to essential services," said Denise Murray, president of NY-Penn Health Systems Agency, whose focus is health-care policy analysis. "This is not only important for the health of individuals. It's also extremely important for the health of the system," she added. "These individuals typically enter the system through emergency rooms. This adds to the deficits of hospitals who are experiencing tremendous stress."

As many as 33,000 people lack

SELF-EMPLOYED INSURANCE RATES

Many self-employed people have difficulty obtaining health insurance. Even these rates offered by the Broome Chamber of Commerce as a service to their members cost a family more than \$5,000 a year.

	Quarter	Year
Blue Cross & Blue Shield Master Medical Family (\$300 deductible)	\$1,450	\$5,800
Blue Cross & Blue Shield Master Medical Family (\$1,500 deductible)	\$1,367	\$5,468
HMO-CNY Health Guard Blue Family	\$1,322	\$5,288
Kaiser Permanente Family	\$1,309	\$5,236

Family Health Plus would offer streamlined option

There are several versions of how a Family Health Plus would work.

Under a proposal backed by the Greater New York Hospital Association, FHP would be available to those who earn 250 percent of the poverty level, or \$34,000 for a family of three, with premiums based on income and family size.

Unlike Medicaid, which requires extensive documentation, FHP would be more streamlined. "Right now if you have any kind of savings, if you're trying to salt away money for a child's college, for instance, you're not eligible for any kind of Medicaid assistance," said Rima Cohen, association vice president. "We would do away with that requirement and make it a simple application form based on income."

Advocates say that co-premiums for FHP should be set at what

they say is an affordable \$9 to \$13 per month per person. That's about \$470 a year for a family of three, about a tenth of the cost of buying private insurance.

These modest co-premiums, of course, won't cover the entire cost of the program. Those who support FHP have said they hope to draw upon half of the \$1 billion in funds coming to the state as part of the settlement stemming from a lawsuit against the nation's tobacco companies. Another \$500 million in matching federal funds would bring the annual cost to roughly \$1 billion — although it could go higher.

Additional money could come from increasing the tax on cigarettes, now 56 cents a pack, by another 50 cents, Cohen said.

— SAMME CHITTUM

insurance in Broome County, according to NY-Penn. That mirrors a national trend that has seen the number of uninsured hover at 17 percent over the past three years, according to the U.S. Census Bureau.

From 1997 to 1998, the number of uninsured Americans rose to 44.3 million from 43.1 million. "And this is in the best of economic times, which is why this data is so depressing," said Pat Schoeni, spokeswoman for the National Coalition on Health Care in Washington, D.C. "It's the best economy we've had in a decade, but we're adding 1 million to the rolls of the uninsured."

In New York there are 3.1 million uninsured in the state, about 20 percent of the non-elderly population. Here, hospitals have underscored the need for major changes to rescue them from mounting debts created in large part by ill and uninsured Americans.

Hence some time before or after Hanukkah, lawmakers will be thinking about a variety of issues, from FHP to funding for teaching hos-

pitals and how best to reimburse hospitals for uncompensated or charity care.

"There is no question that HCRA is leading the agenda," said Sen Thomas Libous, R-Binghamton, and a member of the Senate's Committee on Health Care. "In my eyes, it's probably one of the most important issues to deal with as a legislator."

Libous said he "would like to build on the success of Child Health Plus and provide health care for uninsured adults. How we do that will be the subject of much debate."

Among those who support FHP is Sharon Chesna, executive director of Mothers and Babies Perinatal Network of South Central New York, which promotes healthy birth outcomes and child development.

"One of our great concerns is the parents of these children," Chesna said. "If we can't insure the parents are healthy, how are they going to adequately care for their children?"

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A way to improve health care in NY

THE OPPORTUNITY NOW EXISTS FOR GOV. GEORGE Pataki to undertake a long-overdue overhaul of the way New York finances its hospitals and to provide hundreds of millions of dollars to meet the biggest crisis in health care in New York—the large number of uninsured.

The issue, of course, is renewal of the 3-year-old Health Care Reform Act, which deregulated the state's hospital system and expires at year's end. The law also provided hospitals with two huge

windfalls—\$1.4 billion a year to train doctors and \$738 million a year to pay for unreimbursed care through so-called bad debt pools. The money comes from individuals, employers, unions and government programs.

But roughly half of the doctors trained in the state leave to practice elsewhere, and their training can cost five times as much as it does in cities like Los Angeles. Bad debt pools don't exactly reimburse hospitals for the care they actually provide; they simply fund hospitals in poor areas. Meanwhile, New York hospitals continue to be terribly inefficient. Patient stays are longer and more costly here than elsewhere.

In truth, the biggest health care problem is that more and more New Yorkers are uninsured—about 3 million people—mostly because insurance is too expensive for many to afford. The best way to help them is not with money for hospitals but with insurance, which could be paid

for by using a big part of the education and bad debt money plus funds from the tobacco settlement.

Politically, this is feasible. The Greater New York Hospital Association tried to win business support for renewal of hospital subsidies in the health care act, but it has failed. The New York City Partnership and Chamber of Commerce supports diverting 40% of the medical education money to a program to insure the uninsured. The Business Council of New York State agrees.

So, too, might Dennis Rivera, the powerful leader of the state's hospital employees union. While the narrow interest of his members is served by more money for hospitals, Mr. Rivera knows that what is best for the people of the state is a program for the uninsured. He's also one union leader who is willing to put the public's interest above his own.

It's up to Mr. Pataki to provide the leadership for fundamental reform.

Health care plan expected soon as pressure builds on Pataki

Hospital funds could be diverted to programs for the uninsured

BY BARBARA BENSON

The Pataki administration is likely to announce its plan to reform the state's health care financing system in the coming weeks, pressured into action by state Senate Majority Leader Joseph Bruno.

Sources in Albany say Mr. Bruno gave the governor a deadline of Friday to submit a plan to revise the Health Care Reform Act, which expires at the end of the year. The senator suggested he might submit his own plan.

Mr. Bruno denies that he issued any ultimatum. "We're not going to do anything until we see something from the governor," says a spokesman for the senator. "We've met with his staff, and we'll wait and see the recommendations."

Close to a proposal

The governor's health care advisers have hosted a parade of interest groups—representing hospitals, business, labor, health insurers and medical researchers—to discuss the issues.

"The Department of Health has

been working on a variety of options more feverishly with the governor over the past few weeks," says Daniel Sisto, president of the Healthcare Association of New York State, a trade group for hospitals and other providers. "The administration is fairly close to a proposal."

At issue in the expiring health care act is more than \$2 billion annually that is funneled to hospitals to train doctors and cover charity care. Health care providers and unions have asked that graduate medical education and the so-called bad debt pools be expanded.

But the Business Council of New York State has led a yearlong fight to reduce the funds, which are contributed by individuals, employers, unions and government through surcharges on hospital bills.

Last week, it was disclosed that the New York City Partnership and Chamber of Commerce had sided with the Business Council, calling for a gradual 40% cut in spending on graduate education. The partnership proposed diverting the money to fund programs that provide

health insurance for the state's 3 million uninsured residents.

Albany sources say Mr. Pataki is inclined to find some way to reduce the level of the funds going to hospitals.

Uninsured working poor

Mr. Pataki is on record as saying that the state needs to address the problem of the uninsured working poor.

Some Albany lobbyists believe he is leaning toward changes in the law that would reduce spending on graduate education while including money for health insurance.

Mike McKeon, the governor's press secretary, says Mr. Pataki "will be proposing a plan after we do our homework and have discussions with all the appropriate people, including the Legislature."

Pressed on the timing of a plan from the governor, he said, "When we do our homework and have all our conversations."

The Assembly issued its own bill, HCRA 2000, months ago, but in the absence of a bill in the executive branch, has yet to debate it.

"As to where the governor is, I still have heard nothing," says Assemblyman Richard Gottfried, chairman of the Assembly's health committee. ■

Newsday

EDITORIALS

"Where there is no vision, the people perish."

RAYMONDA JANSEN
Publisher, President and C.E.O.

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ROBERT F. BRANDT, Managing Editor
CHARLOTTE H. HALL, Managing Editor
HOWARD SCHNEIDER, Managing Editor

JAMES M. KLURFELD, Editor of the Editorial Pages
CAROL R. RICHARDS, Deputy Editor of the Editorial Pages

Q Viewpoints

Long-Term Care

Lawmakers have failed to address New York hospitals' needs; next year, they must.

Call it another consequence of failing to pass a state budget on time: Lawmakers dithered so long that they never dealt with the crucial issue of the state's complex and costly system of funding teaching hospitals and care for uninsured patients who can't pay their bills.

That's too bad. But with six weeks until the

expiration of the three-year-old law that created this well-meaning patchwork of taxes and entitlements — which itself replaced an inefficient system of price regulations — lawmakers should simply extend it for another year.

But the year shouldn't be wasted. The state should use it to review the program in the

broader context of other extraordinary needs and opportunities, from the rising numbers of uninsured to the tobacco-settlement windfall.

Many hospitals are struggling to survive in the new competitive jungle of managed care. They also have taken hits from cuts in federal Medicare and Medicaid programs. It's a lot to absorb, and a challenge to policymakers.

The state's business lobby will call such a holding action a cop-out, and it's hard to deny it. The Business Council has urged a total overhaul of the system, and Albany has had three years to craft a plan. The council raises some pertinent questions: Why is New York the only state to tax medical services and insurance premiums to pay for graduate medical education — the interns and residents trained at teaching hospitals?

But these young doctors provide low-cost, quality care — even if many eventually settle elsewhere. They are a bargain, especially with Washington paying much of the cost.

And with more than 3 million New Yorkers uninsured, the state must compensate the hospitals that treat them.

But how to pay the tab is a valid question.

These programs are only a small part of New York's overall health spending. Decisions also must be made on how to rein in Medicaid costs without weakening this safety net for the poor and elderly, and on what to do with the \$500 million a year expected in tobacco-settlement money: fund health insurance for the working poor? Help pay for drugs for the elderly? It's time for Albany to focus on health care, or it will miss its best opportunity in years to improve it.

JIM BORGMAN
CINCINNATI ENQUIRER



"I THOUGHT I'D AVOID THE WHOLE MALL HASSLE THIS YEAR BY SHOPPING ONLINE....
BUT I STILL CAN'T FIND A PARKING SPACE."

Jim Borgman, Cincinnati Enquirer

Russia's Chechnya Abuses Don't Merit Sanctions

The Ithaca Journal Thursday, October 28, 1999

IHCAN event aims at affordable care

The Ithaca-area Health Care Action Network (IHCAN) is asking working adults who cannot get health coverage to support efforts to create an affordable health care insurance program, Family Health Plus. A regional speak out meeting will be held in Ithaca on Saturday, Nov. 6 at 1 p.m. in the Tompkins County Human Services Building, 320 W. State St. IHCAN is gathering stories about problems local people have had getting affordable health insurance. On Nov. 6, these personal stories will be presented to our elected officials and copied to Gov. George Pataki and other New York state leaders.

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The Ithaca Journal
Thursday, October 14, 1999

Group seeks insurance tales

ITHACA — The Ithaca-area Health Care Action Network is asking working adults to provide stories about their problems getting affordable health insurance coverage.

The group plans a regional speak-out meeting at 1 p.m. Saturday, Nov. 6 in the Tompkins County Human Services Building, 320 W. State St.

Those stories will be presented to elected officials and sent to Gov. George Pataki and other state leaders.

Anyone willing to share his or her story can contact the organization at 844-8184, write them c/o Martha Ferger, PO Box 8, Dryden, New York 13053 or e-mail at <jhferger@pol.net>.

A statewide coalition of advocacy groups, including the Network, is proposing creation of a Family Health Plus program to make the same health coverage available to uninsured adults as it now does to children and teenagers in New York.

Other local sponsors of this effort include Justice for All, the Ithaca Health Fund, Planned Parenthood, League of Women Voters, Catholic Charities, Democratic Socialists of America and the Midstate Central Labor Council, AFL-CIO.

The activists say there are state revenues to pay for Family Health Plus, thanks in part to a settlement with tobacco companies over the public health costs of smoking that will provide \$1 billion a year.

The Assembly passed a version of the plan earlier this year.

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Under Covered

Local lobbyists push for passage of Family Health Plus

BY GREG SPINKE WOLT



CASE STUDY: EMMIE EDMUNDS, A MIDWIFE AND SINGLE MOTHER, SAYS SHE HAS BENEFITED FROM THE CHILD HEALTH PLUS PROGRAM, AND THAT THE COST OF INSURANCE PREVENTS SOME PEOPLE FROM TAKING A JOB

THERE are 3.1 million people without insurance in New York state, according to Martha Ferger of the Ithaca Area Health Care Action Network (IHCAAN), who says that uninsured individuals often don't seek medical care because, "An illness or injury can leave uninsured people with debts they simply can't pay."

IHCAAN volunteer and health care consultant Patrick McMahon adds that one in five New Yorkers lives without coverage and that three out of four uninsured New Yorkers are working.

To address these needs, IHCAAN has joined the New York State Health Care Campaign (NYSHCC), a grassroots move-

ment pushing for passage of the Family Health Plus (FHP) program by state lawmakers. FHP would extend health care coverage beyond Medicaid to people earning 250 percent of the poverty level, or up to \$34,000 a year—those whose incomes are above eligibility for Medicaid, but who do not receive coverage from employers and earn too little to purchase their own insurance. Adults would make contributions, but it would operate on a sliding scale.

IHCAAN is organizing a speak-out to be held on Saturday, November 6, at 1pm in the Tompkins County Human Services Building, 320 W. State St. They are gathering first-hand accounts of problems area resi-

dents have had getting affordable health insurance. On November 6th these personal experiences will be presented to state legislators, with copies sent to Governor Pataki and other New York state leaders.

There is money available to fund Family Health Plus without raising New York State taxes, says Ferger. "When Congress passed the Welfare Reform Act they offered states a certain amount of money if they chose to use it for health care," she says. In addition, revenue from the tobacco settlement will provide \$1 billion a year to New York, which IHCAAN and others hope will be earmarked for health-related programs.

Last week, when IHCAAN

kicked off of its FHP campaign, McMahon stated, "Family Health Plus, if passed, will provide comprehensive benefits, have low cost co-pays and affordable premiums ranging from free, \$9 and \$15 a year for income-eligible people."

He sees the FHP as an extension of New York's Child Health Plus insurance program, a low-cost state-backed insurance plan for youth. "When children had no health insurance they ended up in the emergency room. Often their ER bills never got paid. When families have Child Health Plus, hospitals get paid, doctors get paid and children get timely and necessary health care," McMahon says.

There are some differences between the Assembly bill and what activist groups like IHCAAN across New York State want. "A big question is whether a family is required to exhaust all their resources before they are eligible," says Ferger. The current Assembly proposal says people are ineligible if cash assets (including retirement or children's college savings) are equal to more than half of the household's income. Coverage for vision services and dental care are excluded from the bill passed by the Assembly. The state Senate has not yet brought a similar bill to the floor.

In the state capital, the FHP campaign is being spearheaded by the lobbying group Citizen Action. Speaking for the group, Mary Clarke says, "They don't sit there in Albany and think about the good things that they can do for us. Some of our legislators think like that, but most don't."

To get Child Health Plus passed, Clarke says, "We surrounded Maria Cuomo's office with children. Now you see Governor Pataki saying how great it is and taking credit for it. Let them take credit, as long as they do it." The state Senate is a big obstacle, she says, adding

that Citizen Action has been leaning on Sen. James Seward (R-50th District).

Local residents already have come forward with their stories about the trials and tribulations of paying for health care services.

Louise Carpenter, a social worker at Hospicare, offers this example: "Two weeks ago a woman in her mid-fifties died in the hospice. Throughout her life she had marginally-earning jobs and never had health care. When she finally went to the hospital she had a breast tumor that needed to be removed because it was going to rupture. She died within two weeks. She didn't believe that she could go to the hospital, even though she knew she was sick, until she couldn't function at all because she had no insurance."

Emmie Edmunds is a nurse's wife. "Too caring a child by myself and I appreciate all the help I get from welfare. It was very scary to phase out of Medicaid and welfare. Child Health Plus was very helpful with that," she says. "When I used to work for WIC [Women, Infants and Children] people would say, 'I got this job, but if I work over fifteen hours I

IHCAN is collecting the accounts of people who have had trouble getting health coverage.

could lose Medicaid.' People were afraid to work because they thought they would lose health benefits."

Betty Fakos, program director for the local Health Planning Council, says the council has thrown its support behind Family Health Plus. "I'd like for people to

be able to get health care when they need it. For people to be able to take prescriptions when the Doctor says they need to get better. I know of people who have not gotten prescriptions filled because they can't afford it."

Those who would like to present a story at the speak-out on November 6th should contact IHCAAN at 644-8184.

ITHACA TIMES

VOL. XXII / NO. 12 / OCTOBER 28, 1999

HEALTH CARE

Unless state addresses hospital rates, confusion will reign as new year begins

Three years ago, New York state took a major step by changing the ground rules on how hospitals get paid by patients' insurance companies. The highly regulated system under which the state set payment rates was replaced by a competitive market system in which insurance companies and hospitals negotiated rates based on the various types of services and other factors.

To make sure hospitals were paid for the care of indigents as well as for training medical personnel, the state's Health Care Reform Act created two pools, using contributions from insurance companies: the uncompensated care fund and the graduate medical education fund.

But the reform act runs out Dec. 31, and unless Gov. George Pataki presents a new bill to the state Legislature in special session, confusion will reign starting Jan. 1. It is unthinkable that the state would start a new year without a system in place to provide health care for indigent people, or without enough money to pay for the services of hospitals' resident doctors and interns.

So far, nothing has emerged from the governor's office, neither new legislation nor a call for the Legislature to return to session. We urge Pataki to do both.

Extending the present legislation is the least that can be done. But if that's the course chosen, the state would be missing a golden opportunity to fine-tune the current law.

The Health Care Reform Act has served a purpose. To become more competitive, hospitals have formed networks. But corrective measures still are in order, particularly regarding managed care. Provision for prompt payment is one area of contention. Expanding coverage for the uninsured or underinsured should also be on the table. How should money from the tobacco settlement fit in?

Those issues should have been addressed during the regular legislative session that dragged on into August because

of the inability of the state to adopt a budget on time. Pataki and legislative leaders said that the Legislature would come back in the fall to deal with the health-care issue as well as other matters, such as the state lobbying law that also expires at the end of the year. But three months have passed, and no hospital plan is in sight.

Elliott Shaw of the state Business Council warned, "There's mass confusion about what would happen" if no bill is in place by Jan. 1. At stake is about \$1.3 billion a year from insurance companies and others that goes to hospitals for the care of charity and bad-debt cases, and covers the cost of interns and residents at teaching hospitals.

The Business Council wants the pools abolished, but hospitals and the unions that represent hospital workers say the money is critical to the survival of fiscally stressed health-care providers.

Arthur Weintraub, president of the Northern Metropolitan Hospital Association, which represents most hospitals in this area, has some other ideas. Health care is very different now than it was in 1996, when the Health Care Reform Act was created, he says. Weintraub contends that the state has to re-examine how the pools are funded. He believes that because of the way surcharges are earmarked for hospitals, insurance companies have a financial incentive to shift outpatients to physician offices for radiology and various therapies, thereby creating anti-competitive forces.

Weintraub says also that the indigent care pool is not adequately funded, that there has been a growing shortfall since it was created.

If a new plan does come down from the governor, there should be plenty of time set aside for public discussion and debate among the legislators. Worse than extending the present law: creating a new law that is rammed through the Legislature without time for scrutiny.

OPINION

The Ithaca Journal
Friday, November 5, 1999

Health care reform

It is a scandal: In one of the wealthiest states in the wealthiest country in the world, 3.1 million people have no health insurance.

Soon, New York state will have to enact new legislation to manage the state's health care system since the current Health Care Reform Act expires on Dec. 31.

The Ithaca area Health Care Action Network (IHCAN) supports a plan which includes health insurance for working adults, Family Health Plus. Modeled on Child Health Plus, it would provide health coverage to those not covered by their employers but who cannot afford private health insurance.

It is also supported by the New York Nurses' Association, the New York Public Health Association, and the New York chapters of the League of Women Voters, Citizen Action, UAW, SEIU and the Children's Defense Fund among many other groups.

The Assembly has passed a similar bill, but there still is no health care bill in the State Senate. Sen. James Seward is chairman of the Senate Insurance Committee and should promote Family Health Plus legislation. We need his help.

At a speakout on Nov. 6, we will be hearing from people in the community about their health care problems and making plans for getting Sen. Seward's active support of Family Health Plus.

Join us at the Human Services Building, 320 W. State St. at 1 p.m. this Saturday.

We have a unique opportunity: the federal government will provide matching funds for this purpose and New York state will receive \$1 billion annually for 25 years from the tobacco settlement.

What better way to use these dollars?

Let's put an end to New York's health care scandal.



Unsworth

Peg Unsworth
For Justice for All, co-sponsor
of IHCAN Nov. 6 Speakout,
Oct. 29

And another

I practice family medicine in Dryden, and every day I am disturbed and saddened by the problems I see as a result of the fact that there are so many medically uninsured people in this area.

There are people who have put off visits for high blood pressure or diabetes until these illnesses became life threatening. Many times they are unable to afford the best medicine for their condition and ask me to prescribe a cheaper substitute instead.

They can't begin to consider preventive services such as mammograms, or treatment of progressive eye ailments or orthopedic injuries which may result in permanent disabilities.

People who do have insurance can hardly even imagine how hard it is to do without these services or to have to choose between getting care and paying the rent or keeping a car running to get to work.

Fortunately, children up to 19 in low-income working families are now covered by a state program called Child Health Plus.

This has been in effect for a number of years and has worked well except that many parents still do not know about it, and getting children enrolled has not been as easy as it should be.

The State Assembly has passed a similar program called Family Health Plus for working adults with incomes up to 200 percent of poverty.

I applaud the current intensive efforts of citizens groups, labor unions, hospital coalitions and others across the state to get this legislation improved by the Assembly and passed by the Senate and the governor this year.

Uninsured people can help by coming to the Speak Out on Nov. 6 and telling their stories. All others can help by being present to demonstrate their support and concern.

John H. Ferger, M.D.
Village of Dryden, Oct. 31

OPINION

9A

The Ithaca Journal
Tuesday, November 2, 1999

The Common Good

EDITORIAL

In defense of the uninsured and 'excluded'

A sticky summation of our have/have not world was recently spotted on the bumper of a gleaming, tank-like SUV: "Got mine, up yours."

In New York, a similarly harsh take might be used to describe health insurance. More than 3.2 million New Yorkers don't have it, although many of them hold jobs. A callousness has invaded society to the extent that many think the uninsured, not the system, retain sole blame.

Three-plus million New Yorkers don't constitute a statistical fluke, but a number for concern. In a world where ideas on health care reform change like the channels at a couch potato's house, a stronger set of consistent safety-net regulations is needed.

New York's own Health Care Reform Act expires at year's end and presents an opportunity to do what's right for all state residents. There is no doubt that HMOs aren't uniformly working as designed and consumers need more protections. New Yorkers should be ashamed to live in a state where too many low-income families are one serious illness away from living in the streets.

Albany has managed to care for most of New York's uninsured children through an expansion of Child Health Plus and Medicaid. A new Health Care Reform Act (HCRA) should fill in the gaps

This growing, long line of New Yorkers doesn't constitute a statistical fluke, but a number for concern. In a world where ideas on health care reform change like the channels at a couch potato's house, there needs to be a stronger set of consistent safety-net regulations.

for those New Yorkers who don't have employer-sponsored insurance, don't qualify for Medicaid and Medicare and are still trying to make a go of it.

Several proposals are under consideration to meet this end, including the Assembly's "HCRA 2000," which includes the popular Family Health Plus, an initiative of the Greater New York Hospital Association. Also being eyed in the process are tobacco settlement funds, along with cigarette taxes, which in Minnesota and Washington state are used to fund large-scale health insurance program for low-income residents.

The bottom line is that Democrats and Republicans — including Gov. George Pataki — need to find common ground for The Common Good. Not everyone has a fluid and grounded life, where

bills are paid on time and one doesn't think twice before making a doctor's appointment.

This is sadly reflected in a growing volume of stories that will be heard at a "Speak Out on Health Care" rally on Saturday in Ithaca. (See columns below for details.)

One person, who works full time but is unable to afford insurance premiums, writes, "I feel excluded from being able to be healthy."

Only the cruelest got-mine-up-yours New Yorker can shrug off the real-world problems of people who are sick and disenfranchised. Obviously, new health care reform legislation is a complex issue that will likely turn into a political football by 2000.

There will also be a hefty price tag attached, regardless of what is adopted by state leaders. This will be a tough tightrope act for New York — especially fiscally conservative legislators — but it's an imperative walk.

In the end it comes down to one person, multiplied by three million, who feel excluded in a state that has traditionally and responsibly cared for its own. At this critical juncture of modern medicine, mega-money and self-obsession, New York's Legislature needs to go to bat for The Common Good on health care reform.

The views: Uninsured are in trouble, legislative action a must

A solution for some harsh realities

Every year I receive numerous calls from people desperate to find affordable health insurance coverage. I have to give them the dismal news that most regular insurance plans cost at least \$2,500 a year and this is for individual coverage, not even their families. While many work full-time, they still cannot afford these premiums.

Medicaid does help many people. But, in most cases, parents in three-person families have to earn less than \$10,300 a year to qualify for Medicaid and single, childless adults less than \$4,300 a year.

People in our community should be able to get health care that they need. They should not have to choose between filling a prescription and paying their rent.

The Health Planning Council Advisory Board wholeheartedly supports efforts to extend health insurance coverage to lower-income working adults (both single individuals and families) who cannot afford to pay for health insurance.

Family Health Plus is one proposal to do this. Our community needs to listen to people caught without health care and to support this basic human need.



Falcao

Betty Falcao

Program director, Health Planning Council

Current policy is self-destructive

I am writing in strong support of Family Health Plus.

At Planned Parenthood of Tompkins County we currently see just under 5,000 separate patients each year for 9,500 visits. Six out of every ten of our patients have no health insurance coverage — private, Medicaid, or Medicare.

In addition, many of our insured patients have very low incomes and need our financial assistance in order to meet their insurance company's deductible or co-pay.

Finally, many of our fully insured patients find that their plan will not pay for contraceptives.

As a provider of primarily preventive health services we see every day how little sense it makes for people to be uninsured. What kind of social policy forces low-income persons to face what are, for them, powerful financial disincentives to take care of themselves?

Let's regulate shortsighted, self-destructive social health policy to the "history" section of our public health textbooks and enact Family Health Plus, a great next step toward the end of rationed health care.



Heyman

Scott Heyman
President/CEO

Planned Parenthood of Tompkins County

League: The need for quality care

Do you postpone seeing a doctor because you have no health insurance? The League of Women Voters of New York State has studied and reached a position on health care:

"The League believes that New York State's primary role in health care is to assure that quality care is available to all New Yorkers. We believe that the state should provide planning and regulations to assure everyone, including medically indigent, access to a basic level of quality care."

The position goes on to cover cost control, coordination, and avoidance of delays in delivery or payment to providers. Prevention and patient participation in treatment decisions are covered.

The Health Care Reform Act (HCRA) of 1996 will expire on Dec. 31. HCRA 2000 is the proposed effort to ensure that New Yorkers have access to affordable, high quality health care.

Family Health Plus is a proposal to make affordable, comprehensive health coverage available and accessible to working New Yorkers who don't have employer-sponsored insurance and don't qualify for

existing public programs such as Medicaid and Medicare. Funds will eventually come from proceeds of the national tobacco settlement and match funds from the Federal Welfare Reform Law.

There will be an opportunity to speak out on the subject on Saturday.

If you are one of the three million people who don't have health insurance coverage, come and tell your story. Or write to Martha Ferger, P.O. Box 8, Dryden, NY 13053. Our representatives to Albany need to know your needs and opinions.

Elizabeth deProsse

League of Women Voters of Tompkins County

Assemblyman: Where is Pataki?

Four months ago, with broad bipartisan support, the Assembly passed "Health Care Reform Act 2000." This legislation is a comprehensive plan for affordable health care.

It includes "Family Health Plus" to provide affordable health insurance coverage for over 300,000 adults, eliminates the 8.18 percent surcharge on certain outpatient lab and clinical services, provides funding for rural health networks and creates a fund for biomedical research.

The Assembly has made its proposal, but all we have heard from the governor is a deafening silence.

If HCRA expires without legislative actions, not only will our health-care financing system be thrown into chaos, but we will have squandered a golden opportunity to begin building a model health care system in New York. We need the governor and his Senate colleagues to come to the table to support HCRA 2000 or present alternative solutions.

The governor's lack of interest and involvement demonstrates not only a lack of leadership, but a frightfully blatant lack of concern for the welfare of the people of the state. The clock is ticking. The people should demand that the governor do his job and do it now.

Martin A. Luster

Assemblyman, D-125th District



Luster



deProsse

Forum focuses on creating health-care safety net for state's uninsured workers

By LOUISE CONTINELLI

News Staff Reporter

When she lost a job several years ago, Mary Stengel suddenly faced thousands of dollars worth of eye surgery to save her sight.

Luckily, a government safety net was in place to continue her health insurance.

Stengel, speaking Wednesday during a health forum downtown, knows that she was one of the lucky ones.

"Too many people would have to choose between paying the rent and having surgery," says Stengel, a diabetic, who now works as director of Child & Family Services' Family Advocacy Program.

Almost 1 in 6 New Yorkers lack health insurance. Most of them work but cannot afford medical coverage.

Doctors and community activists spoke in support of expanding access to health care during the Assembly-sponsored public forum, attended by about 50 health-care experts, in the Buffalo & Erie County Public Library.

"You are indeed looking at health-care reform for the year 2000!" exclaimed Dr. Charles Anderson of Buffalo, who is in family practice.

One subject of the forum was the proposed creation of Family Health Plus, a program that would provide health-care coverage to working uninsured New Yorkers, using funds from the state's share of the national tobacco settlement and an increase in the tobacco tax.

The forum focused on renewal of the Health Care Reform Act, or HCRA, and Family Health Plus, which is just the pre-

"Hundreds of thousands of New York parents work hard but still cannot afford health insurance for themselves and their children," Richard N. Gottfried, chairman of the Assembly Health Committee

scription for health insurance ills, according to many who attended the forum.

"Hundreds of thousands of New York parents work hard but still cannot afford health insurance for themselves and their children," said the Assembly's Health Committee chairman, Richard N. Gottfried, D-Manhattan. He called it the "biggest threat to this state's well-being."

Such "uninsurance" is highest among middle- and lower-income workers, those least likely to be able to afford major medical bills.

The HCRA 2000 plan would expand health-insurance coverage to 300,000 adults through Family Health Plus, which would provide a comprehensive benefit package including primary and preventive care, inpatient hospital care, lab tests, prescription drugs, durable medical equipment, inpatient and outpatient mental health services, and alcohol- and substance-abuse services.

HCRA 2000 would triple the size of the insurance subsidy program for small businesses, providing \$18 million to help employers buy health insurance for workers and their families. For those who purchase their own insurance, HCRA 2000

would allocate about \$120 million to reduce their health-insurance premiums. There also is an \$18 million allocation to subsidize the purchase of COBRA coverage — which Mary Stengel benefited from — for other New Yorkers who would otherwise lose their health coverage because they lost their jobs, changed jobs or worked fewer hours.

In addition, the Assembly proposal would increase the Indigent Care-Pool collections by \$82 million a year to meet the needs of rural and "safety net" hospitals. It also would eliminate the net tax and taxes on outpatient and clinic services. It would mandate coverage of ambulance or advanced "first-response services" for life support. A guaranty fund would be created for insolvent health insurers.

Group begins push to help uninsured

By MISSY GLOBERMAN
Journal Staff

Linda Loomis walks with a cane and considers herself partly disabled. She has not held a salaried job with health insurance benefits since 1991, and now cannot even afford to have an annual physical.

Since she cannot catch herself falling on the ice or even bend down easily to the ground, her 34th year of living in Ithaca is difficult, to say the least. "If I could afford health care insurance, employers would hire me much more readily and I could seek help for problems I know could be treated," she said.

Loomis is among the more than three million New Yorkers who do not have health insurance. Three out of every four uninsured New Yorkers are working.

To address these problems, the Ithaca-area Health Care Action Network, a group of health care activists, launched a campaign Friday to collect stories from working adults who cannot get health care coverage.

The group plans to present the stories to elected officials in a regional meeting at 1 p.m. Nov. 6 in the Tompkins County Human Services Building.

The activists want to gain legislative support for Family Health Plus — a proposal to subsidize insurance costs, reduce premiums and simplify enrollment processes for New York's existing programs.

Similar to Child Health Plus, the provision of basic health insurance coverage to children by the state at a free or reduced premium, Family Health Plus would be funded by New York's

'We need tremendous support to address this need for working people in Ithaca.'

— Martha Ferger,
project coordinator,
Health Care Action
Network

For information:

To contact the Ithaca-area Health Care Action Network, call 844-8184; e-mail <jhferger@pol.net>; or write to Martha Ferger, P.O. Box 8, Dryden, NY 13053.

share of the \$25 billion tobacco settlement and federal matching funds available through a provision of the federal welfare reform law.

But legislation surrounding health care reform in New York is a much bigger issue than just insurance. The 1996 Health Care Reform Act deregulated inpatient hospital rates, supported funds for teaching hospitals and reimbursed hospitals for a portion of their treatment of uninsured patients. However, the 1996 law is set to expire Dec. 31.

"We want the state government

to deal with both the Reform Act and Family Health Plus at the same time since they are intricately linked," said Mary Clark, regional director of Citizen Action Network of New York state.

Many local sponsors, including Planned Parenthood and Catholic Charities, have taken on the Family Health Plus initiative.

"We need tremendous support to address this need for working people in Ithaca, and for people to voice their experiences," said Martha Ferger, project coordinator for the Ithaca-area Health Care Action Network.

The Assembly passed a version of Family Health Plus in June, and the state Senate is next to take action on the proposal. Activists at Friday's campaign meeting said they hope that state Sen. John "Randy" Kuhl, R-52nd District, and Sen. James Seward, R-50th District, would attend the meeting Nov. 6, though Ferger said their attendance was unconfirmed.

"This is just one of many such meetings all over the state to raise awareness on this issue and put faces on the statistics," said Clark.

Common Sense About Health Care

By Burt Wilson

If you asked me to make up a list of the words I do not like, such a list would begin with words like "down-sizing," "out-sourcing" and "economically-challenged"-- words which are used to cover up their true meanings which, respectively, are "laying-off workers," "contracting out for labor" and "broke."

"Out-sourcing" is particularly bad because it usually identifies a business which is hiring people to work less than 40 hours a week. Such employees are not then considered "full-time" and the company therefore does not need to provide them health insurance or any other benefits. This is also a legal way for a business to avoid the paperwork that goes with handling the

withholding of income tax, because no income tax is withheld. All the company has to do is file a 1099 form at the end of the year.

Such practices are putting people in jeopardy. For example, there are over 44-million people in the US without health insurance. Over 3-million are in New York. Over 25,000 are right here in the Binghamton area. These people earn too much to qualify for Medicaid and too little to afford suitable health insurance coverage.

If you think something should be done about this (as I do), you'll be happy to know that there is a campaign underway in NY State to implement a program called "Family Health Plus" (FHP). We all know how effective "Child Health Plus" has been in providing

health-care coverage for children who are not in the health insurance loop: FHP would do the same for working people.

FHP would make affordable comprehensive health coverage available and accessible to working New Yorkers who don't have employer-sponsored insurance and don't qualify for existing public programs such as Medicare and Medicaid.

It would subsidize the cost of insurance for families earning less than 250% of the Federal poverty level of \$34,000 for a family of three. It would simplify the application and enrollment processes and stabilize and reduce premiums in the direct pay market by using money from the tobacco settlement and Federal matching funds to establish an on-going pool of

money to offset premiums.

What this means is that the whole Family Health Plus program can be implemented with no raise in taxes!

We Seniors should take note that while FHP does not affect us directly, it does provide the security of knowing that our sons and daughters will be taken care of without our having to reach into our own dwindling resources to help them out.

What can you do? Get in touch now with your state Assemblyperson and Senator and tell them we need Family Health Plus. Let's see if we can give the gift of good health to all for the Christmas season.

Burt Wilson is the Senior Health-care Chairperson for Citizen Action.

Manchester Community News

Newsbeat

Goal of group is to help the uninsured

UTICA — John Furman, president of Utica Citizens in Action, said his lobbying group wants the state to use money from the tobacco settlement to provide health insurance to the uninsured.

Furman joined others Monday in announcing a public education campaign to make residents aware of the need to guarantee access to quality health care. Television and radio commercials, direct mail and grassroots efforts will be used to get the message across.

"This is a golden opportunity for the governor and legislators to provide health insurance for folks who don't have it. Since we've been running the TV ads — for about two weeks — we've gotten 2,000 or 3,000 calls to the 800 number," Furman said.

Robert Hack, spokesman for the Health Care Education Project, said hospitals get stuck with the bills for the uninsured. "The hospitals in New York City are struggling to stay alive — passing this legislation is in everyone's interest," Hack said.

— Linda Murphy

Bruno offers views on health care system

By WILLIAM F. HAMMOND Jr.
Gazette Reporter 10-14-89

COLONIE — Citing his own regimen of vitamin supplements and green tea, Senate Majority Leader Joseph Bruno suggested Wednesday that New York's health care system should put more emphasis on maintaining health rather than simply responding to illness.

"It is time for us . . . to step back, lean back, and take a look at where we're going in health care," Bruno told a conference on managed care at the Desmond hotel.

The Brunswick Republican offered few clues about the upcoming legislative debate over extending the Health Care Reform Act, which expires in December, other than to say he and Gov. George Pataki had recently started

sharing ideas. "They're coming up with some thoughts, we're coming up with some thoughts," Bruno said.

But he argued that the state has an obligation to make high-quality health care available to as many citizens as possible.

"It makes me sick, literally, when I think about a million, three or four hundred thousand people in this state . . . that don't have health insurance, which means many of them don't get proper care when they're sick," Bruno said. "We have to provide for people."

Bruno, who is 70, lightheartedly described his philosophy of staying fit.

"You know why I take vitamins?" Bruno said during his off-the-cuff remarks. "My stepfather-in-law lived to be 96. He literally did everything wrong. . . . You know what he did that nobody else did?

He took vitamins, lots of vitamins. . . . 'Do vitamins qualify for reimbursement?' Bruno asked. 'Not usually.'"

He said he's also a believer in the salutary effects of green tea.

"I have green tea at home, in both offices, and I think I'm going to get a dispenser in my car," he said.

Speaking with reporters afterward, Bruno said he would like to see the system give people incentives to live a healthy lifestyle.

Bruno also declined to give further details about his plans for the future of the Health Care Reform Act. That 1996 law, known as HCRA, replaced a system of regulated hospital fees with billions of dollars' worth of surcharges on hospital bills and health insurance premiums. The money goes toward subsidizing hospitals, providing health coverage for low-income children and funding

other health care purposes.

The Business Council of New York State, representing large employers, has called for reducing the surcharges and the subsidies for hospitals, arguing they make insurance less affordable.

But the Assembly's Democratic majority — with the support of hospitals, health care workers and consumer groups — has called for continuing the existing surcharges and using money from the tobacco settlement to extend free or low-cost coverage to adults as well as children.

So far, the Republican governor and Bruno's Republican majority in the Senate have not formally stated their position on the issue.

He said he wants to extend coverage to the uninsured while maintaining or improving the quality and affordability of the state's health care system.

Bruno urges wellness rewards

Albany *He wants people reimbursed for vitamins, exercise equipment by managed care industry.*

By JAMES M. ODATO
Capitol bureau

Tu 10-14-99

Senate Majority Leader Joseph Bruno Tuesday urged the managed care industry to invest in preventive health by reimbursing people for vitamins, green tea or workout equipment.

In an address to about 100 health care officials, the 70-year-old Brunswick Republican remarked on the virtues of staying fit by proper nutrition and regular exercise and said the health insurance industry needs to reward such habits instead of just reimbursing providers for healing sick people.

"We have to start focusing more on wellness as well as sickness," Bruno told the managed care workers.

Bruno also said that he is in discussions with Gov. George Pataki regarding ways to deal with the Health Care Reform Act. The act, which finances health care and provides money to hospitals and for services for uninsured New Yorkers, is set to expire at year's end.

Both Senate Republicans and Pataki's administration have yet to offer proposals for new legislation on health care reforms. He said he and the governor are only discussing generalities at this point and haven't identified specific ways to amend or extend the law.

Bruno said he wants the governor to call the Legislature back in early December to work on the law. He said he wants the governor to call a "special session" and formally summon lawmakers back to Albany to stress the importance of their return.

"We can come back without him, but if we're going to do anything that is going to be constructive and productive, it would be better if he calls us back," Bruno said.

The Assembly passed a new health care reform act in June. It includes using tobacco settlement funds to pay for smoking prevention measures and a program to offer free or low-cost health care coverage to more than 300,000 low-income adults. New York has about 3.5 million people without medical insurance.

A coalition backed by unionized health care workers and a hospital group is currently lobbying for an even bigger program paid for by tobacco settlement money and a new tax on cigarettes.

Group pushes new health care program

By E.R. MYRTHIL

Gazette staff writer

Every day in New York State, 238 kids start smoking. That's more than 87,000 per year. If the current trends continue, eventually 377,000 of them will die as a result of a tobacco-related disease.

What's more, 23 percent of adults in New York smoke. Eventually, 30,700 will die annually of tobacco-related diseases.

To combat the problem, a statewide media campaign has been launched to educate New Yorkers about a proposed health care program designed to provide coverage to low-income uninsured adults. The need to guarantee access has the support of the Greater New York Hospital Association (GNYHA), New York's largest healthcare union: 1199/SEIU, Citizen Action of New York and the Rural Law Center of New York (RLCNY).

Family Health Plus, which is part of the proposed Health Care Reform Act 2000 (HCRA), would use the state's share of the tobacco settlement to provide coverage for uninsured New Yorkers. It also calls for a 50 cent increase in the cigarette tax that would provide additional revenue for expanding coverage. Family Health Plus would provide health care insurance to working New Yorkers who earn too much to qualify for Medicaid, yet have no access to health care through their employer.

The TV and radio spots will begin airing this month in every major New York media market, and will focus on two major issues: HCRA's funding for state-of-the-art care in teaching hospitals, hospital care for the uninsured; and Family Health Plus.

"We will be calling on New Yorkers to ask the governor and Legislature to use the

upcoming special session to address the crisis of the uninsured and to make sure that the state makes a commitment to provide adequate funding towards quality healthcare for all New Yorkers," said Dennis Rivera, president of 1199/SEIU National Health & Human Service Employees Union.

"This campaign has four important goals," said Kenneth E. Raske, president of GNYHA, which represents 175 hospitals and long term care facilities in the greater New York City region. "We must protect our teaching hospitals, which provide state-of-the-art care to New Yorkers; strengthen funding for hospitals and clinics that treat tens of thousands of uninsured patients; launch an innovative and practical program that will provide affordable health insurance for working New Yorkers; and prevent HMO practices."

"There are currently over 3.2 million New Yorkers without healthcare coverage. That translates to almost one in five New Yorkers without insurance, and that number is simply unacceptable," said Richard Kirsch, director of Citizen Action of New York and head of New York State Health Care Campaign - a coalition of more than 100 groups which support the family Health Plus proposal. Kirsch said that Family Health Plus would also provide relief to those people currently in the direct pay market, "who are forced to spend far too much on their own policies." HCRA could establish a pool that would significantly lower premiums in the individual insurance market.

Assembly Health Committee Chair Richard Gottfried, D-Manhattan, said that Family Health Plus would be the single largest expansion of health coverage in a generation. "I applaud the groups and their efforts to help make this vital proposal a reality."

Lawmakers urged to act on health insurance

BY SAMME CHITTUM

Staff Writer
PRESS & SUN 10/6/99

With a Dec. 31 deadline looming for lawmakers in Albany, local health-care advocates teamed up Tuesday to call for the passage of an ambitious new health plan that would provide insurance to thousands of New Yorkers who lack coverage.

About 1.7 million New Yorkers would qualify for the proposed Family Health Plus plan, which seeks to build on the success of the 10-year-old Child Health Plus plan, said Mary Clark, regional director

of Citizen Action, a health-care advocacy group.

Potentially, such a plan could aid about half of the 25,500 uninsured in Broome County, said Clark.

The \$1 billion state-funded plan would deliver coverage for \$9 to \$13 per month per person for qualifying individuals — a fraction of the cost of comparable coverage. Child Health Care Plus ranges from free to \$15 per child or a maximum of \$45 per family.

FHP would target families who make 2½ times the federal poverty level or up to \$34,000 for a family of three

One of the potential beneficiaries is Robin Dutcher, 34 of Whitney Point, who has six children who are all covered by Child Health Plus. However, she and her husband, a contractor, both lack insurance, she said.

Dutcher found it hard to suppress tears as she told how she fell ill for six weeks from pneumonia and bronchitis, but put off going to a doctor until a concerned friend pressed a check into her pocket as the two sat side by side at church.

Dutcher has a 12-year-old

SEE HEALTH 5B

Health insurance —

CONTINUED FROM 1B

son who was successfully treated for leukemia. She said mothers and fathers need the same protection against major illness. "If parents are able to have insurance along with their children, it would make things so much easier," said Dutcher.

Advocates and lawmakers who support some version of the proposal hope to draw upon a little less than half of the \$1 billion in funds coming to the state as part of the settlement stemming from a lawsuit against the nation's tobacco companies. Another \$500 million in matching federal funds would bring to annual cost to roughly \$1 billion. A 50 cent increase in the tax on a pack of cigarettes could also be used to fund the program, advocates said.

More than 3.2 million New Yorkers lack health-care coverage, a growing number that mirrors a national trend that saw 833,000 more Americans join the ranks of the uninsured last year.

"In many ways, the situation here in New York reflects and amplifies a much larger national emergency," said Jeff Davis, spokesman for

Lourdes Hospital.

Lawmakers have until the end of the year to call a special session and act on a range of issues tied to the over-arching Health Care Reform Act of 1996, which controls the state's health-care financing system and is set to expire on Dec. 31.

The special session should be used to renew the act and "address the crisis of the uninsured," said Coert Bonthuis, regional representative of the Service Employees International Union 1199, the state's largest health-care union.

The unions joined with the Greater New York Hospital Association to launch a multi-million dollar statewide advertising campaign that compares uninsured New Yorkers to people walking a tight rope. That was certainly the impression Kathy Juckett gave at the news conference.

Juckett, 40, of Nineveh, a single mother of three, said she had a full-time job driving a forklift until she fell ill in 1996 with myasthenia gravis, an auto-immune disorder.

"Not only did I get myasthenia gravis, but I had to start a new life," she said. "I lost my job, my house and my health insurance."

She could not afford the \$300 a month to maintain coverage after she became disabled, she said. Today, her prescription drugs alone total more than \$1,200 a month. She gets by relying in part on free drug samples, but often skips taking pills to save money. By contrast, she said she pays nothing to insure her 12-year-old son through CHP.

The Family Health Plus plan that would help parents such as Juckett will likely be taken up at the end of November, said state Sen. Thomas W. Libous, R-Binghamton. "We're looking at tobacco settlement money as a way to provide additional health coverage," said Libous. "It gives us a way to do more than we have done in the past."

A program similar to CHP "makes an awful lot of sense to me," said Libous, who would also like to see "some settlement money used for mental health programs."

The Health Care Reform Act also provides for funding for teaching hospitals and to help non-profit hospitals deal with bad debt due to charity care.

Ads urge help for uninsured

■ Coalition wants New York to use its tobacco settlement to subsidize health care for the poor.

ALBANY BUREAU
JOHN FRITZE

ALBANY — A coalition of downstate hospitals and New York's largest health care union will launch a \$3 million ad campaign today to pressure lawmakers to subsidize health insurance for the state's 3.2 million uninsured.

The ads also call on Gov. George Pataki and the Legislature to renew a law that funds medical training programs, pays for care for the indigent and protects patients from HMO abuse. Lawmakers are expected to return to Albany later this fall to consider it.

The groups will run the ads on radio and television stations in New York City, Albany, Rochester, Utica, Elmira and Binghamton at least through November.

The coalition's program, called

Health Care Plus, proposes using the state's share of the national tobacco settlement — \$500 million a year for 25 years — to subsidize insurance for 1.7 million poor people who don't qualify for Medicaid.

The groups also suggested increasing the cigarette tax by 50 cents a pack, raising \$500 million a year. The current state tax on cigarettes is 56 cents a pack.

"All of this touches the lives of all New Yorkers," said Kenneth Raske, president of the Greater New York Hospital Association, which represents 175 hospitals in the New York City region.

"One hundred percent of the tobacco settlement funds — coupled with an increased cigarette tax — must be used for important health care purposes, such as covering the uninsured and funding tobacco prevention programs," he said.

The Democratic-controlled Assembly passed a similar measure earlier this year, but the proposal faces an uncertain fate in the Republican-controlled Senate, where leaders have said they want to use the tobacco money to reduce the state debt, cut taxes and pay for health insurance.

In the past, Gov. George Pataki has said he wants to use the tobacco settlement money to help pay off the state debt.

A spokesman for Pataki didn't return calls yesterday.

Matthew Maguire of the New York State Business Council argued that the money should be used to lower taxes, not for health insurance initiatives.

"The premise of the tobacco lawsuit was to recover dollars paid by taxpayers above and beyond what they should have had to pay," Maguire said. "Since the premise of that particular action was to recover taxpayer dollars, it should be returned to taxpayers."

Ad blitz aimed at lawmakers

By WILLIAM F. HAMMOND Jr.
Gazette Reporter

ALBANY — A coalition of health-oriented interest groups on Monday unveiled a TV and radio advertising campaign designed to enlist public support for an "aggressive, pro-health-care" agenda in the coming political battle over New York's Health Care Reform Act.

The coalition's ads, to start airing statewide today, call for lawmakers to:

- Continue existing surcharges on health care bills, worth more than \$1.3 billion a year, which subsidize the training of physicians, reimburse hospitals for treating the indigent and fund other health projects.

- Spend most of the proceeds of the settlement with tobacco companies, plus revenue from a new 50-cent-per-pack tax on cigarettes, on health-oriented projects.

- Create a "Family Health Plus" program, which would provide free or discounted health coverage to 1.7 million uninsured New Yorkers.

- Significantly increase spending on programs designed to discourage smoking, especially among teen-agers.

The group's agenda also includes new restrictions on HMOs and subsidies for retraining hospital workers.

These and other issues are due to be considered by the state Legislature later this year because the existing Health Care Reform Act, passed in 1996, will expire on Dec. 31.

"This issue is esoteric to many people," said Kenneth Raske of the Greater New York Hospital Association. "What we're planning on doing is getting this from the back room to the liv-

Surcharges on health bills supported

ing room, because that's where our support is."

Raske compared the ads to the "Harry and Louise" campaign that health insurance groups used to help defeat President Clinton's health-care reform plan in 1994.

The leaders of the New York coalition are GNYHA and Local 1199 of the Service Employees International Union, a union for health-care workers in the New York City area. Other members include the AFL-CIO, consumer groups, AIDS activists, advocates for the poor and disabled, left-leaning religious organizations and associations for social workers and inner-city clinics.

The main opposition to their agenda comes from the Business Council of New York State, which argues that New York's surcharges on employer-provided health insurance — which other states don't have — make health coverage less affordable and put a drag on the state's economy.

"We do too much of a lot of things," said Elliott Shaw, director of government affairs at the Business Council. "Our Medicaid system is too big. Our hospital system is too big. The number of doctors is too big — we train too many. And [the coalition's] agenda is more of the same. . . ."

"It seems to me we have to make the product they're delivering more efficient," Shaw said.

A Business Council study last year found that surcharges in HCRA add an average of \$360 to the health insurance premium for a family of four. And part of that money goes to teaching hospitals, when New York already trains twice as many doctors per capita as the national average.

"Our goals are the same," Shaw said. We want high-quality health care. We want it available to everyone. . . . Where we diverge is we think affordability is an issue. I've never seen anything in their plans to tackle the issue of affordability."

But Raske argued that teaching hospitals are an economic benefit to New York since they offer high-paying jobs, buy a lot of high-technology equipment and often provide free health care for the poor.

Businesses "are getting themselves a huge bargain," Raske said of the employer subsidies for teaching hospitals. "We're talking about institutions of great academic legend that would be welcomed with open arms in any other state."

Dennis Rivera, president of 1199/SEIU, said the coalition is prepared to launch attack advertisements against politicians and businesses that oppose their agenda.

"We have never been shy of doing that," Rivera said, alluding to advertisements earlier this year that faulted Gov. George Pataki for trying to cut Medicaid.

"We're prepared to inform the consumers which of the companies are being good neighbors and which are being bad neighbors," Rivera said.

The coalition said it was prepared to spend between \$3 million and \$4 million on advertising, letter-writing and grass-roots organizing in October alone, and to continue the campaign, if necessary, through the end of the year.

The groups who participated in Monday's news conference are gener-

ally aligned with Democrats in Albany — 1199/SEIU and GNYHA in particular are among the party's most generous donors — and their "HCRA 2000" agenda closely matches legislation that the Democrat-led Assembly passed this summer.

But groups representing upstate hospitals, which are more sympathetic to Republicans, said they could support much of HCRA 2000, too.

"We really have similar goals," said Gary Fitzgerald, president of the Iroquois Health Care Alliance, which represents hospitals in northeastern and central New York. "But they do their own thing. . . . It's unfortunate because we could all be more effective if we were talking about the same issues."

So far, the GOP governor and the Republican-led state Senate have not staked out positions on the future of HCRA. But they have indicated that Family Health Plus would be too expensive, Fitzgerald said, making it unlikely to pass.

"We support anything that would help alleviate the uninsured," Fitzgerald said. "But when the governor's people and the Senate say they don't support it right out of the box, why spend time on it?"

Jeannie Cross of the Healthcare Association of New York State, which represents hospitals and nursing homes statewide, expressed support for much of HCRA 2000, including Family Health Plus.

But Cross said she hopes the coalition's ad campaign does not become partisan.

"At this point the Clinton White House is as problematic on Medicare cuts as the Pataki administration," she said.

EMPIRE STATE

STATE EDITOR

John Caher

454-5082

JEFFREY D. HERSH/ALBANY COURIER

<http://timesunion.com/capitol/>

Health groups plan ads touting new cigarette tax

Albany *Coalition wants lawmakers to use funds to offer medical coverage to uninsured New Yorkers*

By **JAMES M. ODATO**
Capitol bureau

In a series of prime-time TV ads, New Yorkers will be asked to support a 50-cent tax on cigarettes to help pay for medical coverage for some of New York's 3 million uninsured people.

A coalition of health groups say they'll spend millions during the next few weeks on a campaign to convince state lawmakers to impose a new tax on smokers and to use tobacco settlement funds for the proposed Family Health Plus

program.

The Family Health Plus program would be a spinoff from the Child Health Plus program New York uses to help cover medical expenses of hundreds of thousands of children. The Family Health Plus program was passed by the Assembly in June as part of the proposed extension of the Health Care Reform Act, which expires at year's end.

Groups seeking the new tax on smokers say their plan would provide for coverage for many more

people than the Assembly plan — about 1.7 million low-income New Yorkers.

The Republican-led Senate and Gov. George Pataki have not made proposals for the extension of the health care act and the Legislature is expected to come back in December to deal with the extension.

The health care act provides financing for hospitals by setting up pools to pay for bad debt and charity cases as well as medical education training.

The commercials, paid for by the Greater New York Hospital Association and Local 1199 of the Health and Human Service Employees union, are aimed at pres-

suring legislators to set up new funding streams to pay for health insurance.

The new program would be funded annually at about \$1.9 billion, half of which would come from the federal government in matching money, supporters said.

Kenneth Radke, leader of the hospital association, said the group will spend \$3 million initially on ads. He said the union and the association may double or triple that investment to push Family Health Plus.

Nineteen other organizations are contributing services to the campaign, including the Capital District Center for Independence,

the Coalition for the Homeless, New York Public Interest Research Group and Citizen Action.

The groups face a tough task as both the Senate Republicans and Pataki have other preferences for the use of \$25 billion in tobacco settlement funds expected over 25 years for New York.

Also, some lobbyists, particularly the Business Council of New York State, are seeking an end to the Health Care Reform Act and oppose Family Health Plus. They claim that the act places unnecessary taxes on medical services that become built into insurance premiums to fund medical education and the charity pools.

Hospitals and health-care workers want tobacco money spent on health insurance

BY JOHN FRITZE

Gannett News Service

ALBANY — A coalition of downstate hospitals and New York's largest health-care union will launch a \$3 million ad campaign today to pressure lawmakers to subsidize health insurance for the state's 3.2 million uninsured.

The ads also call on Gov. George E. Pataki and the Legislature to renew a law that funds medical-training programs, pays for care for the indigent and protects patients from HMO abuse. Lawmakers are expected to return to Albany later this fall to consider it.

The program, called Health Care Plus, proposes using the state's share of the national tobacco settlement — \$500 million a year for 25 years — to subsidize insurance for 1.7 million poor people who don't qualify for Medicaid.

The groups also suggested hiking the cigarette tax by 50 cents a pack, which they said would raise \$500 million a year. The current state tax on cigarettes is 56 cents a pack.

"All of this touches the lives of all New Yorkers," said Kenneth Raske, president of the Greater

New York Hospital Association, which represents 175 hospitals in the New York City Region.

"One hundred percent of the tobacco settlement funds — coupled with an increased cigarette tax — must be used for important health care purposes, such as covering the uninsured and funding tobacco-prevention programs," he said.

The Democrat-controlled Assembly passed a similar measure earlier this year, but the proposal faces an uncertain fate in the Republican-controlled Senate, where leaders have said they want to use the tobacco money to reduce the state debt and cut taxes as well as paying for health insurance.

In the past, Gov. George Pataki has said he wants to use the tobacco-settlement money to help pay off the state debt. A spokesman for Pataki didn't return calls Monday.

Matthew Maguire, with the New York State Business Council,



PATAKI

argued that the money should be used to lower taxes, not for health-insurance initiatives.

"The premise of the tobacco lawsuit was to recover dollars paid by taxpayers above and beyond what they should have had to pay," Maguire said. "Since the premise of that particular action was to recover taxpayer dollars, it should be returned to taxpayers."

Officials of the Hospital Association and the Local 1199 of the National Health & Human Service Employees Union, which represents 190,000 workers, said they were also concerned about the \$1.4 billion Health Care Reform Act which is set to expire at the end of the year.

The Legislature is expected to return to Albany in December to renew the act, originally passed in 1996 to eliminate a 15-year-old system of state-set prices for hospital procedures. The act also reimburses hospitals for free care administered to the uninsured and funds medical training programs throughout the state.

Hospitals spent about \$1.5 billion administering free care last year, Raske said.

But Maguire said that many of the doctors trained in New York leave for jobs in other states. He said New York has 7 percent of the population but graduates 15 percent of the nation's physicians.

One of the ads claims that too many uninsured are walking a "tightrope" while actors walk a high wire, claiming, "Access to quality health care shouldn't be a death-defying feat."

The groups will run the ads on radio and television stations in New York City, Albany, Rochester, Utica, Elmira and Binghamton at least through November.

Hospital group, unions put in plug for more insurance coverage

By Joel Stashenko

The Associated Press

ALBANY — New York state's share of the national tobacco lawsuit settlement should be spent to get lower-income New Yorkers and their families better health care coverage, a coalition of hospitals and a union chief urged Monday.

The Greater New York Hospital Association and Local 1199 of the Health and Human Service Employees union said television and radio advertisements will start airing around the state today to "educate" New Yorkers about getting more residents insurance coverage.

The union and hospital group urged that in addition to the \$500 million the state will receive annually for the next quarter century under the tobacco settlement, more money for insurance coverage should be raised by increasing the state's tax on tobacco products by 50 cents a pack.

Boosting the state's current 56-cent-a-pack tax on cigarettes would generate another \$500 million, offi-

cials said.

They said their proposal would make health insurance affordable for about 1.7 million of the 3.2 million New Yorkers who are now without coverage. They proposed covering families with incomes of up to 250 percent of the poverty level.

Money not used on making health care more affordable should be applied toward smoking prevention efforts, the group and union urged.

"Cigarettes have caused pain, suffering and death for millions of New Yorkers," said Kenneth Raske, head of the hospital association. "One hundred percent of the tobacco settlement funds — coupled with an increased cigarette tax — must be used for important health care purposes."

Joining the Greater New York Hospital Association and Local 1199 in announcing the ad campaign were representatives of a host of other groups, including the League of Women Voters, the Rural Law Center, the Hunger Action Network and Family Planning Advocates.

It also brings the hospital group and union in line with their usual ally in New York — the Democrat-controlled state Assembly. The proposal advanced Monday essentially mirrored one earlier this year from Assembly Democrats but not acted on by Republicans in the state Senate.

Gov. George Pataki, a Republican, has proposed using much of the tobacco settlement money, at least during the first five years, toward debt reduction. Senate Republicans want to apply the money toward cutting taxes and debt.

The allocation of the tobacco money is expected to be one of the chief points of contention between the Legislature and governor starting next year.

Another factor in the debate is the looming expiration of the state's Health Care Reform Act, a \$1.4 billion program designed to support the state's teaching hospitals and to plug funding gaps in the health care system created by such things as charity care.

Census: Uninsured on rise in N.Y.

17 percent lack health coverage

By JAY GALLAGHER

Albany Bureau Chief

ALBANY — The number of New Yorkers without health insurance jumped by 300,000 to 3.1 million last year, the state Health Department announced Monday.

The Health Department estimate is based on a survey released Monday by the U.S. Census Bureau, which found that 41.7 million Americans,

or 15.6 percent of the population, lacked health insurance last year. The proportion of New Yorkers lacking coverage is 17 percent.

The state doesn't know what caused the jump, said Health Department spokeswoman Christine Smith, who pointed out that the numbers have been going up nationally as well.

"Unfortunately, it's happening more in New York," she said.

The number of New Yorkers was about 2.5 million five years ago, or just under 14 per-

cent of the population.

Nationally the number of uninsured has been rising, as costs have escalated and smaller companies have opted not to provide health insurance as a fringe benefit.

New York has generally stayed under the national average for uninsured people, but exceeded it last year.

2B Press & Sun-Bulletin

COMMUNITY

Tuesday, September 30, 1997

Broome's uninsured rate higher than state average

By GEORGE BASLER

Staff Writer

The percentage of people in Broome County without health insurance is higher than the statewide average, figures supplied by a regional health systems agency show.

According to figures provided by the NY-Penn Health Systems Agency, the percentage of working-age Broome County residents who were uninsured in 1996 stood at 19 percent, 2 percentage points more than the statewide average. The Broome figure is 6 percentage points higher than in 1995,

according to figures supplied by NY-Penn.

Of the estimated 22,300 working-age adults in Broome County without health insurance last year, 88 percent were working, according to the figures from the U.S. Census Bureau.

The rising number of people without health insurance does not surprise Mary Clark, regional director for Citizen Action of New York.

"The numbers are up all over the state," she said.

One reason for the increase in the uninsured is that more workers are in temporary or part-time

jobs that lack health insurance coverage, Clark said. Also, managed care has failed to control health insurance costs enough to allow more companies to offer health insurance coverage to their workers, she said.

The increase in the uninsured in Broome County is not surprising considering the shift in the work force here from manufacturing to service jobs, said Peg Blackman, a program analyst with the Mothers & Babies Perinatal Network of South Central New York. Service jobs tend to be lower paid and have fewer benefits.

Universal principles

Cahill forum on health care underscores failings of current system and prospects for change

Expanding Medicare eligibility to the age of birth is the only way to solve the problem of Ulster County's higher-than-average levels of uninsured people, 15 percent of them employed. That, anyway, is what Assemblyman Kevin Cahill, D-Kingston, believes.

Cahill was one of two featured speakers at a forum last week on universal health care attended by approximately 75 people, many of whom were senior citizens, at the Ulster Town Hall. The forum was sponsored by the Citizens for Universal Health Care, a local grassroots advocacy group. Joining Cahill was Laura Kaplan of Woodstock, managed care project director of Citizen Action of New York, a statewide advocacy organization working on consumer issues, including health care, which is affiliated with the New York State Health Care Campaign. Kaplan is the author of "Consumer's Guide to New York's Managed Care Bill of Rights."

Before returning to public office, Cahill initiated the area's first Medicare HMO, Senior Health of Wellcare. He is currently a co-sponsor of Family Health Plus, part of package called the Health Care Reform Act of 2000 (A-8828) passed by the Assembly this year. Family Health Plus is modeled on New York State's Child Health Plus, which provides coverage to children whose family income is at or below 250 percent of the poverty level. The Family Health

Plus bill sets a lower ceiling: 200 percent of the poverty level with children and up to 120 percent above poverty level for an adult without a dependent child.

Cahill supports Family Health Plus because it has a better chance of becoming law than New York Health, a universal health care bill that's been kicking around the Assembly for eight years. But he described Family Health Plus as "crazy, government

**"We ought to focus
on a system
that works—
Medicare."**

run amok." He plans to propose a universal health care bill that's far simpler than New York Health.

"Though it's one of the brightest spots in an otherwise dim legislative horizon, the reality is that Family Health Plus will cover less than one in 10 of the uninsured in the state," Cahill said.

He also has problems with the way Family Health Plus is financed. Funding would be primarily based on the \$1 billion tobacco settlement that the state will get annually for 25 years; half of this money goes to state government, half to localities. More than 90 percent of the state's share of the tobacco money will go for health care, leaving less than 10 percent for smoking prevention and education, which could save more money in health care in the long run, he said.

"We ought to focus on a system that works—Medicare," he said. But he noted that some things in Medicare need fixing, such as the \$1,000 deductible for major medical costs, co-payments that some people cannot afford, the lack of prescription drug coverage, HMOs pulling out of Medicare because they're losing money and the question of solvency of the Medicare system in the future.

In Ulster County, Wellcare's Senior Health is currently not accepting new enrollees. Kaiser Permanente, which has a Medicare HMO, is leaving the area, bumping Ulster County seniors back to what is now called "classic Medicare," and hunting for Medigap policies before January 1, when Kaiser ends its coverage in this region of the country.

Last year Congress set up a commission to propose changes to make Medicare more solvent; though a recommendation to privatize Medicare was foiled, the idea is still very much alive in the Republican Congress, a debate that will heat up in the coming election year. Only this week, President Clinton vetoed the Republican's tax cut package, claiming, among other reasons, that it would hurt Medicare solvency.

Kaplan said that of the one in four uninsured people in New York State, 78 percent are from working families. "New York State used to have one of the lowest rates of uninsured, now rising to one of the highest," Kaplan said.

HMOs in New York State are mandated to sell individual policies. But the problem with the direct-pay insurance market for those who are self-employed or who lack coverage through an employer is that health insurance is expensive. Generally, Kaplan said, people who buy it do so because they're sick and must have insurance. Rates rise because of this population, causing healthier people to drop coverage. That, in turn, leave a pool of insured people who are really sick population and who end up buying expensive policies.

"It's called the 'death spiral,'" Kaplan said, "because, eventually, you get to the point where nobody can afford it.

The fairest way to spread the risk is for everyone to be in one large pool."

More education is needed about universal health care and we need to look at the resistance to it, Cahill said. He defined universal health care as a system that's accessible to all, affordable to all and provides quality care for all. "Accessibility doesn't mean just having a card," he said. "It's making sure communities have the infrastructure to provide this."

As an example, Cahill pointed to the failed merger proposal of The Kingston and Benedictine hospitals, a plan that would have jeopardized certain women's health services. He also noted that one of the three Ulster County hospitals, Ellenville Hospital, is bankrupt, and the two hospitals in Kingston could face a similar fate. "Part of that is picking up the cost of the uninsured. Part of it is an inadequate funding mechanism. The system is broken," he said.

Paul Heady, vice president of planning and

communication at The Kingston Hospital, said that the hospital has over \$2 million in unreimbursed care. "Not-for-profit hospitals in New York State are in serious jeopardy, from balanced budget cuts, Medicaid cuts, state level reductions in reimbursement, and the cost of caring for the uninsured," he said.

The hospital, which supports universal health care, will hold a series of monthly town meetings beginning in October to determine the health care needs of the community, as promised in their recommitment to community services after the failed merger.

Cahill said he will designate a full-time staff person to research the cost and availability of health care in Ulster County. He will sponsor a second forum on Medicare issues (the first was in August) on October 6, 11 a.m.-3 p.m., at the Senior Sense Fair at the BOCES Conference Center in New Paltz. The program is co-sponsored by the New Paltz Senior Task Force and the Ulster County Office for the Aging.

During the week of October 18, the New York State Health Care Campaign will spearhead actions all across the state toward expanding coverage to highlight the issue of the uninsured. Plans are already afoot in Albany, Binghamton, Buffalo and Long Island. Ulster County's Citizens for Universal Health Care will develop a plan at its next meeting, September 29, 7:30 p.m., at Cahill's office in the Governor Clinton building in Kingston.

"Every day people suffer who don't have health insurance," said Kaplan. "If there's any way we can alleviate some of that pain and suffering right now, we're going to move forward." ++

Sandra Gardner



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Health care tax debated

Billions of dollars are at stake as state lawmakers look at 8.18% hospital bill levy

By Jay Gallagher
Democrat and Chronicle

ALBANY, N.Y. (Sept. 20, 1999) -- With the state's system of financing health care due to expire at year's end, critics are pushing strongly to end special taxes that support doctor residency training programs and charity care.

State lawmakers, who adjourned their regular session last month without deciding what to do, are expected to wait until December to tackle the issue, which pits some of Albany's most potent lobbying groups against one another.

Gov. George Pataki, whose views could prove decisive, has so far been mum on the issue, and a spokesman wouldn't predict when the governor will make a proposal.

The current system imposes an 8.18 percent surcharge on most hospital bills. The money raised, about \$1.3 billion, pays for care for the poor who have no health insurance as well as to help pay for graduate physician residency programs at teaching hospitals.

In the view of the state Business Council, New York's largest and most powerful business lobby, the current system levies an unfair tax that supports a bloated health-care system, helping to drive jobs out of the state, or at least limiting economic expansion. New York is the only state to impose such a tax.

"How does Massachusetts General Hospital or Children's Hospital in Pittsburgh do it?" asked Matthew Maguire of the Business Council. "There are fine hospitals in the rest of the country facing the same demands as those in New York, and they do it without any special tax."

He emphasized that the business group supports

spending for charity care as well as doctor training, but the levels should be negotiated with payers rather than imposed as a tax.

But to hospital officials and some lawmakers, abolishing the tax would place in jeopardy the financial underpinnings of the state's best hospitals. They say they're under increasing financial pressure both from cost-conscious health maintenance organizations and from the federal government, which is cutting Medicare payments to New York hospitals by \$250 million a year starting Oct. 1.

"As an interim measure, we should look to have the legislation extended for at least another year," said Len Shute, chief financial officer at Strong Memorial Hospital and Highland Hospital. "At this point in time any drastic moderation could not be very well thought out and a poorly thought out plan would be disastrous for the hospitals."

He calls the situation New York hospitals are in "double jeopardy" since they have been cut by the federal government and face cuts by the state.

"Strong is an academic medical center and has a huge stake in medical education," Shute said. "The statewide pools help finance the true cost of the medical education program. Reducing the pools substantially would seriously jeopardize the financial position of the institution."

Kenneth Raske of the Greater New York Hospital Association said training doctors is a key industry in the state, where about 450,000 people are employed in health care.

New York, which has about 7 percent of the country's population, trains about 15 percent of its physicians. The state has 82 resident physicians for every 100,000 people, compared with the national average of 37. There are nearly 15,000 doctor residents in the Empire State, by far the most of any state. California is next with 8,431, according to figures compiled by the Business Council.

The issue of health care costs is vital not only because of its effect on the state's economy, but also because of the 3 million people in the state who don't have health insurance. Businesses say the high cost of the coverage, which the special taxes add to, is a major reason that the proportion of uninsured New Yorkers, about 17 percent, is above the national average.

Three years ago, the state ended a system where the state Health Department decided how much hospitals

would be paid for various procedures. Instead, rates are negotiated between insurance companies, HMOs and other payers with the hospitals.

The system so far has worked to drive down costs, according to hospital officials, who say that businesses are paying about half of what they were three years ago for graduate medical education.

Every other state except Maryland has gone to a system where all costs are negotiated by the providers and the payers including the residency training and charity expenses.

"Making changes in the system needs to be approached with a great deal of care," said Senate Health Committee chairman Kemp Hannon, R-Nassau County. "The hospital system is already on tenuous ground."

Hannon predicted that moderate changes at best will be made in the current system.

That's what the Assembly also supports, under a bill that passed that house in June.

"It is very clear in New York that without the assessments to fund hospital residency programs, managed-care companies would use their bulk-buying power to either force down the price they pay to teaching hospitals or force their patients to go elsewhere," said Assembly Health Committee chairman Richard Gottfried, D-Manhattan. "Either of those would be devastating to our most important hospitals."

Part of the Assembly plan would try to make a dent in the number of uninsured New Yorkers by setting aside \$435 million from funds the state expects to get from tobacco companies as part of a lawsuit settlement to buy insurance for about 300,000 working poor. Another \$420 million would come from federal managed-care funds.

So far, there's been no response to that idea from Pataki or the Senate, either.

"It's amazing we are less than four months away from the deadline on one of the most important packages of legislative issues that we're going to deal with and the governor and the Senate have not put anything on the table," Gottfried said. "The silence has been deafening."

The governor will present a plan on the issue at the proper time, said Pataki spokesman Michael McKeon, who pointed out the lawmakers have until the end of the year to come up with a new plan.

Health insurance Rx: make it universal

By DENIS M. HUGHES

PRESIDENT

NEW YORK STATE AFL-CIO

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The proportion of uninsured people in New York state has grown precipitously since 1991, outpacing the growth nationwide, according to a recent study by the United Hospital Fund.

Titled "Taking Steps, Losing Ground: The Challenge of New Yorkers Without Health Insurance," the report notes that the number of uninsured in New York now is 3.1 million—or 1 in 6 of all New Yorkers. The increase in the number of uninsured is likely to grow because of continuing problems of the individual health care market, declines in employer-sponsored health insurance, and drops in Medicaid coverage primarily as a result of welfare reform.

If those covered by Medicare (people over age 65) are included, the proportion of New Yorkers without health insurance is 1.5 percentage points higher than the national rate of 17.6 percent.

Employment does not necessarily mean health care coverage, even though most private health insurance is tied to employment. Those working full-time for the full year account for more than 40 percent of uninsured New Yorkers, and nearly three-quarters of uninsured adults are employed at some point during the year. Fifty-two percent of full-time, full-year workers without insurance have incomes below the federal poverty level.

COMMENT

Nearly one-third of non-elderly single adults in New York are uninsured, compared to only 13 percent of adults in two-parent families.

Despite recent laudable efforts such as Child Health Plus, the state's insurance program for children, more than 770,000—or 15 percent—are not covered by health insurance. Nearly 1 in 5

EMPLOYMENT

*does not necessarily mean
health care coverage.*

children living in families with incomes below the federal poverty level are uninsured, with the proportion rising to 1 in 4 among children aged 12 to 18.

Non-U.S. citizens and New York City residents are a disproportionate share of the uninsured in the state.

The United Hospital Fund study points out that the rising percentage of uninsured in the Empire State is driven by a substantial erosion of private coverage (either by the individual or employer) and by declines in Medicaid enrollment associated with welfare reform.

The proportion of New Yorkers with private coverage fell from 70.8 percent in 1991 to 63.1 percent in 1996. A growing

number of firms do not offer coverage—and this at a time when the unemployment rate has reached a 20-year low, inflation is the lowest in years, and the cost of health insurance premiums dropped below a 2 percent annual inflation rate.

The consequences are severe. Uninsured people do not receive the health care they need or delay seeking it. A lifetime of ill health from chronic illness affects a child's ability to get a good education and an adult's ability to get and keep a good job.

The increasing number of uninsured who do get care place an additional burden on taxpayers and those with health insurance who pay a surcharge on their hospital bills for the "bad debt and charity pool." Thus, employers who fail to provide health insurance are subsidized by responsible employers who do provide coverage, creating an unfair competitive advantage for unscrupulous employers.

The only sensible and fair solution is to make health insurance universal.

The infamous "Harry and Louise" of television commercial fame, who helped sink meaningful health care reform early in this decade, may have adequate health insurance for their family. But their assault (and that of their allies) has meant that millions of New Yorkers and their fellow Americans are denied this fundamental human right.

It's time for our political leaders in Albany and Washington to wake up and address this critical issue.

BestWire
July 15, 1999

LENGTH: 603 words

HEADLINE: INSURERS AWAIT N.Y. SENATE APPROACH TO HEALTH CARE

ALBANY, N.Y. (BestWire) - The New York Senate continues to work on its proposal for a state health-care package designed to make it easier for people to buy insurance through the individual market. A package of bills, dubbed Health Care 2000, overwhelmingly passed in the Democrat-controlled Assembly in June are sitting in the Senate Rules Committee as New York legislators hash out the state's budget. Meanwhile, insurers continue to wait for an alternate proposal from Gov. George Pataki and the mostly Republican Senate.

"If they could get a budget in place, maybe they could focus on that," said Leslie Moran, spokeswoman for the New York Association of Health Plans. The Senate has promised action on the issue. However, that will most likely come later this summer or in early fall. Both Insurers and consumer groups support the proposal to move health-care funding for indigent citizens and public health programs to the general fund. That way, insurers and businesses wouldn't have to pay for the programs.

They also support the plan to create Family Health Plus, a plan to provide affordable coverage to 300,000 uninsured adults. The program would cover parents with incomes of less than double the federal poverty level, or about \$ 33,400 for a family of four. It would also cover single adults with incomes below \$9,888. The state estimates about 3.1 million New Yorkers have no health insurance. Some members of the proposed plan would pay no premiums, while others would pay nominal premiums. Everyone in the individual market would get a 10% cut, subsidized in part by money New York would receive through a tobacco settlement fund.

The Assembly proposal also calls for giving small businesses \$18 million to help them pay for small group plans. Those proposals could help to bring stability to an unstable individual market faced with frequent rate increases, said Mark Scherzer, an attorney for New Yorkers for Accessible Health Coverage. About 4.5% of New Yorkers buy individual coverage, he said. The individual market is filled with sick or older people who are unable to get coverage elsewhere, Scherzer said. However, if prices drop, more people could be drawn to the market. "If it was cheaper, you'd get more healthy people in there," he said. However, insurers could do without a proposal to cut the claims-paying deadline from 45 to 30 days. "The state already has a prompt-payment law," Moran said. "Insurers are already under intense scrutiny by the insurance department, the attorney general and consumer groups."

Insurance Superintendent Neil Levin has fined health insurers twice so far this year. Early in the year, he levied \$72,000 in fines against companies that failed to pay claims on time. In April, he issued a second round of fines, this time totaling more than \$115,000 against 14 companies. "The insurance department has pretty much taken a zero-tolerance stance in applying this law," Moran said. The bill would also set up a guaranty fund to pay claims in case a company becomes insolvent. Many of the provisions in the Assembly package were created in response to the insolvency of the WellCare of New York. In WellCare's case, providers will only get 60% of their fees, according to the Assembly proposal. The insolvency has led to a host of problems for providers and insureds. For example, Ellenville Hospital in Ulster County has filed for bankruptcy protection under Chapter 11 because of Wellcare's failure. (By Theresa Miller, senior associate editor, BestWeek)

LANGUAGE: ENGLISH

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Individuals squeezed again by health insurance market

Choices cut to help cap premiums; Albany challenged on funding

BY BARBARA BENSON

Another crisis is building for the 110,000 residents of New York state who buy their own health insurance.

Late last month, Oxford Health Plans Inc. said it would shift its individual subscribers to a network with a more limited choice of doctors and hospitals. Only by doing so, the health maintenance organization said, could it keep premium increases to 10% when people renew their coverage.

The company warned, however, that the increase would have been higher had it not tapped a special state fund that offsets its costs. "If major structural reforms are not enacted by the New York state Legislature this year, significantly higher premium increases likely will be necessary by all health care plans next year," said Dr. Norman D. Payson, Oxford's chairman and chief executive, in a statement.

Other insurers could follow Oxford's lead unless lawmakers act soon. And advocates fear that higher premiums will force individuals to stop buying health coverage at a time when the number of uninsured New Yorkers has reached 3.1 million.

25% increases

Escalating premiums for people who buy their own insurance is becoming a perpetual problem in Albany. Last year, insurers raised premiums by 70% in some cases, and this year's hikes went as high as 25%.

The average individual HMO policy costs \$3,100 a year downstate. Family coverage is \$9,120. Point-of-service coverage costs 14% to 27% more.

Albany tentatively plans to tackle the issue this year. Last month, the Assembly released a proposal on providing funds to subsidize the individ-

ual market. And, while no methodology has been set, there also is an informal commitment from the Senate and the Pataki administration "to do something," says Mark Scherzer, legislative aide to New Yorkers for Accessible Health Coverage, a coalition of health care groups.

"I think there's certainly been broad support for a subsidy to hold down premiums in the direct-pay market," says Democratic state Assemblyman Richard Gottfried, chair of the Assembly Health Committee.

The Assembly's remedy is to inject \$120 million into a new subsidy pool: \$70 million from future assessments that would be authorized under the revised New York state Health Care Reform Act, and the rest from the state's tobacco settlement.

The money from the pool would hold down premiums while allowing insurers to achieve an acceptable medical loss ratio of 90% for direct-pay subscribers. In other words, insurers would spend 90 cents on medical claims for every \$1 they earned from premiums.

"The target is to have the same premiums as small groups" and have comparable health benefits, says Mr. Scherzer.

But the Assembly and the Senate seem far apart on the issue. Republican Sen. Kemp Hannon, chair of the Senate Health Committee, says he agrees that something must be done to stabilize the direct-pay market. But first he wants to scrutinize how well the state implemented the 1995 law that created the ex-

isting market stabilization pools.

Distributions should have started in 1996, but insurers didn't tap them until last year. Other states, Mr. Hannon says, "have risk pools that work quite well." Another problem, he adds, is that the state-mandated health benefits package for the direct-pay market "may be so high-cost that it's out of reach."

Less freedom

Nowhere are the problems of insuring chronically ill individuals more concentrated than at Oxford and Empire Blue Cross and Blue Shield.

Of the 110,000 New Yorkers who buy their own health coverage, Oxford insures 49,000. In 1998, the company lost \$27.8 million on these

subscribers, compared with \$9 million in 1997.

Beginning Sept. 1, Oxford will shut off individual subscribers' access to its extensive Freedom network and shift them to its Liberty plan, which now has 67,000 subscribers. The Liberty network includes 4,800 primary care physi-

cians, 9,600 specialists and 77 hospitals, but is smaller than the Freedom network.

"It was a well-thought-out move by Oxford to put in a tighter network to decrease losses while waiting for legislative action," says Paul Macielak, president of the New York Health Plan Association, an HMO trade group.

Currently, Empire insures 15,562 individual customers, making it the state's second-largest insurer for that market. Empire lost \$524,000 on the group in the first four months of 1999, the latest figure available—almost as much as its full-year 1998 loss of \$600,000 on direct-pay subscribers. ■

The Assembly wants new subsidies; the Senate prefers to assess the existing pool

Improved Prognosis

It's not much, but Assembly health care reform bill is a step in the right direction, advocates say

IT'S A GREAT START. THAT'S WHAT citizens' groups are saying about the Health Care Reform Act 2000, proposed by Assembly Speaker Sheldon Silver (D-L-Manhattan) and Assemblymen Richard Gottfried (D-L-Manhattan) and Alexander "Pete" Grannis (D-Manhattan) and passed by the Assembly Tuesday.

Touted by Silver's office as a comprehensive, multifaceted endeavor to create affordable insurance, protect health industry jobs and increase funding for hospitals throughout the state, the bill was released last week amid lukewarm praise from supporters of health care reform.

HCRA 2000 would work on three tiers. The first would concentrate on hospitals. It proposes to increase the overall funding for indigent care at hospitals across the state by \$82 million. Funding would be disbursed so that hospitals would receive funds proportionate to the number of low-income and uninsured individuals they serve. Struggling and rural hospitals would receive the greatest assistance.

The second tier of HCRA 2000 would help small businesses provide insurance to full-time employees and their families. The bill would triple funding for the state's

small-business insurance program, providing \$18 million to make small group insurance policies more affordable for employers.

Finally, HCRA 2000 would establish a "Family Health Plus" insurance program, which would offer affordable health coverage to more than 300,000 uninsured individuals. Similar to the Child Health Plus program, which provides low-cost insurance for children in eligible working families, FHP would offer a comprehensive benefit package (including primary care, inpatient hospital care, lab and prescription services, and outpatient mental health and substance abuse treatment) to working households that earn less than 200 percent of the federal poverty level. For households that earn below 160 percent of the federal poverty level (roughly \$26,700 for a family of four), FHP would be offered with no monthly premium. For households making up to 200 percent of the federal poverty level (\$26,720 to \$33,400 for a family of four), FHP benefits would cost \$9 per person, per month.

In addition, the bill contains a proposal to strengthen laws that regulate insurance providers—it attempts to address problems of the HMO system by making insurance

providers directly accountable for their health care decisions and late payments to health care providers.

The bill wouldn't cost much for the average New York state resident, either: the sponsors propose to use about 90 percent of the state's \$500 million per-year projected income from the tobacco lawsuit settlement to fund HCRA 2000. In doing so, the state stands to receive additional income from the federal government, which has pledged to match, dollar for dollar, tobacco monies used to improve health care. Gov. George Pataki has proposed using 75 percent of the money to reduce the state's debt, which would draw no federal funds; the remaining 25 percent would be dedicated to health care.

The Assembly bill has been praised with some reserve by citizens' groups, which approve of both the concept and the funding of the plan but say it simply does not go far enough to address the growing health care crisis in New York.

"It's a good strategy that needs more work," observed Richard Kirsch, executive director of Citizen Action of New York. "It's obviously a significant improvement in terms of health coverage in terms of what's available now in New York. Right now in New York, if you're an adult, you have to be significantly below the poverty line—you can't be poor, you have to be very poor—before the state will help you purchase health coverage. So compared to

what we've got now, this is an improvement."

However, he said, the bill would only fix the problem for 10 percent of the 3.1 million New Yorkers who currently are without health benefits.

"There are some pretty narrow restrictions on whether or not you can have savings or anything of value," he continued. "So if you're trying to save for your kids' education or if you're in your late 50s, early 60s and have some retirement savings, you'll have to get rid of a substantial amount of the savings, or you don't qualify."

Anne Erickson, legislative coordinator of the Greater Upstate Law Project, which has been working with Kirsch's group and others to draft a more comprehensive version of FHP, called HCRA 2000 "a good base." But she said she is pleased with it, because it is the first bill to come out of the Legislature yet to offer any true "reform" at all.

"This is the first real solution we've seen for this problem," she commented. "The governor has talked about the need to expand coverage; the Senate majority leader has talked about the need to expand coverage. The Assembly is the first to put pen to paper. We think it's great. . . . Now we're just hoping the Senate and the governor will give it serious consideration."

Representatives from Senate Majority Leader Joe Bruno's office didn't return calls for comment.

—E.S.

OPINION

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EDITORIALS

A chance to act

New York is approaching a crisis in health care. With a population of about 18.1 million, some 3.1 million residents have no health insurance. The figure, representing about one-sixth of the state, has risen by 40 percent in five years.

The numbers are barely better in Broome County, where about an eighth of the county's 200,000 people are without insurance. Fortunately, there is a solution that is not only workable, but will allow the state to tap into millions of additional federal dollars it now lets slip by.

The state Assembly has unveiled a plan called Family Health Plus, designed to use a combination of state and federal dollars to provide health insurance for about 300,000 of New York's uninsured residents.

Patterned after the state's successful Child Health Plus program, the program seeks to take advantage of federal dollars that are available only if matched with state funds.

The Assembly's plan would use a portion of New York's tobacco settlement money to pay the state's share of the program. Under the settlement, New York is to receive \$1 billion a year for 25 years; the Assembly would devote \$437 million, or just under half, to the program. Qualifying families would pay premiums of no more than \$9 a month, depending on income and family size.

This may not quite be a no-brainer, but it's close.

This country has the dubious distinc-

tion of providing one of the poorest systems of health care in the western hemisphere while spending one of the highest percentages of gross national product on it. It is a train wreck of a policy that leaves far too many people dangling at the precipice of either bankruptcy or ill health.

The metastasizing of the numbers of uninsured New Yorkers is part and parcel of the national growth in the num-

ber of working poor families.

These are families whose incomes, while low, are still too high to qualify them for welfare. At the same time, their employers typically provide no health insurance benefits. Even in the booming economy, this is a phenomenon that shows no signs of reversing.

Family Health Plus represents a start at addressing

this problem, one that is fast becoming intolerable. It won't cover everybody, but neither did Child Health Plus at first. That program started modestly, but was later expanded to cover every uninsured child whose family applies.

The state needs to use a generous portion of its tobacco settlement to discourage teen-age smoking, and this plan leaves more than enough money for that purpose. In the meantime, it can address a potentially disastrous social problem while taking advantage of federal dollars it now ignores.

The Senate and the governor should join with the Assembly to support this program. The money is available and everyone wins. You know what? It really is a no-brainer.

■ With about one-sixth of New Yorkers lacking health insurance, the state Assembly has proposed to launch an affordable program that will begin to address that crisis-in-the-making.

■ Family Health Plus would take advantage of a program that New York now ignores by matching federal dollars with money from the state's tobacco settlement. It's a program in which everybody wins.

For thousands in the Tier, health insurance

BY SAMME CHITTUM

Staff Writer

By 5 a.m. most mornings, Ann Buckley is at work baking bagels, an hour before the first customers walk in the door at Dunkin' Donuts on Main Street in Binghamton.

Buckley, a hands-on manager who takes out the trash herself and calls the staff, which includes daughter Melissa, "my girls," is a fixture at Dunkin' Donuts, where she's worked for seven years. Lately, her voice has been a little hoarse, but the warmth in her large brown eyes hasn't faded.

Come 10:30 a.m., five days a week, she heads over to Lourdes Hospital for a round

6/13/99 Binghamton, N.Y. Press
Ineligible for Medicare or Medicaid, working families struggle when illness strikes

of radiation treatment for cancer of the vocal cords. Two small black Xs drawn on the right and left sides of her throat mark the spots where the radiologist must aim.

Afterward, still wearing her lavender knit work shirt with the little cup of coffee emblem on the front, she sometimes heads over for lunch at the hospital cafeteria. Buckley still works six days a week, but has cut down from her previous 10-hour days to six hours. Buckley said work has kept her sane throughout the

ordeal.

But being a dedicated employee didn't keep her from falling into the ranks of the uninsured.

Her experience was typical of thousands of uninsured Americans facing an acute or ongoing illness. As their families confront a deepening medical crisis, they find themselves entangled in the complexities and limited choices that define health insurance today.

When Buckley, 47, was diagnosed with cancer April

29, both she and her husband had full-time jobs, but for a variety of reasons, neither had insurance.

"I was a wreck," she said. "Besides worrying about the cancer itself, you can't help worrying about the bills; it's just devastating."

The Buckleys' story — and those of other uninsured local families — provides insight into one of the country's most vexing problems. Despite the rosy glow of economic good times, the number of uninsured Americans — and the misery that ensues when they fall ill — has increased.

In 1992, when the plight of the uninsured was first

SEE FAMILIES 5A

is beyond reach



CHUCK HAUPT staff photographer

Ann Buckley works 36 hours a week at Dunkin' Donuts while she undergoes cancer treatment. She wasn't insured when she was diagnosed, so she and her husband are responsible for part of her costly care.

debated in the 1992 presidential campaign, 38 million Americans below 65 were without insurance. Five years later, that number had grown to 43 million, according to a new report by the National Coalition on Health Care, whose 100 members include businesses, labor unions, health and religious organizations.

No state or community is exempt. New York has 3.1 million uninsured; Broome County counts 25,500, said Mary Clark, director of Citizen Action, a local advocacy group.

In a scenario that adds insult to injury, most of the country's 43 million uninsured Americans have jobs. Many are self-employed or work one or more part-time jobs.

Others like Ann Buckley work in small businesses or in service sectors that either don't cover employees or require them to pay so much for health insurance that they can't afford it. Increasingly, the ranks of the uninsured are made up of working people too young for Medicare, which begins at 65, and not poor enough to qualify for Medicaid.

"The people we see are caught between Medicaid and private insurance," said Dr. Gary Fattal, a retired pathologist who works at the Physician's Free Clinic for the Uninsured in downtown Binghamton. "About 75 percent of them work. But they work in a place or industry where there is no health package for them or they can't afford it."

Indeed, between 1996 and 1998, the percentage of small businesses (200 employees or less) who offer health insurance dropped from 59 percent to 54 percent. On average, their workers were required to pay almost half — 44 percent — of the policy premiums for themselves and their families.

The result? Plenty of people do without health insurance and pray they stay healthy. Nobody has to explain this to Buckley. Her employer at Dunkin' Donuts, to whom Buckley is loyal, offered her and the staff an insurance package, but one that was out of their reach.

"When you're making \$5.15 an hour, like most of my staff, \$50 a week for insurance isn't really an option," she said, especially when the benefits are far from generous. "This isn't the boss' fault. There's only so much he can get."

The high cost of insurance is a factor, as well as the shifting economic landscape. Increasingly, there is no hard and fast line between those who are protected by health insurance and those who are not. Many drift in and out of the ranks of the insured. Others find themselves caught in gaps in coverage.

Families struggle without insurance -

CONTINUED FROM 1A

'What if something happens or what if I get sick?'

DIANE SADLEMIRE
SUPPORTS HER FAMILY

After Buckley's husband, Gary Buckley, was laid off of his construction job late last year, the couple was uninsured for more than six months while Ann was experiencing the first of her symptoms. Three months ago, Gary landed a new job and began the wait for his insurance benefits to kick in.

While they were not yet officially "covered," Buckley's cancer was diagnosed. They waited with considerable anxiety to learn if her cancer would be judged a pre-existing condition and hence ineligible for coverage.

The Buckleys were fortunate. The health maintenance organization that serves Gary's employer, whom Ann asked not be named, decided to pay Ann's medical bills from May 1 on — the date they became eligible. They still owe several thousand in bills, but nothing compared to the \$80,000 the entire course of treatment may cost.

Buckley is relieved. But she is also upset because she knows that if she requires surgery, she will have to give up her current doctor and seek treatment with new, unknown caregivers because her insurance carrier works with physicians at Wilson Memorial Regional Medical Center and not Lourdes.

"Yes, I'm grateful," she said. "But people just don't understand. These doctors aren't just doctors. They are my lifeline. When they tell you you can't have that doctor anymore, it's very upsetting."

Each family has a different story to tell when it comes to their particular insurance profile and pitfalls.

Many find themselves with coverage for some but not all members of their family. Diane Sadlemire, 43, of Endwell knows what that is like. She is the only working member of her family, the primary caregiver, and the only one at home who doesn't have any health insurance.

Her husband, Thomas Sadlemire, 44, has been disabled since he was diagnosed with a brain tumor in

1995; his medical needs are covered by Medicaid. Her 4-year-old son and one teen-age daughter living with her are also provided for by Child Health Plus, a state program that became effective in 1991 which provides insurance for children of low-and-moderate income families.

But Diane, who works part-time, has no coverage. In many ways, she feels like a tightrope walker who can't afford a misstep. "I have to stay well in order to take care of everyone else and keep things together," she said, adding her faith has seen her through difficult times. "What if something happens or what if I get sick?"

Richard Mancuso, 52, of Vestal, is already coping with illness. His diabetes requires \$400 per month worth of insulin and other medications. Mancuso's wife has a new job with insurance benefits. But her husband's condition has been judged pre-existing and thus not eligible for coverage for 11 long

months. That has put the family of four in a severe financial bind.

"Now the choice is keeping me alive or paying the mortgage and the rest of the bills," said Mancuso, an English teacher who has no job at present and is looking for work.

In the meantime, a drug company has given Mancuso a three-month supply of insulin, which has helped defray part of his medical expenses. But that won't get him through the almost year-long wait the insurance company has imposed on him. He feels let down, he said, and worries about the future.

"When I heard my wife had a job with benefits, I was really getting up my hopes. I thought, now I can get my medicine and see doctors, maybe even get laser surgery for retinopathy (to repair damage to his eyes caused by diabetes). Now I can't even afford to go see a doctor."

Mancuso, Sadlemire and Buckley said they are making their stories public because they think something should be done. They have plenty of company among policy makers and health-care professionals.

"We're the only developed country besides South Africa that doesn't have a national health insurance

program; it's a national embarrassment," said Stephen Findlay, senior policy analyst for the National Coalition on Health Care, which issued the report, *Down a Dangerous Path: The Erosion of Health Insurance Coverage in the United States*.

Any final battle that might be waged in Congress over major reform, Findlay said, "will be tough, ugly and expensive." The price tag for a national health-care system could reach \$50 billion per year, he said.

In the meantime, expect to see "more incremental rather than sweeping reform," said Mary Collins, dean of the Decker School of Nursing at Binghamton University.

Among changes at the state level being debated is a proposal called Family Health Plus, which would expand the Child Health Plus coverage to adults who qualify. Under that plan, a family of four with a combined income of less than \$33,400 would be pay just \$9 per month per person for coverage.

"Whether a patient is insured or not, someone has to pay for it," said Collins. "Do I wish we had a national health policy? Absolutely. But we don't."

2A★

The Ithaca Journal

Saturday, June 12, 1999

Tioga in state of emergency

TIOGA — Extreme drought conditions and the lack of rainfall prompted the Tioga County Legislature to declare a state of emergency in the county Friday.

All persons within Tioga County are prohibited from open burning except in a self-contained barbecue unit or in a campfire at public or private campgrounds. The order expires after five days but may be extended if drought conditions continue.

Council hosts insurance talk

ITHACA — "Expanding Access to Health Care in New York" is the topic of the Health Planning Council's meeting on Wednesday, June 16.

Mary Clark, regional director of Citizen Action of New York, will present information about Family Health Plus, stopping the death spiral in individual health insurance premiums, protecting Medicare and other health care proposals.

The presentation will be from 12:30-1:30 p.m. in the Rice Conference Room of the Health Department Biggs Building, 401 Dates Drive.

Anyone with interest in community health issues is invited to attend. Call Betty Falcao at 273-8686 for more information.

June 10, 99
6A

TOMPKINS COUNTY

Pregnancy center holds walk

Ithaca Pregnancy Center is having its annual "Walk-for-Life," Saturday, June 19, beginning at 10 a.m. at the large pavilion at Stewart Park. Call 273-4673 for pledge forms or just show up the day of the event and walk to show your support.

Group to discuss state health care

"Expanding Access to Health Care in New York" is the topic of the Health Planning Council's meeting Wednesday, June 16, from 12:30 to 1:30 p.m. in the Rice Conference Room of the Tompkins County Health Department, Biggs Building, 401 Dates Drive.

Mary Clark, regional director, Citizen Action of New York, will present information about Family Health Plus, stopping the death spiral in individual health insurance premiums, protecting Medicare and other health care proposals. All are welcome.

Democrats propose health care act

By WILLIAM F. HAMMOND JR.
Gazette Reporter

Plan would aid some low-income families

ALBANY — Assembly Democrats unveiled Wednesday an updated version of the Health Care Reform Act that would expand subsidies for hospitals while extending free or low-cost health coverage to some 300,000 uninsured New Yorkers.

It is the first major proposal for replacing the 1996 law that ended state regulation of hospital rates and set up a \$1.8 billion system of surcharges on health insurance to subsidize the training of young physicians, compensate hospitals for treating the indi-

gent and fund other public health projects. That law, known as HCRA, expires at the end of this year.

The most dramatic component of the Assembly plan is its proposal for Family Health Plus, which would offer free health coverage to families with incomes up to 160 percent of the federal poverty level, or \$26,720 for a family of four. Families making up to 200 percent of the poverty level, or \$33,400 for a family of four, could buy coverage at the cost of \$9 per person per month.

The program could insure 300,000 people — about one-tenth of the state's uninsured — at an estimated cost of \$900 million a year, half of which would come in the form of federal aid. The Assembly proposes to pay the other half using 90 percent of the proceeds from the settlement of New York's lawsuit against cigarette manufacturers.

At a news conference Wednesday, Assembly Health Chairman Richard Gottfried, D-Manhattan, called Family Health Plus "the single largest expansion of publicly funded health coverage for the uninsured that New York has enacted in a generation."

The Assembly proposal would also:

- Expand subsidies for small businesses who start offering health coverage to their employees and for individuals who buy their own coverage.

- Increase funding for hospitals that train young physicians, and for hospitals and clinics who treat the indigent.

- Narrow the scope of HCRA's 8.18 surcharge on health care bills so that it applies to hospitals but not to laboratories or clinics, while increasing the so-called "covered lives assessment" on insurance policies to make up the difference.

- Reduce the overall financial burden on employers and insurers by using general tax revenue to pay for \$284 million worth of programs currently funded through HCRA.

- Place new restrictions on "utilization review," through which managed-care plans approve or disapprove the treatments recommended by doctors.

- Establish a "guaranty" fund to cover bills left unpaid by health plans that go bankrupt.

- Shorten the deadline for health plans to pay their bills from hospitals and doctors and stiffen the penalties

for non-compliance.

- Subsidize the retraining of health care workers who are displaced by downsizing of the industry.

"This is an extremely bold plan," said Assemblyman Insurance Chair-

man Alexander "Pete" Grannis, D-Manhattan. "It will reshape our health care system for decades to come."

The proposal was welcomed by the Healthcare Association of New York State, which represents hospitals and nursing homes.

"It seems to track pretty much what we have asked for and believe should be supported," spokeswoman Jeannie Cross said.

But Elliott Shaw of the Business Council said he is disappointed that the Assembly didn't reduce or eliminate the surcharges on health insurance, arguing they drive up the cost of insurance and interfere with market forces that could make New York's health care system more efficient.

"I don't think there would be too many business people around this state who would be satisfied," Shaw said.

Consumer groups praised the Assembly's proposal for Family Health Plus, but said they would like to see a more generous program.

Richard Kirsch of Citizen Action noted that low-income families would not qualify for the subsidized coverage if they have more than a certain

amount of assets, which would work against parents who are saving to buy a house or put their children through college.

"It's still leaving a lot of modest-income people having to go through punitive bureaucratic measures to get health care coverage," Kirsch said. "It's the best thing on the table, but it's got a long way to go."

With just one week left in the scheduled legislative session, and with negotiations over a state budget deadlocked more than two months into the fiscal year, it seems unlikely that the Legislature will take action on HCRA in the near future. But Assembly Speaker Sheldon Silver, D-Manhattan, said he wanted to start a debate well before the current law expires on Dec. 31.

"We believe it's timely and important to bring out the plan now," Silver said. "The Senate has no plan, and neither has the governor. We're trying to jump-start the process."

THURSDAY, JUNE 10, 1999

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A daily fax on government action of importance to business

TODAY'S NEWS

REITER CAMPAIGN

Fran Reiter, president of New York's Convention & Visitors Bureau, says she probably won't decide until after the 2000 elections whether to run for mayor in 2001. She says she will resign from the CVB if she decides to run. "But I haven't made a decision to run yet," she says. "I have made a decision to explore running. It has had no effect whatsoever (on the CVB)." Ms. Reiter says the board has given its approval to her exploration, but admits it hasn't approved her timetable. Ms. Reiter also says that outside of a handful of close friends who are CVB members, she is not raising money from the tourism industry. Ms. Reiter, who ran Mayor Giuliani's 1997 re-election campaign, announced in April she was setting up an exploratory committee to raise money for a mayoral campaign.

Y2K CONTINGENCIES

Just to be sure computer problems don't hamper the city's ability to pay its bills in the new fiscal year, City Comptroller Alan Ives has ordered his staff not to take vacations 10 days before and after July 1, when the 1999-2000 fiscal year begins. "We've been planning for this for four and a half years, so there's no reason to think there is any problem," he says. "But we're being supercautious and asking staff to reorganize their plans." Since fiscal year 2000 starts six months before calendar year 2000, possible computer problems

Assembly unveils HCRA 2000 proposal

The New York Assembly yesterday released its proposed version of the state's expiring Health Care Reform Act. As expected, the \$1.7 billion proposal attempts to fix problems within the current hospital funding scheme, including the underfunding of health care for the poor and bad debts. The proposal would increase this spending by \$116 million. The plan would also increase spending for graduate medical education to account for inflation and add \$25 million to support biomedical research.

The Assembly would also tinker with HCRA's financing mechanisms. It would eliminate the 8.18% laboratory surcharge and raise other assessments to make up for the lost revenue. The plan would also move \$284 million in HCRA-funded programs to the state's general

fund to ease the pressure on businesses and insurers to pay for public health initiatives, and fund Family Health Plus, a new program to provide insurance to the uninsured.

The proposal will please hospitals and 1199, the politically powerful health care workers union. But it is sure to be opposed by state business interests, which want to end hospital fees charged to businesses and instead let the marketplace determine what the corporate community pays providers for health insurance.

Neither the state Senate nor Gov. Pataki have drafted HCRA revisions, and insiders say it is unlikely the issue will be resolved before the Legislature adjourns for the summer next week. HCRA is set to expire Dec. 31.

could show up beginning July 1.

BLACK-CAR DRIVERS

Gov. Pataki has signed a bill ensuring that drivers of so-called black cars have access to workers' compensation benefits. The new law clears up confusion, created by differing court decisions, over whether drivers were covered by workers' comp. The measure, sponsored by Assemblywoman Catherine Nolan, D-Queens, and Sen. Nicholas Spano, R-Yonkers, requires all central dispatch facilities to contribute to a fund that would finance medical and

wage replacement benefits for injured black-car drivers. The new law is modeled on one that created the Jockey Injury Compensation Fund in 1990.

AT A GLANCE

MOVING ON: Kevin Hyland, a former vice president at the Empire State Development Corp., has joined the Manhattan office of Rochester-based law firm Harris Beach & Wilcox, where several state senators are also members. He will work on public finance and real estate issues.

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Press + Sun

May 26, 1999

Lack of health insurance can increase suffering

As noted in the recent editorial "Help the uninsured first," I agree that Albany should be addressing basic health care coverage for those working families who are uninsured.

We at Citizen Action of New York, along with the NYS Health Care Coalition, are educating the public on this issue. We are holding a Health Care Forum tonight at 7 p.m. at Binghamton City Council Chambers. We invite the public to attend and the uninsured to participate.

Uninsured people will have the opportunity to speak about their situations to Assemblymen Jay Dinga and Robert Warner. Uninsured people who would like to testify may call Citizen Action, 723-0110.

The editorial stated that there are 3.2 million uninsured in New York. Some 25,500 of them reside in Broome County, about 15 percent of the population.

This means that for every 20 people each of us knows, three live with the stress of worrying about getting sick and not being able to pay the bills. In fact, the uninsured may be required to pay in advance for care, put on a waiting list for charity care, or even denied care. Let me share some stories about working people in our area.

GUEST VIEWPOINT

EILEEN M. HAMLIN

Hamlin of Kirkwood is a board member of Citizen Action of New York.



Kathy was a young working single mother of three. Two years ago, she was stricken by Myasthenia Gravis, an incurable disease whose treatment is expensive.

She lost her job because of her disease, and along with it her health care coverage. She receives Social Security Disability, but this makes her too wealthy to receive Medicaid in our state.

She has had to declare bankruptcy because of her medical expenses. She feels ashamed when she uses food stamps. She says that her self esteem and her place in society have been stripped away from her, and she is at her wit's end.

There's also Mary Lou, 64 years old, too young for Medicare, too ill to work.

She had worked all her life and raised a family. She is now

burdened with \$3,000 of medical bills she cannot pay. She lives on Social Security of \$513 per month. This is well under the poverty level of \$7,910 per year for a single adult, yet her income is too much to qualify for Medicaid.

Let us consider Eliza and Owen, high school sweethearts, who married and are raising three children. Both worked hard at responsible jobs.

Owen was downsized out of his job, losing the family's health insurance in the process. He was unable to get another permanent job and worked many hours at temporary jobs at half his former salary to care for his family. Doctor bills of \$50 in advance for a sick child and prescriptions costing \$150 were minor challenges compared to what fate had in store.

Eliza became ill, but could not afford to visit a doctor. Finally she found out about the free clinic for women at Planned Parenthood. There, she was diagnosed with advanced inflammatory breast cancer and referred to a hospital.

Because she had no insurance, she was put on a waiting list. By the time she was admitted, it was too late. They could only try to help her die comfortably. The \$40,000

costs for her care in the process of dying have caused Owen to declare bankruptcy. Owen made too much money to qualify for Medicaid, about \$20,000 for his family of five.

If these people were living in other states, the resource tests there would allow them to be covered by Medicaid. The safety net that we would normally expect to be there is not there in our state.

What can be done? We can let our legislators know that we expect them to do something about providing health insurance for uninsured working people similar to that now provided for children under Child Health Plus.

A USA Today poll in November, 1998 shows that 75 percent of the public believes that the government should provide quality medical coverage to all adults who can't otherwise get insurance. In contrast, 52 percent of state legislators feel that way.

Family Health Plus, a proposal now working its way through the legislative process in Albany, could be funded by pulling down federal dollars and matching them with some of the dollars from New York's share of the tobacco settlement. No state tax dollars would be required.

Please help the uninsured by supporting Family Health Plus.

Assembly unveils health care proposal

Albany *Its use of tobacco funds conflicts with Gov. Pataki's plans, the specifics of which he has yet to present*

By JAMES M. ODATO
Capitol bureau

Tu
6-10-99

The Assembly hoped to start the debate on ways to extend health care reforms Wednesday by unveiling a comprehensive program that uses tobacco settlement money to help 300,000 New Yorkers gain medical coverage.

The plan, introduced in a news conference by Assembly Democrats, would extend the \$1.86 billion Health Care Reform Act, set to expire at year's end. In its place, said Assembly Speaker Sheldon Silver, the state should create a \$2.85 billion-per-year program that would subsidize hospitals and clinics that care for indigent patients, help small businesses offer coverage to workers and pump dollars toward biomedical research.

A component of the plan is a new program called Family Health Plus that would help almost 10 percent of the 3.1 million New Yorkers lacking health insurance coverage. It would add onto the state's Child Health Plus, which already helps provide coverage for thousands of young New Yorkers.

The program calls for using \$437 million a year from tobacco settlement funds — almost 90 percent of the \$500 million-per-year sum New York expects to receive from cigarette companies. The remaining settlement funds, Silver said, should be used for anti-smoking initiatives, which will be the subject of another Assembly bill soon.

Such use of tobacco funds is in conflict with Gov. George Pataki's plans. He wants to use 75 percent of the tobacco settlement over five years for debt reduction. The other 25 percent should be used on health care, he said, but he hasn't specified the programs.

Pataki also isn't compelled to help hospitals pay for indigent patient care. Silver, describing hospitals as being in dire need of financial support, wants to provide \$82 million a year for them and \$34 million for clinics. Pataki says hospitals' profits are rising.

The governor said he is still working on a plan to extend the health care reforms and that he has waited to submit it because he'd hoped to have a state budget completed first. He said the proposal and budget planning are linked because of long-term cost impact.

The Assembly plan also conflicts with what Senate Republicans envision. Senate Majority Leader Joseph Bruno called for tobacco settlement funds for debt control, tax cuts and health care.

A Bruno spokesman said the Senate would probably take up the health reform issue much later, as it prefers to focus on negotiating a new budget.

Assembly Health Committee Chairman Richard Gottfried, D-Manhattan, said federal matching funds of about \$425 million would also help fuel the reform program. Another \$286 million per year would come from the general fund, including \$156 million usually drawn from assessments on insurers.

Silver said the initiative hasn't been introduced too late for resolution in this session, which is scheduled to end June 16. He said he has been waiting for Pataki to present his plan for extending the health care reforms, which he should have done by now.

"It's the single biggest issue in the session and it's not on the table until June?" said Blair Horner of New York Public Interest Research Group, which wants all of the tobacco funds used on health care initiatives.

Richard Kirsch of New York State Health Care Campaign said the Assembly plan doesn't offer help to enough adults in need of health benefits. He liked components of the plan, particularly as it forces insurers to improve claims payments and reduces health-care decision-making by HMOs.

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BLAIR HORNER
NYPIRG

The Associated Press State & Local Wire
June 10, 1999, Thursday, PM cycle

SECTION: State and Regional
LENGTH: 561 words

HEADLINE: Assembly proposes using tobacco money for health programs
DATELINE: ALBANY, N.Y.

The lion's share of money due New York from tobacco product manufacturers should go to a new health insurance program for the state's working poor, according to Democrats in the state Assembly.

Assembly Speaker Sheldon Silver said Wednesday the framers of the settlement intended the tobacco money to go to public health care programs and should be used for that purpose.

Gov. George Pataki, a Republican, has proposed applying most of the tobacco settlement funds, at least over the first five years, to reducing the state's debt. The Republicans who run the state Senate want the tobacco money used for debt reduction and tax cuts.

Under the Assembly Democrats' proposal, dubbed "Health Care Reform Act 2000," some \$ 850 million a year would fund a new "Family Health Plus" program for the working poor in New York. It would be modeled on the state's successful "Child Health Plus" program and provide coverage for some 300,000 New Yorkers who currently do not have health insurance, sponsors said.

"We are building on that model to reach the parents, if you will, of Child Health Plus recipients," state Assemblyman Richard Gottfried, D-Manhattan and chairman of the Assembly's health committee, said.

Adults would be eligible for the program based on their household income relative to the poverty level and their number of dependents.

Even with that program in place, Democrats conceded that more than 2.7 million New Yorkers would still be without health insurance coverage.

Other aspects of the Assembly plan included:

- Move \$ 284 million in programs funded under the Health Care Reform Act of 1995 through assessments on the health care industry to the state general fund. That would shift the payment burden to taxpayers.

Problems belie reform's promise

BY ELIZABETH COHEN

Staff Writer

On paper, welfare to work is the newest government success story — men and women are moving off public assistance into productive jobs that give them a new sense of pride and self reliance.

But beyond the rosy rhetoric, welfare reform critics say the new rules have pushed many poor families into crisis. More former welfare recipients have jobs — but at unlivable wages and without health or child care

grading Welfare reform

once provided by the government.

Furthermore, there are no statistics tracking people who leave the welfare rolls but do not find work. And researchers at the University of Pennsylvania, the Urban League and elsewhere have noted that 25 percent or more

of welfare-to-work participants lose their jobs within a year.

New studies show that since welfare reform was signed into law in 1996, more people have moved off the dole and into the workplace. In May, the General Accounting Office reported that many of the 1.5 million American welfare recipients in 1997 were now at work. New York exceeded the national figures.

"It was the only large, industrialized state to do that," said

SEE WELFARE REFORM 17A

LOCAL FIGURES

Welfare recipients who participated in welfare-to-work activities. Training for work is considered a form of work activity.

	1997	1998	1999*
Tioga	1,169	206	81
Broome	1,603	1,636	627
Chenango	176		40

* Year to date

Source: Tioga, Chenango and Broome County Department of Social Services

Bill Van Slyke of the state Labor Department.

Nationally, 19.7 percent of all families have made the transition to work from welfare as a main source of support. In New York, Van Slyke said, 27.9 percent did so. In Broome County, the number of former welfare recipients who now work is about 21 percent, according to the Department of Social Services.

But David Duncan, executive director of Opportunities for Broome, an anti-poverty program, called the new working class "just a new form of the plantation system. We had a very low rate of unemployment in the South prior to 1861, too. Legal slavery was also low unemployment," he said.

One part of welfare reform, also referred to as "welfare to work," replaced the Roosevelt-era Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF) in April 1997. What was formerly known as "Home Relief" — which served single adults and childless couples — was replaced by a pro-

Welfare to work was created to curb a burgeoning welfare state, with an enormous bureaucracy and recipients who had become dependent on the federal government and who had often given up on trying to find employment. Heralded by President Clinton as "the end of welfare as we know it," the new program mandates that recipients get a job within two years.

When welfare reform was originally announced, many people applauded the decision to restructure the welfare system. Others predicted it would increase homelessness and crime and that children would be the victims.

That hasn't happened, at least in Broome County, although a five-year cap on benefits won't begin having its effect until 2002.

In most places, including Binghamton, crime is down. Depression-era tent cities have not appeared. The national economy is in high gear and improving locally as well. Nationally, unemployment is at an all-time low. By all conventional measures, it would appear that the move to put people to work

What figures don't reveal

But what the General Accounting Office doesn't report is what sort of jobs these individuals are in, nor how many hours a week they work. In some states, such as New York, "work" is defined as earning \$100 in a three-month period.

And nobody from the GAO has met Cheryl R., a Binghamton mother of three who was trained as a nurse's aide. She is an example of all that cannot be measured by conventional surveys and studies.

The life of Cheryl, who asked not to be named fully to protect her children, illustrates that there is still great shame attached to having received welfare and that society's problems are far from solved by the move of so many from the welfare rolls to payrolls.

Cheryl, a 34-year-old Binghamton resident, has a job now at a local nursing home, but her problems are far from over.

"They trained me as a nurse's aide, and the day I got my job I was informed that my disabled, diabetic husband was being dropped from Medicaid because I earned \$3.27 per week over the limit," Cheryl said. "Then when I began working overtime for two weeks out of the month, they took away most of my food-stamp allowance."

When she explained how hard she was trying and how her husband's life depended on proper medication and frequent doctor visits, Cheryl was told it wasn't the government's problem.

Her new employed status, in the post-welfare era, has put the family into crisis, she said.

"There are black holes that these people are falling into," said Amy Fleming, coordinator of the Office of Social Concerns at Catholic Charities of Broome County in Binghamton. Her organization conducted a welfare survey that Cheryl responded to. "They get jobs at minimum wage or slightly above, they lose health care after a year, or a big problem is they lose access to needed pharmaceuticals for conditions like diabetes and heart dis-

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The story the surveys tell, Flemingsaid, "is one of survivalism; people are going to extreme ends to survive."

"We go to food banks to get food," Cheryl said. "My landlord accepts the rent late, thank God. He lets me pay when I can."

"My 13-year-old wants to go places and do things, go roller-blading, play miniature golf, to the movies, but she can't. I don't have the money. It breaks my heart to say no."

But all the statistics show about Cheryl is that she is employed.

A policy brief published this spring by the Urban Institute, a Washington, D.C., think tank with no party affiliations that studied "welfare leavers," stated that most people who have left the welfare rolls are working 30 hours a week or more. But their earnings are "below the poverty level," the study reported.

This is also the conclusion of the GAO study. Average earnings range from \$5.67 to around \$8.09 per hour, it reported earlier this spring.

"This new class of poverty-level workers often has to move in with relatives," Fleming said. They may not be dependent on the government, but the burden is falling on charities and family members.

New jobs, new worries

According to Jim Harris of the Broome County Department of Social Services, 433 former welfare recipients were put to work by April of this year. In 1998, a total of 1,390 went to work, and in 1997, 1,352 left welfare to go to work.

Yet Harris is the first to admit that "most of these are entry-level jobs, at McDonald's, housekeeping, as nurse's aides."

The newly minted workers are discovering they have new problems, such as transportation and child care, to go with their jobs, Harris said.

One positive repercussion of the drastic cuts in welfare has been a windfall of money available for social programs, which are aimed at relieving some of these new woes. In Binghamton, for example, the Self Sufficiency Center at 435 W. State St. provides some job training, clothing for interviews and help in applying for jobs. The center also has a child-care unit that can accommodate 13 to 18 children at any given time.

The Broome County Child Development Council has added a child-care advocate, who helps low-income families find child care. The agency also has an informal care program that provides education, equipment and other resources to families and neighbors who are providing child care.

"We are trying to set up an infrastructure to address the needs of these low-income families," said Linda Prutisto, Child Development Council director. "We've come a long way, but we also know we have a long way to go."

The Trehab Learning Center in Susquehanna County, Pa., is another resource that provides day care, job training, clothing and even used automobiles for those who can demonstrate the need for them.

"The kind of help available varies from county to county, case worker to case worker," said Mary Clark, director of Citizen Action, a non-profit community advocacy group in Binghamton.

Catholic Charities has studied the results of local welfare reform with the help of statistician and research psychologist Jean Oggins. Its study concluded that after welfare reform went into practice some of the ex-TANF recipients reported they were experiencing money strains, sharing a home, lacked food and found life harder. Those experiencing the most difficulties were those who had been "sanctioned," a practice that significantly cuts or

reduces welfare benefits to those who are seen as "non-compliant."

"Non-compliance can range from missing a day of work to care for a sick spouse to someone who loses their job to someone who missed a job interview," Oggins said.

When they called the people in the study a year later to follow up, most no longer had the same phone numbers and were impossible to locate.

"I really think food pantries are crucial to the new group of working poor," Oggins said.

Broome County food pantry CHOW reported its clientele was up from 13,000 per year in 1996 to 24,000 in 1997 and 1998, after welfare reform, Oggins said. Requests between the same period, after welfare reform began, were up 75 percent for child care referrals and 38 percent for health care referrals, according to Catholic Charities.

Clark said the onus of helping the new workers should fall on the shoulders of corporate America, which is experiencing record profits and unprecedented growth.

"Companies like United Health Services, IBM, NYSEG and Lockheed Martin need to step up to the plate and provide opportunities. They, not McDonald's, are the future for these people," Clark said.

Catholic Charities has been approved for a grant to establish a mentoring program for families to help other families, a sort of "adopt a family" project in which stable families assist those in transition.

"The state has a constitutional obligation to take care of its poorer residents," Fleming said.

Sending people into the work force is fine, but the long-term objective should be greater than just putting people into jobs, no matter how low the pay, Fleming said. Supportive services, she added, are paramount.

"We should be trying to break the cycle of poverty," she said, "once and for all."

Illness an even greater trial for people without insurance

BY SAMME CHITTUM

Staff Writer

At 21, Joy DeVoe should be looking forward to graduation next year from Broome Community College. Instead, her health is uncertain and her financial future in doubt.

"For me, graduation just means I'm going to join the rest of the uninsured," said

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Free clinic serves uninsured.

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DeVoe, who was born with a congenital heart condition and relies on her father's insurance coverage to pay for

\$1,000 in much-needed prescription drugs every month.

DeVoe was one of 30 people who spoke — with candor, trembling voices and sometimes anger — at a forum held to air the plight of New Yorkers who are doubly burdened by ill health and lack of insurance coverage.

On hand to listen were Assemblymen Jay Dinga, R-

Chenango Bridge, and Robert Warner, R-Vestal.

The young Conklin resident told lawmakers and audience members attending the forum in Binghamton City Council chambers that her coverage as a dependent will end when she graduates. She said she is worried that her heart problems may be judged a pre-existing condition and hence

disqualify her for vital health coverage in the future. Also, if she is only able to work part-time, she might be excluded from coverage offered only to full-time workers.

"I may not be healthy enough to carry on in a full-time position; I may even need a transplant," said DeVoe. "It's very scary."

One after another, men and

women of all ages stood up to provide moving testimony about their struggles to retain their dignity and financial footing in the face of life-altering illnesses and mounting medical bills.

Advocates for the uninsured hope to expand coverage for working people who

SEE HEALTH 4

Health care forum —

CONTINUED FROM 1A

now fall into the wide and perilous gaps that loom between private coverage provided by employers and government programs such as Medicaid and Medicare for the very poor and elderly.

An estimated 25,500 people in Broome County have no insurance, said Mary Clark, regional director of Citizen Action of New York, which organized the forum. They are not alone. About 16 percent of all Americans or 43.4 million people lack health insurance.

Clark said advocates hope to repair some of the worst rips in the health care net by convincing state lawmakers to pass a plan called Family Health Plus, which would set premiums based on income and would build on the success of a similar state program that provides affordable care for uninsured children.

Area residents stood up to share their stories and ask lawmakers to expand coverage to working people struggling to make ends meet in the face of medical problems that turned their lives upside down.

Burt Wilson, 66, of Chenango Forks, said his health maintenance organization "dumped him" in January and left him with big bills for drugs he needed to treat his high blood pressure. Because he is a vet-

eran, he learned that he has to pay only \$2 per prescription, he said. But he wonders why others can't be given the same coverage. "If you can do it for the vets," he said, "then you can do it for all the people of New York."

Gary Buckley of Conklin said that he and his wife, Anne Buckley, both work, but had no insurance when she was diagnosed with cancer of the vocal cords last year. Since then, Buckley, a delivery driver, has found a job that offers medical insurance. It's no help to them, however, because his wife's cancer treatments will not be covered, as her condition is pre-existing, he said.

He has been told their share of hospital bills will total a staggering \$80,000.

"No one should ever have to go through the hell we have had to go through," said Buckley. "At this point, all I have for my country is shame — shame for making good people have to struggle like this to get what others take for granted."

Dinga said that state lawmakers should be receptive to the plan now being drafted into bill form that would draw in matching federal dollars and possibly tap into money coming to the state from tobacco suit settlements. "It's a worthwhile goal and something that we should work towards," said Dinga.

Press & Sun

Attached to our issue
May 28, 1999

Free clinic struggles to treat uninsured

Dr. Gary Fattal doesn't need to attend a special forum to hear the stories of working people who are hurting because they don't have health insurance.

He sees them every Thursday night at the Physicians Free Clinic for the Uninsured, where he works as a volunteer. Thursday night was a typical evening, with 36 patients seeking care from four doctors — one retired and three practicing physicians — in the clinic's spare but cheerful second-floor space at 1 Wall St. in downtown Binghamton.

Most come seeking help for ongoing health problems such as diabetes, hypertension, bronchitis and arthritis. But there are moments of drama as well. "One night one man went into a coma; he was a diabetic and didn't even know it," said Sally Kirtland, the clinic's secretary.

In general, most of the clinic's patients — 75 to 80 percent — have one or more jobs, but may not qualify for health insurance because

they are part-time employees or work for businesses that don't offer it, said Fattal, a retired pathologist. "These are not down-and-out people. But they cannot possibly afford health insurance," he said.

In the best of all possible worlds, the clinic would not be needed, said Fattal, who would like to see comprehensive coverage at the national and state level to protect those who do not qualify for Medicaid, for the very poor, or Medicare, for those 65 and older.

"This (the free clinic) is really a stop-gap solution. These people should have access to health care like everyone else."

In the meantime, the clinic's volunteer staff members are doing the best they can. The clinic recently added a dentist to its list of health care providers available every Thursday from 5 to 8 p.m. on a walk-in basis. The attending dentist is also able to refer patients in need of more work to Binghamton General Hospital, which adjusts bills to

income, and to Broome Community College, which offers basic dental care for a nominal fixed fee per semester, said Kirtland.

The clinic even stocks a small pharmacy of free drugs donated by local physicians.

Right now, this shoe-string budget operation wants to raise funds to add some basic supplies and equipment, including a defibrillator.

For more information, call 772-3519.

— Sammie Chitum

5/24/99

Forum to put face on uninsured

Thousands lack health insurance

BY SAMME CHITTUM

Staff Writer

If you are among the estimated 25,500 people in Broome County who don't have health insurance, Thursday is a day to mark on your calendar.

A public forum featuring testimony by those who have struggled with ill health and lack of coverage will be held that day. There is still time to call and sign up to add your voice to the hearing set for 7 p.m. in the Binghamton City Council Chambers, 38 Hawley St.

According to the federal census data, 43.4 million Americans — or 16 percent of the population — had

no health insurance in 1997.

The forum, organized by Citizen Action of New York, aims to propose some solutions to this persistent problem and to examine the toll it takes.

"What we're really trying to do is put a face to the numbers," said Mary Clark, regional director of Citizen Action of New York.

Among those testifying will be Mary-lou Harvey, 64, of Johnson City. Harvey lives on \$513 a month, which she says makes her ineligible for Medicaid, which provides coverage for low-income Americans under age 65.

"My biggest fear is that when I need health care, it won't be there for me because I can't pay," said Harvey, who is already burdened by \$3,000 in unpaid medical bills.

Clark said her group hopes to generate support for new legisla-

tion that would create a safety net for people who fall between the cracks, such as the working poor, via a program already in place in other states called Family Health Plus.

Clark hopes New York will be able to adopt a version of Family Health Plus, which sets premiums based on income. She said the plan could be paid for out of \$400 million in available federal funding, plus matching state money from settlements with tobacco companies.

Panelists at the forum will include Assemblyman Bob Warner, R-Vestal, Assemblyman Jay Dinga, R-Chenango Bridge, and representatives of state Sen. Thomas Libous, R-Binghamton. For more information or to sign up to testify, call 723-0110.

Editorials

The health gap

5/14/99
etc
PM

■ Government and business should work together to get health coverage to everyone.

One of the underreported, and troubling, consequences of welfare reform has been the steady rise in the number of

COMMUNITY FOCUS '99

Business
Of Health

Americans lacking health insurance. It is an especially acute problem in New York, where between 1995 and 1998 the numbers of residents without health coverage of any kind rose by 450,000.

The reasons are plain enough. People are moving off the welfare rolls, but many — too many — go into jobs that do not offer group health insurance. Some take part-time positions with limited or non-existent benefits packages. Some settle with small businesses unable to afford group coverage.

Medicaid, the federal health plan for the poor, stays in force for a year after a client is off the rolls. But after that, many families are on their own. In New York alone, there are now about 3 million people without health insurance.

In the short term, the Congress and the state Legislature should consider lengthening the Medicaid transition period. While the number of uninsured has risen

dramatically in New York, the Medicaid rolls are off by 300,000. That suggests that a year is not enough time for families to move to jobs where health plans are offered, or to earn enough to afford individual coverage plans.

Another tack is to relax laws that require employers to offer either a high-level health benefit — with government-mandated care included — or nothing.

There is, or should be, a middle ground where quality and access can be maintained, but at a lower cost to the insurer and at lower rates for the employer. If companies and insurers can devise low-cost coverage plans that require higher co-pays or limit office visits, the law should be flexible enough to allow such modifications. Better that low-wage employees have some coverage than none at all.

In one area, government and insurers are working well to fill coverage gaps. That's the Child Health Plus program, which funnels federal and state money through insurers to provide health care for children and young adults under 19. More than 300,000 are enrolled.

The same sort of combined effort — government working with insurers and providers — is needed for many of the parents of these children as well.

After all, health is a family concern — if the children are covered but the parents remain vulnerable, the potential pain and cost to the family unit is still high.

Too high. □

IT'S YOUR MONEY

HMO for Kids Is a Big Plus

A WELL-KEPT secret.

That was the catchy label the Commonwealth Fund, a Manhattan-based foundation, gave last year to Child Health Plus, a New York program to provide health insurance to children not eligible for Medicaid.

But this program has become better known, and benefits were expanded substantially this year using a federal infusion of money to supplement increased state funding.

Enrollment has risen markedly, from 164,432 statewide in January, 1998, to 281,264 a year later — a 71 percent increase. (By counties, the number of children enrolled in Queens as of January was 47,245, second only to Brooklyn's 66,430. Suffolk has 14,876, Nassau, 7,930.)

Outreach efforts for Child Health Plus also are advancing. "The goal is to cover as many uninsured children as we can," said Kristine Smith, a spokeswoman for the state Health Department.

The program is worth knowing, and monitoring. "It's too soon to just declare victory," said David Sandman, program officer for the Commonwealth Fund. Sandman said the good news for children must be balanced by concerns raised by decreasing enrollment in Medicaid.



Henry Gilgoff

Still, he said, "the government is taking a lot of positive steps." He cited New York's commitment to distribute \$10 million to support what the state Department of Health calls "locally tailored efforts" to facilitate enrollment in Child Health Plus and Medicaid.

A brochure from the Health Department helps to explain some of the basics of Child Health Plus: "Children under the age of 19 who are not eligible for Medicaid and who have limited or no health insurance may be eligible for Child Health Plus."

The family may pay nothing, a subsidized premium or what that brochure describes as a "full premium," based on yearly gross income and the number of people in the family. Even the full premium, which varies with the insurer selected, "is probably much less than you would pay for other private insurance" if you were buying that private insurance on your own, rather than as part of a group.

One Suffolk couple, who asked not to be identified, do not have health insurance for themselves. But thanks to Child Health Plus, their 19-month-old daughter is covered.

The husband lost his job last fall when his company moved out of the country, and their health benefits went with it. "We had to find health insurance on our own," his wife said, but they quickly found that "it was just not affordable."

She knew of Child Health Plus because a relative had used it. So she made an inquiry, found out the insurers that participate in her county, and determined that her child's pediatrician is in the network of United

HealthCare of New York.

Based on their family's income, she said they don't have to pay any premium for their child's coverage. "My daughter still gets the best health care that she was getting before," the mother said.

A report issued last year by the Commonwealth Fund said other parents whose children are in the program also commented favorably. "They report that CHP is easy to use and provides affordable access to quality health care," the study said.

For Carol Malz of North Merrick, however, the process of enrollment did not go so smoothly.

Last year, the divorced mother had bought insurance unrelated to Child Health Plus for herself and her son through HIP Plan of New York. But that was before she found herself temporarily short of cash because of delays in receiving money owed to her as an independent contractor.

Another motivation to drop her own coverage and consider Child Health Plus for her son was that HIP raised premiums effective Jan. 1 for the HIP HMO policies she had before.

For now, she is doing without health insurance for herself, which would have cost her \$227.29 a month for her HIP HMO policy. Her monthly premiums for her son are \$76 with Child Health Plus, instead of the \$105.72 she would have had to pay under HIP HMO plan's new rate schedule.

Malz said she turned to Child Health Plus for her 8-year-old son, Michael Meaders, after learning that it has no income limits. She had wanted it to start in February, but coverage came only this month, after she complained

to the state Insurance Department and to me.

Perhaps the defining moment for Malz came with receipt of a letter from HIP asking for more information, including further proof of her income, to help determine the premium — information she argued HIP already had or wasn't necessary in the first place. With the same letter, she said, HIP returned her check.

That letter set up a Mission Impossible, in terms of her making a timely response to initiate coverage. The request for more information was dated Feb. 18, with Feb. 22 set for the response. The envelope in which the letter came was postmarked March 3, Malz said.

In a complaint she sent to HIP last month, she wrote that her son's application should not be delayed "because of your company's inability to get its records straight."

HIP declined to discuss the case with me, but the insurer has told the state Insurance Department it will submit an account of what happened to the regulatory agency after HIP concludes a review.

"It's unfortunate to hear stories like that," said Sandman of the Commonwealth Fund. "I'm sure she's not alone." But, he added, his study suggests her experience is not the norm, either. "Our overall finding was that the enrollment process with Child Health Plus was pretty good."

One source of more information about Child Health Plus is a hotline sponsored by the state Health Department: 800-698-4543.

TU 3-20-99

LETTERS

Address the plight of those lacking health coverage

Despite this period of economic growth and a booming economy, the number of uninsured in New York state has risen at an alarming rate. In a five-year period, more than 900,000 New Yorkers joined the ranks of the uninsured, reaching a statewide total of 3.1 million.

What is particularly troubling is that while the growth rate of the uninsured nationwide over this period was 10.7 percent, New York state's uninsured rate grew by 37.4 percent and New York City's rate was 40.4 percent.

These trends are particularly alarming because being without health insurance has far-reaching implications. While Medicaid provides for the indigent, and most of the middle and upper middle class receive private insurance through their employers, there is a large and growing segment of the working class who receive no insurance.

Studies have shown that uninsured adults may delay seeking needed health care because of an inability to pay for it, or they may go without care altogether.

Uninsured adults are four times more likely than privately insured adults to say they did not receive medical care that they believed to be necessary. One in five uninsured children and more than half of uninsured adults have no regular place to go for needed health care.

The plight of the uninsured is perilous as changes in public policy as well as market forces could lead to even higher numbers of uninsured and declining access to health care. As large companies downsize and outsource, more workers are being employed by firms that often can't afford and therefore

don't provide health insurance. The government's movement toward managed care and allowing market forces to determine payments to health care providers has resulted in lower reimbursement to health care providers which make it more difficult for them to provide services to those who cannot pay. The reduction of Medicaid payments further reduces hospitals income and their ability to cover uncompensated care.

The governor's proposed 1999-2000 budget would exacerbate the problem by cutting medicaid general funds by \$511 million with all funds cuts to Medicaid totaling 1.8 billion dollars. While the governor threatens to take money away from the system, the potential of tobacco settlement monies may provide an opportunity for the state to address this growing problem. As the ranking member of the Senate's Standing Committee on Insurance and the co-chairman of the Senate Minority Task Force on the Uninsured, I am very committed to developing a solution to this serious problem.

The task force held its first of three hearings last week in New York City and elicited testimony from providers and consumers that both further detailed the extent of the problem and offered possible solutions to consider. The task force will continue to work toward a solution. The plight of the uninsured must be addressed before it further threatens the health of our families, our communities and our health care system.

State Sen. NEIL D. BRESLIN
Albany

3/20/99 DEC 13

Universal health care advocated

■ State lawmakers stop here on a crusade to collect testimony about the uninsured.

BY STAFF WRITER

KIM BREEN

Rochester's recent health care history serves as a fine argument for a universal health care system, state Sen. Richard Dollinger said yesterday.

Dollinger's belief in a government-controlled system, he said, has grown stronger

since hearing health care providers and advocates talk about problems for the uninsured in New York. Statewide, about 3.1 million people live without health insurance.

About a dozen people spoke yesterday at City Hall during a public hearing sponsored by the Senate Minori-

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Insurance

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ty Task Force on the Uninsured. The hearing was the last in a series of three across the state.

Dollinger, D-Brighton, and Sen. Neil Breslin, D-Albany, are compiling a report based on the hearings for the state Legislature.

Before state deregulation of health care in 1996, the Rochester area had one primary insurance carrier: Blue Cross/Blue Shield.

"We had an 800-pound gorilla holding costs down," Dollinger said of the insurance company.

Now, more insurance companies exist, insurance costs are higher, fewer companies are providing their employees with insurance and the ranks of the uninsured have grown, Dollinger said.

During the public hearing, health care providers and advocates told several stories about people they

know who are forced to live without health insurance.

Although everyone agreed with Dollinger's assessment that the system is failing locally and statewide, the reasons provided for the problems varied.

John Urban, president and CEO of Preferred Care, a health maintenance organization with 195,000 customers, said the competitive market in Rochester is too new to assess. And many of the problems with rising insurance fees and increasing numbers of uninsured can be attributed to excessive state mandates.

For example, he said, the state doesn't allow insurance companies to offer less substantive — and less expensive — health plans to businesses.

Companies that can't afford all-encompassing plans may not provide any to their employees. Urban suggested dropping some mandates to give insurance companies the chance to offer less expensive plans.

Many speakers also blamed welfare reform for much of the problem. Welfare-to-work mandates send recipients to work, but often to low-skilled jobs that provide no insurance.

For one year, those employees can receive Medicaid, but after that, many will be forced to live without insurance.

"It is an absolute scandal that families that are doing everything the government asks them to do can be worse off," said Brian Hetherington, an attorney with the Public Interest Law Office of Rochester.

Several who spoke offered solutions to the problem, such as lengthening the transition period for Medicaid recipients, and expanding eligibility for the program. □

Rising number of workers are uninsured

More New Yorkers offered few job benefits, lower pay

BY KYLE HUGHES

Albany Staff Writer

ALBANY — The number of New Yorkers lacking health insurance has grown 15 percent since 1995, as higher paying jobs disappear and are replaced by jobs offering no benefits, a health-industry lobbyist said Thursday.

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"The growth in employment is in small business, which has a high percentage of no benefits," Ray Sweeney of the state Healthcare Association told state legislators looking at the problem of the state's 3.2 million uninsured.

Sweeney said the growth

in the number of uninsured people is mirrored in surrounding states, with a 16 percent increase for New Jersey, 14 percent for Massachusetts, and 35 percent for Connecticut.

In New York, two-thirds of those who lack insurance are low-wage workers, said Anne Erickson of the Greater Upstate Law Project, and more than 900,000 people have joined the ranks of the uninsured in the past few years.

"New York is moving in the wrong direction," she said.

Witnesses at Thursday's hearing said the problem is acute for both younger people working at jobs without benefits and seniors who have not yet reached 65, the age when they are eligible for Medicare.

"We had (insurance) through my husband's work and he was injured in 1994 and he couldn't work at all," said Faye Davis, 62, of Port Crane who listed emphysema and

hearing and vision problems among her illnesses.

As a result, they lost coverage. Now, her husband can receive care from the Veterans Administration and Medicare, but she must wait three more years to be eligible. She said she recently had surgery and has "no way" to pay the doctor.

Burt Wilson, 66, of Chenango Forks said he lost his coverage when his health-maintenance organization quit offering coverage to

Medicare enrollees. He said he sought care from the Veterans Administration.

"Seniors like us are really the walking wounded of the economic wars," Wilson said.

State Sen. Richard Dollinger, D-Brighton, said he was troubled by the growing number of young working people without insurance. "We're putting their lives at risk and their health-care at risk in order to fuel our economic expansion," he said.

Ranks of N.Y. uninsured up 15%

As small business grows, more sacrifice health coverage

By KYLE HUGHES
Gannett News Service

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State Sen. Richard Dollinger, D-Brighton, said he was troubled by the growing number of young working people without insurance. "We're putting their lives at risk and their health-care at risk in order to fuel our economic expansion," he said.

He said the elderly, children, and disabled people are guaranteed health-care coverage, and the omission of low-wage workers and older residents not yet eligible for Medicare was "a hole in our system."

Lawmakers are considering creating a Family Health Plus program to provide insurance on a sliding-scale cost to individuals and families

who now lack coverage.

Senate Majority Leader Joseph Bruno, R-Brunswick, has endorsed the idea of providing coverage to the uninsured, but a bill has yet to be introduced to create a new state program.

Witnesses at Thursday's legislative hearing on the uninsured said the problem is acute for both younger people working at jobs without benefits and seniors who have not yet reached 65, the age when they are eligible for Medicare, the federal health-insurance program for the elderly.

Siobahn Hotaling, a 22-year-old who works at an Albany company with no benefits told legislators she didn't have the money to seek medical care for bronchitis and a hand injury, and spends \$250 monthly on prescriptions for other health conditions. "For us, Family Health Plus would be a godsend," she said.

Senate panel hears stories of uninsured

By WILLIAM F. HAMMOND Jr.
Gazette Reporter

3-19-99

ALBANY — Marion Eggleston, a single mother, decided not to pay \$600 for an ultrasound scan, and the pain in her ovaries got worse.

Siobhan Hotaling, a recent college graduate, decided not to go to a doctor this winter when she sprained her thumb and came down with bronchitis.

And Eddie, a single adult who was recently unemployed, ran up \$40,000 in unpaid hospital and doctor bills getting treatment for his high blood pressure and irregular heart beat.

These are three of the estimated 3.1 million people who lack health insurance in New York state, and a Senate task force on the uninsured heard each of their stories Thursday.

Hotaling said the small company where she works full time offers no health benefits, and she cannot afford to buy them on her own. As a result, she stopped taking medications she needs for allergies and depression, which would cost \$250 a month.

"I've experienced a noticeable decrease in both my physical and mental health as a result," she told the panel of Senate Democrats in a meeting room of the Empire State Plaza. "I know I am only one of mil-

lions of New Yorkers who have the same worries."

Sen. Neil Breslin, D-Delmar, co-chairman of the task force, called the situation an "epidemic," noting that the number of uninsured New Yorkers ballooned by 900,000 over the past four years, growth that was four times faster than the national average.

"It's embarrassing," Breslin said. "We live in a state and country where so many people are denied something they have a right to, which is basic medical care."

"Eddie" couldn't attend the hearing because he was recently hospitalized. His story was related by Anne Erickson of the Greater Upstate Law Project, an advocacy group for the poor, who explained that Eddie was living on \$252 a month but needed prescription drugs that cost \$400 a month.

"He applied for Medicaid, but was told again and again he earned too much," Erickson said.

The state's Child Health Plus program subsidizes health insurance for children in families earning up to 250 percent of the federal poverty level. But the parents don't qualify for government health coverage unless their income is 40 percent below the poverty level, Erickson said.

"We've done a good job with children, but the adult in that household has to make under \$8,000 a year to qualify for Medicaid," she said. "We have to change that."

Erickson and other activists have proposed expanding Child Health Plus into Family Health Plus, which would offer government-subsidized health insurance on a sliding scale to all people who make less than 300 percent of the poverty level.

Ray Sweeney of the Healthcare Association of New York State, representing hospitals and nursing homes, endorsed the idea of expanding programs to help the uninsured, saying the program could be financed with the roughly \$500 million a year that the state anticipates collecting under the settlement of a lawsuit against tobacco companies.

"We have to do something more aggressive," Sweeney said.

He added that this is the wrong time to trim Medicaid payments to New York's hospitals, as Gov. George Pataki proposed to do in this year's budget. This would weaken hospitals, which provide most of the emergency care for uninsured and indigent people who cannot afford to pay, he said.

"We have to prevent Medicaid cuts," Sweeney said. "We can't go backwards."

Breslin said he favors a plan for using state funds to help small businesses buy basic health coverage for their employees. To make this coverage more affordable, the basic plans could be exempted from the normal state mandates, such as one that requires coverage for chiropractic care, Breslin said.

Lack of health insurance blamed on poor jobs

Lobbyist says state's loss of good jobs swells ranks of the uninsured

By **KYLE HUGHES**
Gannett News Service

Tu
3-19-99

ALBANY — The number of New Yorkers lacking health insurance has grown by 15 percent since 1995, as higher paying jobs disappear and are replaced by jobs offering no benefits, a health-in-

dustry lobbyist said Thursday.

"The growth in employment is in small business, which has a high percentage of no benefits," Ray Sweeney of the state Healthcare Association told state legislators looking at the problem of the state's 3.2 million uninsured.

In New York, two-thirds of those who lack insurance are low-wage workers, said Anne Erickson of the Greater Upstate Law Project, and more than 900,000 people have joined the ranks of the unin-

sured in the last few years.

State Sen. Richard Dollinger, D-Brighton, said he was troubled by the growing number of young working people without insurance. "We're putting their lives at risk and their health-care at risk in order to fuel our economic expansion," he said.

He said the elderly, children, and disabled people are guaranteed health-care coverage, and the omission of low-wage workers and older residents not yet eligible for

Medicare was "a hole in our system."

Lawmakers are considering creating a Family Health Plus program to provide insurance on a sliding-scale cost to individuals and families who now lack coverage.

Senate Majority Leader Joseph Bruno, R-Brunswick, has endorsed the idea of providing coverage to the uninsured, but a bill has yet to be introduced to create a new state program.

Democrats press for insurance reforms

Albany *Two state senators seek ways to expand health coverage without dramatically hiking costs*

By **LARA JAKES**
Capitol bureau

Tu
3-18-99

Two years ago, Nancy Krupski was embroiled in a kind of health insurance Catch-22.

Getting away from Albany's drug culture and off welfare meant giving up Medicaid coverage — even when she was making a meager \$90 each week as a temporary office worker. "I was at the risk of losing everything that I was trying to accomplish," Krupski, 35, said Wednesday.

Now that she's working full time, Krupski and her two children have full health insurance benefits. But on behalf of the more than 3 million New Yorkers who have no coverage, Krupski will testify today for Democratic senators looking to revamp the state's health care insurance system.

The 10 a.m. hearing is the second of three panels this month led by state Sen. Neil Breslin of Delmar and Sen. Richard Dollinger, the minority ranking members of the Insurance and Health committees, respectively. Both are looking for ways to expand health coverage without dramatically hiking costs for the rest of the public.

"It's apparent that the uninsured ultimately cost the taxpayers four to five times the amount of money for emergency services than if the person had a health plan to begin with," Breslin said Wednesday. "These are people without any way of being covered."

The Assembly also has been working to provide health insurance to all New Yorkers and on Wednesday announced a universal-coverage plan that mirrors a bill approved in 1992. The bill would consolidate health care administrative costs, which could amount to \$5 billion, said Richard Conti, a spokesman for Health Committee Chairman Richard Gottfried. That money, in turn, would help pay for coverage of all citizens with the creation of a New York Plan, a statewide health care program.

The bill was never considered by the state Senate in 1992, when President Clinton made universal insurance one of his top federal priorities. Since then, Conti said, a growing number of people have called for systematic reforms.

"We've come back full swing," said Conti, "There's a frustration level building, and there's a growing number of uninsured" people, he said, adding that the number of those without health care benefits has grown from 2.1 million to about 3.4 million over the last seven years.

Breslin called the Assembly's plan "intriguing," but stopped short of endorsing it. "It certainly is a much more dramatic step than a lot of New Yorkers would be willing to take now," he said.

Meanwhile, advocates plan to lobby on behalf of expanding Medicaid coverage to more people.

To qualify for Medicaid in Albany County, for example, an unmarried adult without children can earn no more than \$4,933 annually, according to the Greater Upstate Law Project. For a New York family of three or more, that level rises to \$7,992 — compared to \$37,538 in Minnesota, \$27,300 in Washington, D.C., and \$18,156 in Massachusetts, according to data supplied by the law project.

The Business Council of New York State, however, said Wednesday the programs currently in place should be more than enough.

"The fact is that New York's taxpayers support the most generous health care system in the nation," said Business Council President and CEO Daniel B. Walsh in a letter to Kenneth E. Raske, the president of the Greater New York Hospital Association. "It's also the most costly system. And taxpayers shouldn't have to continue bearing that huge cost."

Conti expects the Legislature to focus on health care reforms as soon as the budget is approved this year.

A Fierce Lobbying War Looms in Albany Over Health Care

NYT 2-22-99

By RICHARD PÉREZ-PEÑA

ALBANY, Feb. 21 — Casting as long a shadow over New York State government as any issue in recent years, health care could dominate this year's legislative session, state officials say, and it is already the subject of one of the fiercest, most complex lobbying wars in memory.

Several tightly interwoven questions must be answered: how to spend New York's share of the national tobacco settlement; what to do about the rapidly rising number of New Yorkers without health insurance; whether to accept Gov. George E. Pataki's proposed cuts in Medicaid spending, and how to cope with expected Federal cuts in Medicare.

At the core of the disputes is a state law that adds \$2.6 billion a year in surcharges to hospital bills, mostly to help hospitals pay for training young doctors and caring for the poor. That law expires later this year.

Employers end up paying most of those charges through higher insurance premiums for their workers, and the Business Council of New York State, a group of large corporations, is lobbying hard to have the assessments eliminated or greatly reduced. That pits one of the state's most powerful interest groups against two other heavyweights — hospitals and hospital workers — who insist the charges are essential to their economic survival.

"I don't know if I've ever seen lobbying this intense, this early in the year," said State Senator Kemp Hannon, a Republican from Garden City, a 22-year veteran of the Legislature and chairman of the Health Committee.

Mr. Pataki has not staked out a position on renewal of the hospital charges, leaving a vacuum that the opposing sides have rushed to fill. Since last fall, they have barraged lawmakers with glossy reports, weekly

faxes and requests for meetings. Throw in the disputes over the uninsured and tobacco money, and the fight has drawn in combatants like public health groups and the state's fiscal monitors.

"It's going to be the health care Super Bowl," said Elliott A. Shaw Jr., director of government affairs at the Business Council.

Democrats who control the State Assembly want to maintain the hospital charges and even expand state-financed health care programs. The Senate's Republican majority is ambivalent — its members are closely allied with business groups and believe that there is a need to cut health care costs, but they also want to protect hospitals, which are among the biggest employers in nearly every senator's district.

In 1995, when Mr. Pataki proposed deep cuts in health care spending, a coalition led by 1199, the National Health and Human Service Employees Union, waged a fierce

advertising campaign against him, predicting hospital closings. The Governor's popularity dropped sharply and he backed away from some of his demands. Dennis Rivera, president of the 150,000-member union, said he was prepared for a reprise this year.

"That might be in the cards," he said. "We have to defend the health care industry. If we don't do it, who will?"

But some lawmakers say the expected fight could be more of a fizzle. They say the issues are so complex and politically vexing that there will be a great temptation to put them off by maintaining the status quo for a year or more.

"There are so many questions that don't have answers yet, that I think there's a very good chance we'll just extend everything as is," Senator Hannon said. "On the other hand, next year is an election year, and no

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Albany Lobbying War Looms on Health Care

Continued From Page B1

one is going to want to deal with this in an election year."

For years, New York was one of a handful of states that set all the rates that hospitals could charge, whether for an appendectomy or the birth of a child. The hospitals had no choice about what to charge, and insurers had no choice about what to pay. In that atmosphere, critics say, hospitals grew inefficient, and there was no question that hospitals had far more beds than were needed.

Two years ago, at Mr. Pataki's insistence, the state stopped setting rates, forcing hospitals to negotiate \$16 billion a year in charges with health insurers. The change gave great power to health maintenance organizations, which could demand that hospitals lower their rates or see patients routed to other hospitals. The hospitals began competing for patients and advertising their services. To cut costs, they merged, closed wings, laid off workers and established outpatient clinics to divert patients from expensive emergency room and inpatient care.

But one aspect of the old system survived: the state continued to add charges to every hospital bill, albeit about one-third less than it had before, in what amounted to a \$2.6 billion-a-year subsidy for hospitals.

The largest part of that money goes to teaching hospitals to pay for the training of medical residents, doctors in their first few years out of medical school. Another big piece goes toward paying hospitals for patient bills they say they cannot collect, usually because the patients are poor and uninsured. A third, smaller pot goes toward retraining thousands of hospital workers as they lose their jobs or are moved to new ones.

The charges increase the cost of health insurance in New York by an average of more than \$400 a family. Employers complain that the expense makes them less competitive and drives businesses to other states.

"This system was supposed to be transitional," Mr. Shaw of the Business Council said. "The hospitals have made the switch to competition, so it's time for some of these charges to be phased out."

Business groups contend that the charges for graduate medical education should end. Few other states subsidize it directly through patients' bills, and none to the extent that New York does. And New York's hospitals train a disproportionately large share of the nation's medical residents, so New Yorkers often pay to teach doctors who later take their skills to other states.

Worker retraining subsidies, the business lobby says, were meant for a transition period that is now completed. And it asserts that too much of the assessment for indigent care simply covers up the poor job hospitals do in collecting bills.

Hospital and union officials counter that medical residents, who are low-paid, are an important source of relatively inexpensive health care, particularly in New York City, and that they play a crucial role in a medical research industry that is an asset to the state's economy. They argue that worker retraining must continue because cuts in hospital staffs will continue. And they dismiss as unfounded the argument that hospitals do not collect debts well.

Much of the debate is about the financial health of the hospitals, and there are signs that the Pataki administration is sympathetic to the Business Council's position. Last month, the Governor's office trumpeted a report showing that the hospitals had made record profits in 1997, the first year under the new system.

Powerful interest groups vie over surcharges.

In an interview, Dennis P. Whalen, the state's Acting Health Commissioner, said: "In the past several years, whenever they've put that report out showing their profits increasing, they have said it was an anomaly. The question should never be, 'I'm a poor hospital and someone should pay me more.'"

State officials note that many hospital officials predicted doom when the current system was put in place. "I think the hospitals are generally healthy," Mr. Whalen said.

But while hospitals in New York made more money than ever in 1997, their profit margins were still much smaller than the national average, and have historically been at levels that would be considered precarious in other states. Hospital officials say that things began to turn sour in 1998 — solid data for that year are not available yet — and that 1999 will be bleak.

"If something doesn't happen, we're going to start imploding," said Daniel Sisto, president of the New York State Health Care Association, a hospitals' lobbying group. "We will see hospitals failing to make payrolls, unable to pay off their loans, even shutting down."

Hospitals point to billions of dollars they have lost under cuts Mr. Pataki made in 1995 and 1996 in Medicaid, the health insurance program for the poor, and under cuts Congress has made to Medicare, the program for the elderly.

State officials say those blows have been amply cushioned by \$1.65 billion that the Federal Government sent to New York hospitals to help them make the transition to competition, and by a new state and Federal

program to cover health care for uninsured poor children.

In his proposed budget, the Governor called for about \$800 million a year in Medicaid cuts, almost half of that taken from payments to hospitals. And new Medicare cuts are expected this year from Washington.

Almost everyone involved in the debate sees the tobacco settlement as a partial answer to their problems.

Last year, the states won a \$206 billion lawsuit settlement from tobacco companies, to be paid over 25 years, to compensate for money spent treating tobacco-related illnesses. At first, New York will receive \$300 million a year, rising to \$1.2 billion by the end of the agreement, with the first installment expected next year. The state plans to keep half the money and give half to local governments.

Mr. Pataki has said that at first, he wants to use three-quarters of the state's share to reduce state debt, a move applauded by fiscal analysts. But public health advocates insist that the state should use the money for health care and antismoking programs.

Business leaders have suggested that the tobacco money could be used to subsidize doctor training and indigent care, allowing the insurance surcharges to drop.

The health care industry is lobbying to use the money for a major effort to care for the uninsured. Both Sheldon Silver, the Democratic Assembly Speaker, and Joseph L. Bruno, the Republican Senate majority leader, say they favor such an initiative, but the Governor has signaled an interest in a more limited effort for the uninsured.

In this decade, as the number of Americans without health insurance has climbed, the number of New Yorkers in that category, now estimated at 3.5 million, has grown even faster.

The more uninsured people there are, hospital officials say, the more dependent hospitals become on the state surcharges to pay for their treatment. "In the long run — and maybe even in the short run — unless we do something about the uninsured, the whole system will crumble," said Kenneth E. Raske, president of the Greater New York Hospital Association.

But business groups contend that the surcharges are partly to blame for more people being uninsured. The assessments raise the cost of insurance, leading some employers not to offer it, and some employees who are asked to pay part of the premiums not to accept it.

"No matter who is right, everything is connected to everything else," said Mr. Whalen, the Acting Health Commissioner. "There are valid arguments on all sides. This is not going to be easy."

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Health & Fitness



MONICA ALMEIDA

Kong Lee, 63, waited until he saw a newspaper ad for a free health fair before seeking help for the three lumps that had appeared on his head and neck more than a year earlier. "It's free, I go," says Lee, a naturalized American citizen who has no health insurance. At the fair, Lee went from stall to stall, looking for someone to help him, before he stumbled upon a doctor who was able to refer him to Barbara Brenner, director of community affairs for Mount Sinai Hospital.

Brenner referred Lee to Mount Sinai's Resource Entitlement Advocacy Program (REAP), an office set up to help uninsured and underinsured patients gain access to healthcare. REAP's director, Penny J. Schwartz, then made an appointment for Lee to see a Mount Sinai doctor at a reduced rate, but now Schwartz, too, is stumped.

Lee does not qualify for Medicaid, the government health plan for the poor, because he earns about \$200 more per month than the maximum allowed (\$558). He does not qualify for Social Security benefits or for Medicare, the government health plan for the elderly, because he is not yet 65. He cannot pay his monthly rent of \$561 unless he works. He cannot get benefits unless he stops working, which he refuses to do. Each doctor's visit at Mount Sinai is costing Lee \$58 —

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THE TROUBLE WITH BEING **UNINSURED**



*Rising costs of healthcare
leaving more low-income
patients — especially kids
— in harm's way*

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BY AMANDA GARDNER

THE HIGH COST OF BEING UNINSURED

FROM COVER

one quarter of his monthly income after rent.

Lee is just one of 1,845,400 New York City residents — 27.8% of every New Yorker under the age of 65 — who lack health insurance. Half of the adults who are uninsured work. They earn too much to be covered by Medicaid but not enough to afford insurance from a private carrier.

And, with the introduction of mandatory Medicaid managed care (see box) later this year, the situation will probably get worse. Traditionally, funds received from treating Medicaid patients have helped hospitals and clinics cover the cost of serving uninsured people (a practice called "cost shifting" or "cross-subsidization").

But mandatory Medicaid managed care means fewer dollars per Medicaid patient. Since there are fewer Medicaid patients now anyway (the result of people coming off welfare), many of the institutions forming New York City's safety net are unsure how — or even if — they will be able to keep treating the uninsured.

"There's a real fear that some of the community-based providers will go out of business," says Judy Wessler, policy coordinator for the Commission on the Public's Health System, a citywide health advocacy group.

Emergency Care

Primary care, of course, is the best approach to health care, from both a medical and economic standpoint. Yet few uninsured people actually go this route.

"People who are in emergency conditions will get treated wherever they present themselves, but that's not the case if you're not in an emergency situation," explains Kathryn Haslanger, director of policy analysis at the United Hospitals Fund. "You have to wait for an appointment. A lot of these places are really busy. The wait is really long. Many of them require some kind of contribution. A sliding fee can be a real financial burden to a low income family. [The facility] may not have a subsidy to help with prescription drugs or tests. And places don't advertise themselves as serving the uninsured. They don't have a big sign on the outside."

The end result is that the uninsured "stay really sick until the very last minute, then they go to the emergency room," says Dr. Peter Ingraldi, a Queens general surgeon and secretary-treasurer of United Salaried Physicians and Dentists.

This is what happened to Roland, a Queens musician who could not afford health insurance. Helen Ruddy, a nurse practitioner and a close friend of his, remembers clearly the day he finally got himself to the emergency room after becoming too weak to work. Doctors diagnosed kidney failure as a result of extremely high blood pressure, a condition that — under more positive circumstances — can be easily detected and controlled. As it was, Roland had to go on dialysis three times a week — paid for by Medicare — but it was already too late. He died a year and a half later at the age of 46. "The irony of it is when you become so sick that you can no longer function and be a productive member of society, then you become disabled and you become eligible for coverage," says Ruddy.

Ruddy has also seen countless individuals go to an emergency room for routine procedures, such as getting a prescription for an asthma inhaler. "The system spends a couple of hundred dollars for an inhaler that could have been written [as a prescription] at a doctor's office," she says. "Emergency room services are extraordinarily expensive but they wind up being a source of primary care for people who don't have insurance."

Private hospitals differ in how they treat nonemergencies. Barbara Minch, executive director of the William F. Ryan Community Health Center on W. 97th St. in Manhattan, tells of one uninsured woman who recently went to the ER of a private hospital after finding a lump in her breast. The hospital referred her to the breast specialist at the Ryan Center. There is no breast specialist at the Ryan Center, so it had to send her back to the hospital. But because it was now the clinic's referral, the clinic took care of the bill.

If your condition is an emergency, the hospital — public or private — must admit you, regardless of your ability to pay, but this does not mean you won't be billed. Chances are, you will be. Currently all of New York City's hospitals, both public and private, provide \$1.5 billion worth of care for poor and uninsured patients, less than half of which is covered by public subsidies.

Primary Care

The lion's share of both primary and emergency care for the uninsured falls to the different facilities — including dozens upon dozens of outpatient clinics — run by New York City's Health and Hospitals Corporation (HHC). Thirty-four independent community health centers scattered throughout the city also provide primary care. All are threatened by current changes in the healthcare environment.

The William F. Ryan Center is one of the largest and most comprehensive community health centers in the country. Fees are on a sliding scale and start at \$29, including X-rays and lab tests. Ryan Center's Minch predicts that with Medicaid managed care, free X-rays and lab tests along with \$5 prescriptions will have to go. The Ryan Center already increased its pharmacy copay from \$2 to \$5 in 1996 because of the growing number of visits from uninsured people and a decreasing number of visits from Medicaid patients. "If we diagnose the kid's strep throat and give the mother the prescriptions and she can't buy them, what's the point of having seen the kid and diagnosing him?" says Minch in exasperation.

The ER winds up being the source of primary care

Healthcare compromised

Despite eligibility, many kids still in need

About 20% of all children in New York City (370,000) are without health insurance, a rate significantly higher than that of New York State and of the nation as a whole. "One reason it is so high is because of a failure to enroll eligible children," says David Sandman, program officer for the Commonwealth Fund. "Declining private coverage, declining Medicaid enrollment and a large immigrant population have also all contributed to such a high rate."

According to the Commonwealth Fund, three-quarters of these children could now qualify for either Medicaid or Child Health Plus (CHP), a coverage program for low-income people who earn too much to qualify for Medicaid. Families qualify for the program based on income and the number of children in need of coverage.

On the plus side, there's a good chance that at least some of those who qualify will get coverage. New York State currently has \$256 million to spend each year for the next 10 years to expand the CHP program. Even families with incomes above the cutoff for CHP can buy into the program at relatively inexpensive rates.

On the downside, other healthcare options may be in jeopardy, especially 39 child-health clinics run by the Health and Hospitals Corporation and 98 independent school-based clinics that provide primary-care services to children throughout the city, more than half of whom are uninsured.

Both types of clinic depend on Medicaid revenue to help foot their bills, so the conversion to Medicaid managed care poses problems. Administrators also worry that even children on Medicaid will find their access to healthcare compromised.

"Medicaid managed care does not guarantee service," warns Dr. David Appel, director of the Montefiore School Health Program and co-chairman of the New York State Coalition for School-Based Primary Care. "We know that as many as 60% of those children who are newly assigned a primary care provider will not go to them." Why? Because of various nonfinancial barriers to care, including inconvenient hours and unfamiliar or dangerous neighborhoods.

For more information about Child Health Plus, call 1-800-698-4KIDS.

Helping Medicaid patients

New York City will be requiring almost everyone on Medicaid to enroll in managed care programs starting later this year. The program, called New York Medicaid Choice, is intended to give Medicaid recipients better access to preventative and primary care and, of course, to lower costs for the government.

The program is progressing in five stages, with the southern half of Manhattan, southwest Brooklyn and all of Staten Island being the first areas to convert. Medicaid beneficiaries will receive a packet in the mail explaining how to enroll and how to get help with enrollment. They will then have 60 days to choose a managed care program out of at least two choices. If none is selected, a plan will be selected for them, at which point the beneficiaries will

have 60 days to select another.

According to the city, many of the doctors already accepting Medicaid will be involved with the new plans. "We anticipate that most people that enroll will be able to see the same doctor that they're seeing now," says James Capozziello, a deputy commissioner for the Department of Health. And all services currently available through Medicaid will still be available with managed care.

Not all Medicaid recipients are required to go on the new plan. Those who are HIV-positive, for instance, and children with serious emotional disturbances, will have a choice of staying on regular Medicaid or enrolling in one of the new programs.

For more information on New York Medicaid Choice, call 1-800-505-5678.

Where to get help

■ FAMILIES USA

1334 G St., NW
Washington, D.C. 20005
(202) 628-3030
info@familiesusa.org
<http://www.familiesusa.org>

■ WORKING TODAY

P.O. Box 1261
Old Chelsea Box Station
New York, N.Y. 10113
(212) 366-6066
working1@tiac.net
<http://www.workingtoday.org>

■ ASSEMBLYMAN DICK GOTTFRIED

(518) 455-4941

■ CITIZEN ACTION OF NEW YORK (which

supports a "Family Health Plus" initiative that would provide coverage for adults who earn up to 250% of the poverty level)

130 William St., Suite 700
New York, N.Y. 10038
(212) 964-3534
canycentral@citizenactionny.org

■ METRO NEW YORK HEALTH CARE FOR ALL CAMPAIGN (a community labor coalition which supports universal healthcare)

130 William St., Suite 700
New York, N.Y. 10038
(212) 766-4165

metrohealth@igc.apc.org

■ COMMISSION ON THE PUBLIC'S HEALTH SYSTEM

(212) 749-1227

4264



Dick Gottfried: Chairman of NYS Assembly Health Committee.

Tackling the problem

Officially, more than 43 million Americans are without health insurance. But if you include the number of people who lacked health insurance for at least one month out of the last three years, that figure soars to 71.5 million. "That's an extraordinary figure," says Ron Pollack, executive director of Families USA, an advocacy organization based in Washington, D.C. "And it comes at a time when the economy is in fabulous shape. Imagine what this will mean if we have more unemployment, if businesses are not doing as well as they are today."

The situation appears to have no immediate solution. "We all want universal coverage, but I think we're going to do it step by step," says David Sandman of the Commonwealth Fund.

One idea being kicked around is to subsidize healthcare for low-income families with some combination of tobacco-settlement money, an additional tax on tobacco and federal matching money. The Healthcare Reform Act (HCRA) of 1996 comes up for renewal this year and presents another opportunity to develop and expand some existing programs, including the uncompensated care pool for hospitals.

Also this year, Assemblyman Dick Gottfried, chair of the State Assembly Health Committee, reintroduced his "NY Health" bill, which calls for a state-sponsored universal health plan along the Medicare model. "Employers and their workers would be contributing to a plan that is universal," explains Gottfried. "The fact that everyone is covered would help keep quality up, but the fact that everyone is contributing would be strong pressure on the state to keep costs under control."

Private insurance remains out of the reach of most people, though some organizations are trying to make it more accessible: Working Today is a national nonprofit membership organization that promotes the interests of people who work on their own and which offers group-rate health insurance.

The New York State Health Insurance Partnership Program subsidizes health insurance for workers and their families in firms with fewer than 50 employees. And in January, Mayor Giuliani announced the Small Business Health Insurance (SBHI) program whereby employers of two to 50 people would be able to get discounted coverage through the insurance company GHI as long as care was received within two Health & Hospitals Corporation (HHC) networks. For information, call 212-501-4HHC.

Jamaica Hospital is reportedly considering a "work-for-care" program whereby patients would pay off their medical bills by performing services for the hospital. Franklin Memorial Hospital in Farmington, Maine, has such a program in place.

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Health insurance for all

If you have your health you have everything, the saying goes. A corollary of that is, if you don't have health insurance, you don't have anything. This now applies to more than 3 million New Yorkers, with the number steadily growing. So the news that both legislative leaders and the governor want to extend coverage to the uninsured is welcome indeed.

In this country, most working people get health benefits from their employer, although in recent years many have been asked to pick up part of the cost through premium contributions, deductibles, co-payments, etc. The very poor have government-sponsored Medicaid and the old have Medicare.

But there are a huge number — approaching 40 million — that lack any kind of health insurance. These people, mostly those with low-wage, part-time, no-benefit jobs, are the working poor, and they cannot afford to get sick. Because if they do, they must pay the hefty bills themselves out of their anemic salaries.

New York, where the number of uninsured is

growing faster than the rest of the nation, already has a model for helping working families. It's called Child Health Plus, a program started under Mario Cuomo that allows uninsured adults to buy subsidized insurance for their children. The number of kids covered has grown under Gov. Pataki — to 270,000 — and benefits have been expanded.

Pataki, Assembly Speaker Sheldon Silver and Senate Majority Leader Joe Bruno are now considering extending the program to adults. That would cost an estimated \$1 billion a year.

Where would the money come from? Some of it could come from the tobacco settlement, which is expected to bring the state \$1 billion a year for 25 years. If the budget surplus is a billion or so more than Pataki is currently estimating, as Bruno claims, some of that could go for health insurance. And in future years, the state should be prepared to use general tax revenues to cover the uninsured. It's that important.

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Call for health care strikes chord in Bruno

By WILLIAM F. HAMMOND Jr.
Gazette Reporter

ALBANY — All the talk at the Capitol this year about providing health care for the uninsured brings back memories for Senate Majority Leader Joseph Bruno.

The Brunswick Republican may be a wealthy and powerful politician today, but he grew up in poverty, one of eight children whose father was a laborer in a Glens Falls paper mill. And Bruno spent much



Bruno

Memories of his mother's illness spur him to support legislation

of his boyhood watching his mother's health slowly decline, the result of a botched gallbladder operation she received in her early 30s.

His father's job came with health insurance, but the coverage for hospitalization was limited. So Bruno remembers his mother trying to recuperate from her many surgeries at home, in a bed set up in the living room of the family's cold-water flat.

"She was a saint," Bruno said in a recent interview. "She would literally get up out of bed to make a meal for the children when we got home, and she'd have tubes and things coming out of her body."

At one point his mother arrived

home in an ambulance, desperately ill, and the crew would not move her inside until his father paid the bill. His father was forced to go door-to-door, borrowing money from neighbors, while his wife lay in the back of the ambulance for hours.

Not long after that, when the future state senator was 17, Rachel Catherine Bruno died at the age of 44.

Bruno said the heartache floods back when he hears about the 3.1 million New Yorkers who lack health coverage today.

"They don't have to tell me about it, because I lived with it as a

youngster, and I never, ever got over it," Bruno said. "There's nothing more devastating to a family than sickness that is not properly attended."

The problem of the uninsured is not new, and people involved in health care policy don't remember the conservative Bruno being particularly aggressive about dealing with the issue in the past.

But this year is different.

For one thing, the ranks of the uninsured have grown, approaching 20 percent of the population who don't qualify for the Medicare health plan for the elderly and disabled.

Secondly, the state's Health Care

Reform Act is due to expire at the end of 1999, creating an opportunity for lawmakers to expand New York's existing subsidies for insuring low-income families.

Finally — and perhaps most significantly — the state anticipates collecting billions of dollars over the next 25 years from the settlement of a lawsuit against tobacco companies. Many interest groups argue that this money — which theoretically compensates the state for its expenses in treating people with tobacco-related illnesses — should be plowed back into the health care system.

In this context, Bruno's support

could be pivotal. And he has repeatedly declared that extending coverage to the uninsured is one of his top priorities for this legislative session.

"I personally have seen the hardship that comes when people have no health coverage," Bruno said at a news conference Jan. 27, the day Gov. George Pataki presented his budget proposal. "We have to address that."

This greatly increases the likelihood that something significant will happen, according to many observers.

"Everyone is on record — the leadership of both houses — that they want to do something about the

See BRUNO, Page B8

Bruno backs action on care

Continued from Page B1

uninsured, and they want to use some of the tobacco money," said Richard Conti, an aide to Assembly Health Chairman Richard Gottfried, D-Manhattan.

"If the Senate majority leader is making the argument that he's concerned about the plight of people that lack health insurance, clearly that's a good sign," said Blair Horn, a consumer activist with the New York Public Interest Research Group.

Bruno's view of government's role in solving the problem of the uninsured goes only so far. He does not, for example, support Gottfried's plans to replace private health insurance with a taxpayer-financed universal health plan for all New Yorkers under 65.

Bruno declined to say exactly what plan he would support. "I've got people working on that," he said.

But there's no shortage of proposals. One of the more popular ideas, supported by a variety of health-related interest groups, involves expanding the state's Child Health Plus program to cover adults.

Currently, Child Health Plus — aimed at parents with jobs that don't come with health benefits — allows families making up to 250 percent of the federal poverty level to buy low-cost health insurance for their children. The program already serves 270,000 children, and the state Health Department estimates a total of 400,000 are eligible.

Members of the New York State Health Care Campaign argue that New York should convert Child Health Plus into Families Health Plus, allowing low-income working adults to buy subsidized health insurance for themselves as well as their children.

Supporters point out that the federal government would probably be willing to match whatever funds New York invests in such a program, doubling the total number of dollars available.

Richard Kirsch of Citizen Action,

a member of the coalition, said the group got an unusually positive reaction when it pitched Families Health Plus to Bruno's staff.

"A lot of the things we talk about, they look at us like, 'That's a liberal social program. We don't want anything to do with it,'" Kirsch said. "This one, they were asking us a lot of questions about, and they were interested in it."

The state Business Council, normally a conservative force in state politics, also thinks the idea is worth exploring.

"This time around we should think out of the box," said Elliott Shaw, the council's director of government affairs. "Uninsured parents is something we should look at."

Another idea would be to subsidize small businesses that agree to start offering health benefits to their employees. Five hundred businesses signed up for a demonstration project in which the state pays half their health premiums, and the \$6 million set aside was quickly exhausted.

Health care activists' hopes of a major initiative on the uninsured were deflated somewhat when Pataki failed to mention the issue in his State of the State speech and then advocated spending 75 percent of the tobacco settlement on reducing debt, with only 25 percent for health care.

"When you start using chunks of [the tobacco] money for debt reduction, there isn't enough to make a discernible impact on the uninsured," Conti said.

But Bruno has noted that New York's budget surplus this year could reach \$2 billion or \$3 billion — far more than Pataki is currently estimating. He said the extra money will make it easier for state leaders to accommodate one another's objectives this year.

"What we're talking about is proper health care," Bruno said. "I think that's an obligation of all of us to help fund that kind of health care when people truly need it and can't afford it. ... The question is: What's realistic, and how do we do it?"

NY: High-Risk City

By Rose Kim

STAFF WRITER

One of four working-age New Yorkers lacks health insurance, 50 percent higher than the national rate, according to a new report on the quality of health care received by city residents.

In the first in-depth evaluation of health care in the city in 12 years, the nonprofit Commonwealth Fund reported that New Yorkers are less likely to have employer-based insurance because more tend to be self-employed or in low-paying, non-unionized jobs in the retail and service sectors. Blacks, Latinos and Asians are 50 percent more likely to be uninsured than white, non-Hispanic city residents.

"New York City's health-care system is known internationally for its excellent medical centers," said Karen Davis, president of the Commonwealth Fund. "Yet New Yorkers themselves are at high risk of not getting the care they need."

The study, which surveyed 4,000 people from October, 1996, to March, 1997, noted the rapid growth of managed-care programs. Of New Yorkers who were insured, nearly half belonged to managed-care programs; among those who were privately insured, three out of four belonged to a managed-care program.

Cathy Schoen, the Commonwealth Fund's director of research, said there was "a pattern of declining coverage" across the board that was driven by market and policy trends, such as "the rise of managed care, the ongoing erosion of private-sector coverage and the policy of moving families off welfare into work."

1 out of 4 lacks health coverage, new report says

The study said 28 percent of New Yorkers lacked health insurance or Medicaid. Nationally, the figure was 19 percent.

"The hallmark of managed care is tough bargaining over prices paid for the insured — paying doctors less, bargaining over services, accepting less than they did traditionally," Schoen said. "It is not just a problem of the uninsured, but also a problem of the adequacy of services."

The lack of insurance results in numerous problems. Those who are uninsured reported greater problems receiving care and paying for their care, the report said. They also expressed greater dissatisfaction with the care they received.

"It is a popular myth that anyone can get health care if they need it, but the evidence is that the uninsured are far more likely to have problems with access," said David Sandman, a program officer with the Commonwealth Fund.

The vast majority of the city's uninsured are in working families, earning low, erratic wages. Three in

four uninsured adults have incomes that are below the poverty line of \$25,000 for a family of two. The report found that they are two to three times more likely to go without needed medical care and that they struggle to pay their bills.

Uninsured children are also disproportionately affected. While 29 percent of uninsured children reported not having a checkup or immunization in the last year, only 13 percent of the insured children answered the same.

Medicaid helps to fill the gap and is a major source of coverage for the poor, children and minorities, the study said. In the city, 19 percent of working-age adults received Medicaid, in contrast to 8 percent nationally.

The public hospital system plays an important role in meeting the needs of the uninsured, the study said. Nearly 50 percent of uninsured people who were hospitalized overnight stayed at a public hospital, the study said.

Across the board, whether insured or not, New Yorkers said it would be "a bad thing" if hospitals were sold to private companies or closed, the report said.

Health-care experts warned that the percentage of those who are uninsured could jump even higher in the face of continuing efforts to restructure and reform the welfare system and Medicaid.

"New York's working adults and families are at a high risk of being uninsured," Sandman said. "Given the dynamic state of health care, an even greater risk is in the future."

Even as Economy Booms, More People Are Going Without Insurance

NYT By IAN FISHER 12-12-98

The number of people without medical insurance is rising far faster in New York State than in the rest of the country, a jump that has left nearly one in five New Yorkers under age 65 uninsured, several new studies show.

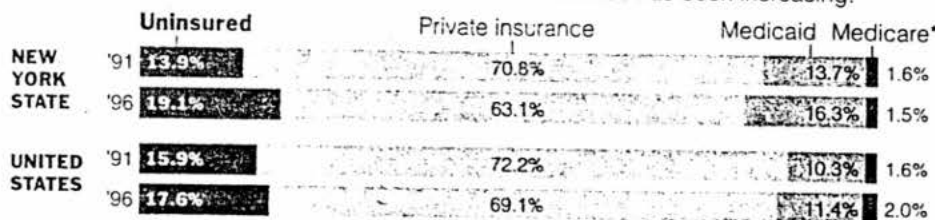
The increase has come despite a robust economy that has created hundreds of thousands of new jobs in the region. In fact, the new data suggest a dark side to New York's economic resurgence: many of the new jobs are in small, low-wage service or retail businesses, which because of the high cost have become less and less likely to offer their workers health benefits.

Moreover, one-third of the uninsured in New York are legal or illegal immigrants, who are more likely to take those same low-paying jobs, experts say.

The data also reveal a problem for politicians eager to move people on welfare into work. Most of the people without insurance in New York actually have jobs. In fact, people in low-paying jobs are more likely to be uninsured than people without jobs, who generally can qualify for Medicaid.

New York's Growing Ranks of the Uninsured

The percentage of people under 65 without health insurance has been increasing.



*People under age 65 may qualify for Medicare if they are disabled or suffer permanent kidney failure.

Source: United Hospital Fund

The New York Times

"This is not a crowd that is living at the margins of society," said James R. Tallon Jr., president of the United Hospital Fund, a private philanthropic and policy group. "This is a crowd that is playing by the rules but is finding that there is a different set of rules than in previous generations."

Health experts say they are especially alarmed by how quickly the number of uninsured is rising, even as the economy

thrives. In 1991, about 2.2 million New Yorkers under age 65, or 13.9 percent, were uninsured, below the national average of 15.9 percent, according to the census data analyzed by Mr. Tallon's group.

In 1996, the last year for which data are available, the number of uninsured New Yorkers had risen to 3.1 million, or 19.1 percent, creeping above the national average of 17.6 percent. In the past, health

experts say, New Yorkers were more likely to be insured than people in other states because of several forces now largely in decline: powerful unions, manufacturing jobs in big companies that offered insurance and a healthy market for individual policies.

The problems are far greater in New York City, where 28 percent of the population under 65 was uninsured. At the same time, health insurance offered by employers has declined dramatically in the city, from covering 58.2 percent of all people insured in 1991, to 49.1 percent in 1996. Nationally, private health coverage dropped much less, from 72.2 percent in 1991 to 69.1 in 1996, according to the Hospital Fund study done by Kenneth E. Thorpe, a Tulane University professor and a former health official in the Clinton Administration.

Concern about the problem of the uninsured has been growing in recent months among a wide range of groups, from public policy organizations to advocates for poor people to the hospitals that would be hardest hit financially.

The uninsured in New York City rely

Continued on Page B5

Even as the Economy Booms, More New Yorkers Are Going Without Insurance

Continued From Page B1

largely on the 11 public hospitals, which have seen a sharp rise in the number of patients without insurance, according to a study released yesterday by the Commonwealth Fund, a large private philanthropic organization in New York. The city reports that in 1997, 20,458 people were admitted to public hospitals without insurance, up from 15,555 people two years before.

"We worry about this trend," said Dr. Luis R. Marcos, president of the city's Health and Hospitals Corporation. "For public hospitals to survive, we cannot simply treat patients who cannot pay. In the end, it will be more

inefficient and costly to the taxpayer. We cannot go back to the days of the almshouse."

Private hospitals say they, too, are worried because they already pay the bulk of the cost of treating uninsured people, and are reimbursed by the state about 38 cents for every \$1 of care they provide.

"You are talking about people who are edging up into the middle class but can't afford to buy insurance themselves," said Rima J. Cohen, a vice president at the Greater New York Hospital Association, the trade group for the region's hospitals. "This really is an issue that is dynamite waiting to be ignited."

On Tuesday, Gov. George E. Pataki underscored the worry among

the state's politicians by proposing a broad expansion of a health plan that would cover some 420,000 uninsured children.

But many health experts say that although providing for children is important — and a much easier task politically than covering the masses of the working poor, who are largely immigrants and minorities — they are only part of the problem.

"These kids have parents, and the parents are struggling to get the health care they need," said Karen Davis, president of the Commonwealth Fund. In a survey of 4,013 adults in New York City conducted by Louis Harris & Associates, the Commonwealth Fund found that the uninsured had a much harder time

getting medical care, were much less likely to have a regular doctor and found it harder to pay their medical bills.

At a forum in Manhattan yesterday attended by the leaders in public health policy, Ms. Davis noted that insurance for a family of four costs an average of \$6,000 in New York — or about 20 percent of the salary of someone making \$30,000 a year.

"In many ways, health care is a bit of a luxury," she said.

The largest drops in private insurance came in small companies with fewer than 25 employees, according to the Hospital Fund study, and many of the new jobs created in New York have been in low-wage jobs in small companies, like restaurant workers,

shop clerks or workers in small manufacturing plants.

Mr. Tallon said he thought there were several reasons fewer employees were insured through their work: the costs and the paperwork associated with health insurance are rising; more young people may be going without insurance because of the higher costs, and many of the uninsured are immigrants who may be more likely to take jobs that do not include insurance.

David R. Jones, president of the Community Service Society of New York, said he worried that the problem would only get worse.

"If it's even a little blip, these kinds of problems are going to explode on us," he said.

Get health coverage to uninsured in New York

Getting health coverage for the uninsured is one of the most urgent needs of New York's working people and their families.

But Gov. George Pataki's State of the State address doesn't even mention this crisis, and he has no plan to deal with it.

Since 1991, the number of New Yorkers without health coverage has grown from a little more than 2 million to over 3.2 million today — 19 percent of our non-elderly population — up from 14 percent in 1991. Three-quarters of them are working people and their families. Millions more know they could easily lose their health coverage.

In 1990, Assembly Democrats pushed through enactment of Child Health Plus, which has become a national model for health coverage for low-income children. New York must take the lead again, to build on the Child Health Plus model to cover

working adults.

The hundreds of millions of dollars of new money the state will get from the tobacco settlement and available federal matching funds under Medicaid, gives us a great opportunity to extend family health coverage to uninsured working New Yorkers. The Assembly will work to make this happen in 1999. I urge the governor to join us.

It is stunning that the governor's State of the State message has almost nothing to say about health issues facing New Yorkers. Not a word about managed care abusers, HIV/AIDS, cancer, long-term care and a host of other issues.

RICHARD N. GOTTFRIED

Chair

*Committee on Health
New York State Assembly
Albany*

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1-16-99*

Pataki ignores health crisis in New York

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RICHARD N. GOTTFRIED
Albany

The writer is an assemblyman from Manhattan, and chairman of the Health Committee.

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Dates and times for
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verification of information.

JAN/1999

Group addresses health care ills

BY KIM BREEN

Staff Writer

Managed care, Medicare and reproductive choice will be the topics covered by "Health Care Ills: Looking for the Cure," a free discussion sponsored by the League of Women Voters of Broome and Tioga counties.

Thursday's program is meant to educate league members, as well as anyone else who wishes to attend, said Dorothy Feisel of Vestal, chairwoman of the league's health care committee, who will serve as discussion moderator.

Featured speakers include Mary Clark, regional director of Citizen Action; Annette Sullivan, president of the Broome County Coalition for Free Choice; and Donna Rider, director of systems development at NY-Penn Health Systems Agency.

Clark said she'll focus on the "hot" health-related legislative issues expected to come up in the next year. That will include discussion about bringing health insurance to working families who make too much money to be covered by Medicaid and work in jobs without insurance benefits. "It's one of the impediments of welfare to work,"

DISCUSSION

"Health Care Ills: Looking for the Cure," sponsored by the League of Women Voters of Broome and Tioga counties, will begin at 7:30 p.m. Thursday at the Vestal Public Library, 320 Vestal Parkway E.

Clark said.

Sullivan will also speak to changes brought on by welfare reform, and how it affects reproductive health care. She said she'll talk about what people can do if their insurance companies do not cover birth control or abortions. "While access to these options may be more tricky to negotiate, even poor women in this state must be afforded reproductive health care according to law."

Rider will focus on managed care. The movement of Medicare into mandatory managed care will bring lots of options — and questions — for senior citizens, she said, adding the night's discussions should serve to provoke thought about health care issues. "I'm hoping this is sort of a first step in community engagement," she said. "Maybe collectively we can arrive at some solutions for local situations."

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ALL PRICES

OPINION

The Ithaca Journal
Friday, November 5, 1999

Health care reform

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The Assembly has passed a similar bill, but there still is no health care bill in the State Senate. Sen. James Seward is chairman of the Senate Insurance Committee and should promote Family Health Plus legislation. We need his help.

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We have a unique opportunity: the federal government will provide matching funds for this purpose and New York state will receive \$1 billion annually for 25 years from the tobacco settlement.

What better way to use these dollars?

Let's put an end to New York's health care scandal.



Unsworth

Peg Unsworth

For Justice for All, co-sponsor
of IHCAN Nov. 6 Speakout,
Oct. 29

And another

I practice family medicine in Dryden, and every day I am disturbed and saddened by the problems I see as a result of the fact that there are so many medically uninsured people in this area.

There are people who have put off visits for high blood pressure or diabetes until these illnesses became life threatening. Many times they are unable to afford the best medicine for their condition and ask me to prescribe a cheaper substitute instead.

They can't begin to consider preventive services such as mammograms, or treatment of progressive eye ailments or orthopedic injuries which may result in permanent disabilities.

People who do have insurance can hardly even imagine how hard it is to do without these services or to have to choose between getting care and paying the rent or keeping a car running to get to work.

Fortunately, children up to 19 in low-income working families are now covered by a state program called Child Health Plus.

This has been in effect for a number of years and has worked well except that many parents still do not know about it, and getting children enrolled has not been as easy as it should be.

The State Assembly has passed a similar program called Family Health Plus for working adults with incomes up to 200 percent of poverty.

I applaud the current intensive efforts of citizens groups, labor unions, hospital coalitions and others across the state to get this legislation improved by the Assembly and passed by the Senate and the governor this year.

Uninsured people can help by coming to the Speak Out on Nov. 6 and telling their stories. All others can help by being present to demonstrate their support and concern.

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People who do have insurance can hardly even imagine how hard it is to do without these services or to have to choose between getting care and paying the rent or keeping a car running to get to work.

Fortunately, children up to 19 in low-income working families are now covered by a state program called Child Health Plus.

This has been in effect for a number of years and has worked well except that many parents still do not know about it, and getting children enrolled has not been as easy as it should be.

The State Assembly has passed a similar program called Family Health Plus for working adults with incomes up to 200 percent of poverty.

I applaud the current intensive efforts of citizens groups, labor unions, hospital coalitions and others across the state to get this legislation improved by the Assembly and passed by the Senate and the governor this year.

Uninsured people can help by coming to the Speak Out on Nov. 6 and telling their stories. All others can help by being present to demonstrate their support and concern.

John H. Fenger, M.D.
Village of Dryden, Oct. 31

OPINION

The Ithaca Journal
Friday, November 5, 1999

Health care reform

It is a scandal: In one of the wealthiest states in the wealthiest country in the world, 3.1 million people have no health insurance.

Soon, New York state will have to enact new legislation to manage the state's health care system since the current Health Care Reform Act expires on Dec. 31.

The Ithaca area Health Care Action Network (IHCAN) supports a plan which includes health insurance for working adults, Family Health Plus. Modeled on Child Health Plus, it would provide health coverage to those not covered by their employers but who cannot afford private health insurance.

It is also supported by the New York Nurses' Association, the New York Public Health Association, and the New York chapters of the League of Women Voters, Citizen Action, UAW, SEIU and the Children's Defense Fund among many other groups.

The Assembly has passed a similar bill, but there still is no health care bill in the State Senate. Sen. James Seward is chairman of the Senate Insurance Committee and should promote Family Health Plus legislation. We need his help.

At a speakout on Nov. 6, we will be hearing from people in the community about their health care problems and making plans for getting Sen. Seward's active support of Family Health Plus.

Join us at the Human Services Building, 320 W. State St. at 1 p.m. this Saturday.

We have a unique opportunity: the federal government will provide matching funds for this purpose and New York state will receive \$1 billion annually for 25 years from the tobacco settlement.

What better way to use these dollars?

Let's put an end to New York's health care scandal.



Unsworth

Peg Unsworth

For Justice for All, co-sponsor of IHCAN Nov. 6 Speakout, Oct. 29

And another

I practice family medicine in Dryden, and every day I am disturbed and saddened by the problems I see as a result of the fact that there are so many medically uninsured people in this area.

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John H. Ferger, M.D.
Village of Dryden, Oct. 31

Drop-by Meeting with U.S. Action

Vice President's Ceremonial Office

4:10 p.m.– 4:30 p.m., Thursday, December 8, 1999

Event recommended by Tony Coehlo and Rep. Jan Schakowsky

Briefing prepared by Sarah Bianchi

EVENT

The Vice President will meet with nearly 20 leading liberal health care activists and organizers from around the country.

Role and Contribution: This is an opportunity to discuss health care issues with leading liberal health care activists.

This event is **POLITICAL**

This meeting is **CLOSED PRESS**.

LOGISTICS

- **The Vice President** proceeds to the Ceremonial Office, unannounced.
- **The Vice President** makes brief opening remarks.
- **The Vice President** opens the meeting to discussion/Q&A.

NOTE: The Vice President may want to call on Rep. Jan Schakowsky and Jeffery Blum the Executive Director of US Action first.

The Vice President ends the discussion, thanks participants, and departs.

BACKGROUND

This group consists of health care activist leaders from around the country that are quite liberal and very effective at mobilizing. The group was recently featured in *Time Magazine* protesting Speaker Hastert for fighting efforts to pass a prescription drug benefit. They are meeting with Senator Bradley, and your team felt it was important for you to reach out to this active community.

This group is focused primarily on three important health care issues:

1. Passing a strong patients' bill of rights
2. Adding a prescription drug benefit to the Medicare program
3. Assuring all Americans have health insurance.

They are pleased that health care coverage is back on the political agenda and many of them share your policy concerns with Senator Bradley's health care proposal. However, they feel it is critical that you underscore your commitment to getting to the day when every American has health care coverage and are concerned that the message that is being heard is that you are attacking universal coverage. They want to use this opportunity to discuss how to change this perception.

Some of what they will probably recommend you are already doing (such as stating your commitment to universal coverage). It is important for them to hear your commitment and to recommend some ways of getting out the message. Some things they may want probably don't make sense (a few of them do not want any negative discussion of the Bradley plan).

They also want to emphasize the importance of assuring the focus on health care is broader than just the uninsured and includes improving coverage for those who have it. You should highlight your commitment to adding a prescription drug benefit to Medicare, passing a strong enforceable patients' bill of rights, and expanding access to health care coverage. You should clearly state your commitment to covering all Americans and that your policy represents a significant investment to help get there.

SUGGESTED TALKING POINTS

- I am pleased that health care has become a central issue in this campaign and am glad for this opportunity to meet with a community who has led the fight on so many important health care issues. We face some critical challenges in health care both in improving health coverage for those who have it and extending it to those who do not. I am deeply committed to working on both.
- We also know that millions of Americans who have health care coverage today do not have the quality coverage they need. They do not have access to specialists, or a place to turn when they disagree with their health plan. That is why we need to pass a strong enforceable patients' bill of rights that give Americans the quality health care coverage they need and deserve. We need to improve mental health benefits and privacy protections.
- I also have met, as I know you all have as well, many seniors who are struggling to pay for prescription medications. (e.g Flo in New Hampshire). We need to improve Medicare and add a prescription drug benefit that is available for all beneficiaries. We must work for the day when Americans can feel secure that their health care will be there for them when they need it most.

- I also strongly believe that everyone should have health care coverage. There are way too many people today who do not have coverage in this country, and we know the consequences are devastating.
- My plan assures access to affordable coverage for all children, expands coverage to their parents, helps Americans ages 55 to 65 buy into Medicare, helps small businesses and people without job-based coverage get more affordable health care.
- I commend Senator Bradley for taking on this issue as well. However, I do have strong concerns about some of the proposals in his plan. I feel strongly about the preservation of Medicaid. I fought hard - as many of you did - against block granting the program. It provides comprehensive benefits and important cost sharing protections for our most vulnerable citizens.
- Having said that I am proud to be part of the party that has put health care coverage back on the agenda and that is fighting to improve the quality of health care. I really want to hear from you and what we can to improve this debate.

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NATION
NOVEMBER 22, 1999 VOL. 154 NO. 21

Screaming For Relief

The high cost of prescriptions may be the hot issue in this election. What you should know about the problem, and why the pols are worrying

BY MATTHEW COOPER



BITTER MEDICINE: Protesters angry at rising drug prices swarm House Speaker Dennis Hastert's Illinois office

Here is a paradox of America's health-care system: the U.S. invents most of the world's great prescription drugs, but thousands of Americans cross into Canada and Mexico to buy them. Some go on their own; others ride buses in organized tours sponsored by senior-citizen advocacy groups. Either way, they want medications that salve ills from leukemia to ulcers, mood disorders to high cholesterol. These are the identical life-improving, death-defying drugs that they would get at home—but for a fraction of the cost. And so it is on a November day in Nuevo Laredo, Mexico, just over the bridge from Laredo, Texas. LOS PRECIOS MAS BAJOS GARANTIZADOS, declares the sign at Farmacia el Fenix: "The lowest prices guaranteed."

Nuevo Laredo is a prescription Mecca for many in the Southwest. That's what brought Marvin Bryan here. A feisty 73-year-old long-distance trucker and former reading teacher from Mesa, Ariz., he had heard about Nuevo Laredo's prescription-drug bonanza from his trucker pals. Clutching a plastic bag, he is pleased with his purchases, which include Augmentin, Proscar and that modern elixir, Viagra. Nearby, Bill Gibson picks up Tagamet, the stomach medication, for a mere \$7.50—far less than the \$62 he says he would pay back in Oklahoma City, Okla., "even though it's made by the same company as the stuff I get in the U.S."

HEALTH CARE:
Prescriptions for
Protest

Drugs: How one
company fights to
keep prices high

How to Buy
Prescriptions

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sick of the expense
and hassle of getting
prescriptions filled in
the physical world

HMOs: Returning
power to doctors

ESSAY: Charles
Krauthammer on
creationism in
schools

NEWT GINGRICH:
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TIME ARCHIVES
Who Will Swallow
Medicare's Bitter
Pills?

The next political
battle suddenly

This is
the
group

While the high cost of drugs is making Americans cross the border, in Washington it's making politicians nervous. Last Friday Speaker of the House Dennis Hastert found his Illinois office besieged by 300 angry protesters wielding prescription-drug bottles. In Washington, Al Gore staged an event at a local pharmacy to denounce the cost of prescription drugs. In Chicago his Democratic opponent, former Senator Bill Bradley, told health-care professionals that he was committed to providing a Medicare benefit for drugs. And in New Hampshire, Republican Senator John McCain, who is moving up in the polls against front runner George W. Bush, expressed concern that some drug companies were using sneaky legislative maneuvers to extend their lucrative patents on pharmaceutical drugs--a move that would keep cheaper generic drugs from consumers. For their part, congressional Democrats held a pep rally last week to show they care about the problem. One speaker: senatorial wannabe Hillary Rodham Clinton.

That's partly because these Democrats are convinced that the issue may help them retake control of the House of Representatives. In fact, an internal poll for the Democratic Congressional Campaign Committee conducted by Geoff Garin shows 75% of Americans supporting the Bill Clinton idea of extending Medicare coverage to prescription drugs. Even a top G.O.P. election official concedes, "The issue is killing us."

That's not surprising. The cost of prescription drugs has soared in recent years. By one estimate, drug prices have risen about 12.2% annually since 1993, and this at a time when total health-care costs are rising at a more manageable 5.1% rate. The hikes are particularly rough on the elderly, who--not surprisingly--spend three times as much on drugs as the rest of the population. What's more, insurance coverage for prescription drugs is a big problem for many seniors. Medicare doesn't cover prescription drugs unless they are associated with a hospital stay. True, about two-thirds of the 39 million Medicare-covered seniors have some kind of prescription-drug insurance through either their former employer or one of the many so-called Medigap insurance plans. But these plans are often expensive and require high co-payments, so even those with some drug insurance coverage fret over their costs.

All of this comes at a time when the demand for drugs is growing. Pharmaceuticals companies are making what seem like almost daily breakthroughs on diseases like Alzheimer's, arthritis and mood disorders. The allure of all these new drugs makes their high cost that much more frustrating to those who want them. "The drugs aren't seen just as a cure for illness. They're seen as essential to an active, healthy lifestyle. That makes the issue even more salient," says pollster Garin.

There are competing ideas about how to cover the uninsured. Most congressional Democrats favor

battle suddenly swings into view: covering ever-more-costly prescription drugs
JULY 5, 1999

Pioneers of Medicine

Uncowed by clinical dogma, they followed where their observations led, reaching conclusions that changed our views of human health and disease
OCTOBER 25, 1999

WEB RESOURCES U.S. Food and Drug Administration

Look up information on the latest drugs approved by the FDA

Social Security Administration

Medicare Division: Learn about programs and get information





the Clinton plan, which would create a new Medicare benefit for prescription drugs, to be called Medicare Part D. For about \$24 a month, those who choose the plan would have no deductible, but they would pay for half of their prescription drug costs, up to \$5,000. Single seniors making \$11,000 or less and senior couples making less than \$17,000 would be spared the co-payment cost.

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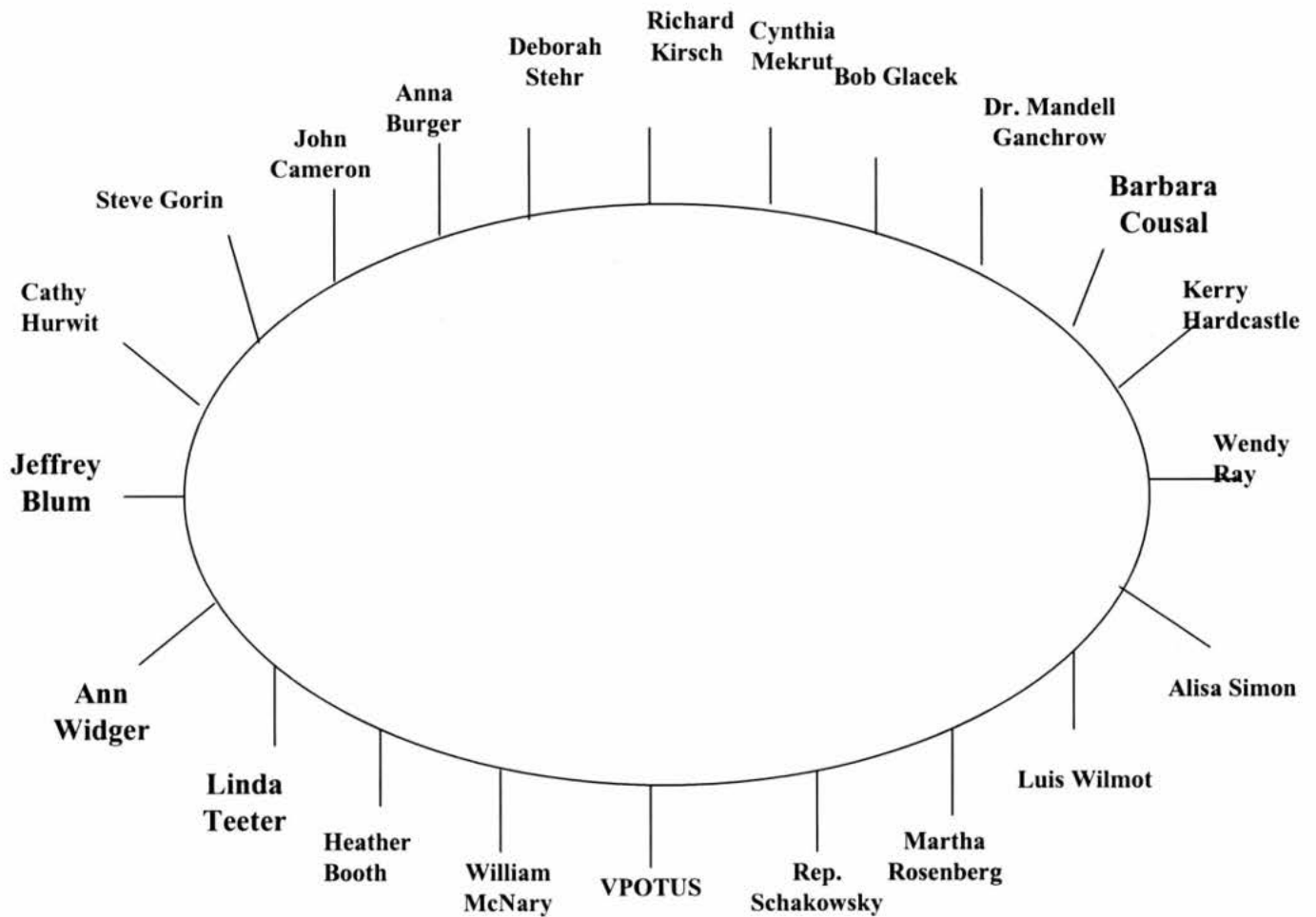
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Health Care Meeting with the Vice President

Thursday, December 9, 1999

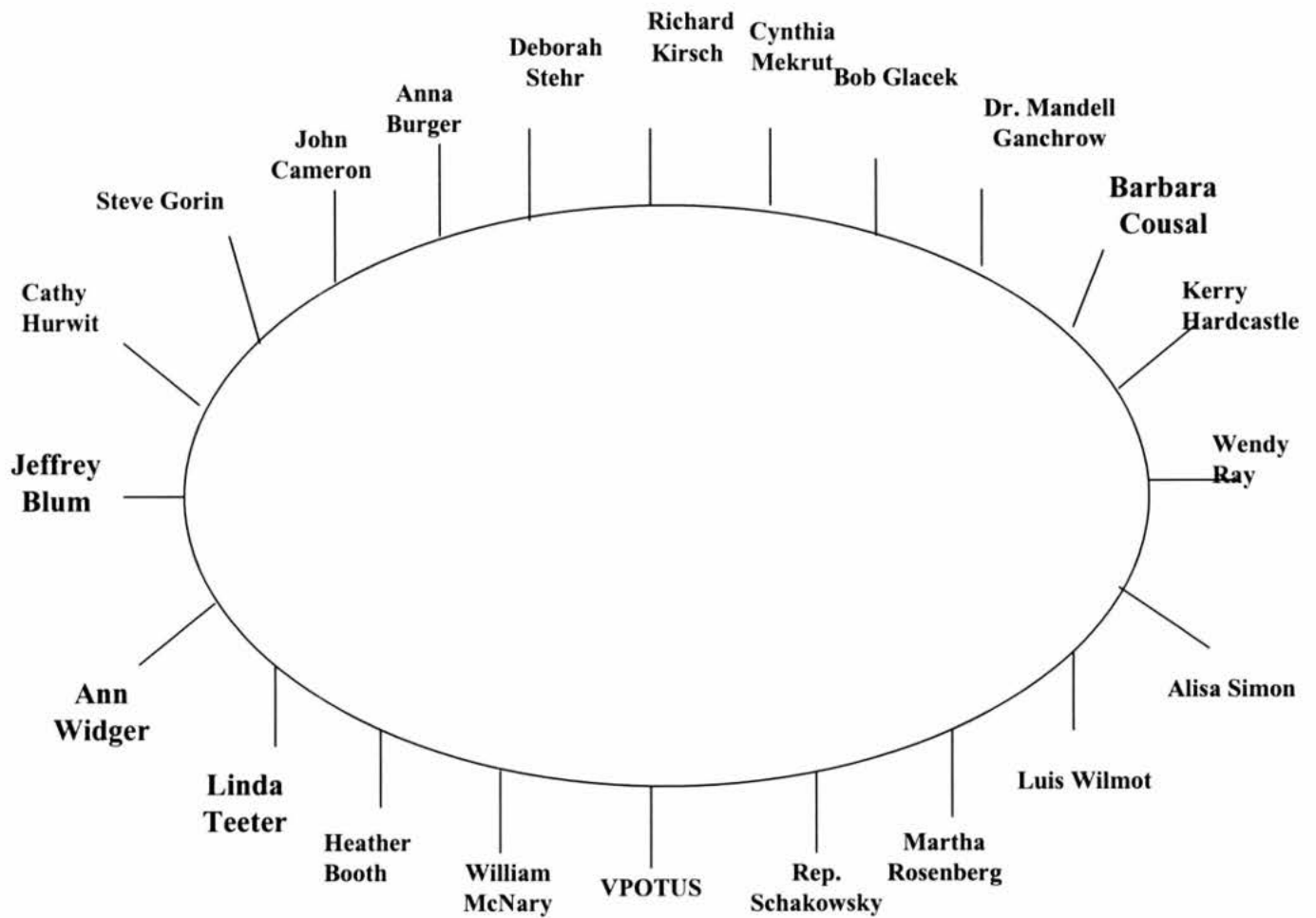
Vice President's Ceremonial Office



Health Care Meeting with the Vice President

Thursday, December 9, 1999

Vice President's Ceremonial Office



List of Participants

Representative Jan Schakowsky

Anna Berger, International Executive Vice President of SEIU

Jeffrey Blum, Executive Director, U.S. Action, Bethesda, MD

Heather Tobis Booth, Vice Chair, U.S. Action, Washington, DC

John Cameron, Executive Director, Citizen Action/Illinois, Chicago, IL0

Barbara Cousal, Legislative Affairs, AFSCME, Washington, DC

Bob Glacek, Director, Wisconsin United Steel Workers

Steve Gorin, President NH Citizens Alliance and Executive Director, New Hampshire Assn of Social Workers, Canterbury, NH

Kerry Hardcastle, Maryland Citizen Action.

John Hoar, Board Member, New Hampshire Citizens Alliance, President, Board of New Hampshire Ass. For the Elderly, Concord, NH

Cathy Hurwit, Chief of Staff, Rep. Jan Schakowsky

Richard Kirsch, Executive Director, Citizen Action/New York, Spencertown, NY

William E. McNary, President, U.S. Action, Chicago, IL

Cynthia Mekrut, Executive Director/New Hampshire, Center Barnstead, NH

Randall Merritt, Field Director, Georgia Rural Urban Summit and Vice President U.S. Action, Athens, GA

Wendy Ray, Field Director, U.S. Action, Washington, DC

Martha Rosenberg, Executive Director, Ocean State Action, Secretary-Treasurer, U.S. Action, Rhode Island

Alisa Simon, Director, Health Care Organizing, Citizens for Consumer Justice, Philadelphia, PA

Deborah Stehr, Iowa Citizen Action Network, Lake View, Iowa

Linda Teeter, Executive Director, Michigan Citizen Action, Kalamazoo, MI

Ann Widger, Lead Organizer, New Hampshire Asks, Pembroke, NH

Luis Wilmot, Vice President, U.S. Action, San Antonio, TX

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N A T I O N

SCREAMING FOR RELIEF

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Bottles
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bottles to the poor and sell them.
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drugs through Medicare"

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Drug
Bottles

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AND
HEALTHY

ACTION

US ACTION
for
C-100-11



The high cost of prescriptions may be the hot issue in this election. What you should know about the problem, and why the pols are worrying

By MATTHEW COOPER

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While the high cost of drugs is making Americans cross the border, in Washington it's making politicians nervous. Last Friday Speaker of the House Dennis Hastert found his Illinois office besieged by 300 angry protesters wielding prescription-drug bottles. In Washington, Al Gore staged an event at a local pharmacy to denounce the

BITTER MEDICINE Protesters angry at rising drug prices swarm House Speaker Dennis Hastert's Illinois office

ROB FINCH FOR TIME



Long-haul trucker Marvin Bryan and his Rx drugs

cost of prescription drugs. In Chicago his Democratic opponent, former Senator Bill Bradley, told health-care professionals that he was committed to providing a Medicare benefit for drugs. And in New Hampshire, Republican Senator John McCain, who is

moving up in the polls against front runner George W. Bush, expressed concern that some drug companies were using sneaky legislative maneuvers to extend their lucrative patents on pharmaceutical drugs—a move that would keep cheaper generic

drugs from consumers. For their part, congressional Democrats held a pep rally last week to show they care about the problem. One speaker: senatorial wannabe Hillary Rodham Clinton.

That's partly because these Democrats are convinced that the issue may help them retake control of the House of Representatives. In fact, an internal poll for the Democratic Congressional Campaign Committee conducted by Geoff Garin shows 75% of Americans supporting the Bill Clinton idea of extending Medicare coverage to prescription drugs. Even a top G.O.P. election official concedes, "The issue is killing us."

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CROSSING THE BORDER FOR BARGAINS

Prescription drugs generally cost more in the U.S. than in neighboring countries. Prices are for a bottle of 30 pills.

DRUG USED FOR

DRUG	USED FOR
Prilosec	Ulcers, heartburn
Prozac	Depression
Lipitor	High cholesterol
Prevacid	Ulcers
Zocor	High cholesterol
Zoloft	Depression
Zyprexa	Mood disorders
Claritin	Allergies
Paxil	Depression



Sources: IMS Health; drugstore.com; Wal-Mart in Niagara Falls, Canada; pharmacies in Nuevo Laredo, Mexico

ance through either their former employer or one of the many so-called Medigap insurance plans. But these plans are often expensive and require high co-payments, so even those with some drug insurance coverage fret over their costs.

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That's already evident on television, where an ad war over prescription drugs is under way. A pro-drug industry coalition with the cheery moniker Citizens for Better Medicare has inundated the Beltway's airwaves with ads depicting "Flo," an active senior made vibrant by her prescription drugs. The ads, produced by C.O.P. consultant Alex Castellanos, have Flo fretting about "Big Government in my medicine

MANAGED CARE

How One Big HMO Capitulated

Ask almost anyone what's wrong with HMOs these days, and the answer is often the same: precertification. Before ordering tests for colon cancer or even scheduling surgery, many doctors must submit their therapies and plans to company reviewers. Examples of denied care have produced the worst horror stories associated with managed care. The process has left doctors frustrated and patients anxious. It also fueled a revolt in Congress last month in which a band of rebel Republicans rolled over the House leadership to pass a bill giving patients the right to sue their insurance companies for the medical decisions they make.

But last week the HMO world produced a surprising decision that could delay or derail that bill in Congress. United HealthCare, the nation's second largest managed-care company, pulled the plug on precertification. The company, which is based in Minneapolis, Minn., and covers 14.5 million Americans, is betting the move will improve the quality of care and its bottom line, and maybe even help convince Congress that the HMOs can heal themselves. Nearly everyone applauded the decision, but practicing physicians were cheering loudest. Says cardiologist George Rodgers, in United's Austin, Texas, pilot program: "It's just made my work much more enjoyable."

Precertification has been used extensively in the '90s by managed-care companies to control costs. It seemed like a good idea at the time. In theory, having doctors justify their decisions would make them sensitive to the costs of care. But in practice the system evolved into an expensive bureaucracy. When United reviewed its precertification program, it found that it cost the company \$100 million a year—and still United was approving 99.1% of all decisions.

Opponents of the HMO legislation, whose final passage was always doubtful in view of the Senate's opposition,

argue that United's move shows the bill is moot. "The market is far ahead of politicians," says Karen Ignagni, president of the industry trade group, the American Association of Health Plans. But proponents of the bill argue that as long as most HMOs resist going United's way—and they will until it is clear that the company can manage costs without micromanaging its doctors—patients will need the protection that comes from the threat of a lawsuit. "We need to codify [this] into law," says Republican Congressman Charles Norwood, a Georgia dentist and co-sponsor of the House bill.

In the meantime, United has developed a new system for staying on top of costs. The company will switch



DOC KNOWS BEST Cardiologist George Rodgers no longer needs United's approval to proceed

from precertification to a basket of tools including something it calls "profiling" doctors. United will keep tabs on how doctors are caring for their patients and compare those decisions against "best-practice" guidelines. Regular report cards will be sent to doctors so they can see how they stack up and improve their practice. United will also be checking to see who is falling outside the profiles.

That sounds to some critics like precertification by another name. "It can't be assumed these guys are behaving in the interest [of patients]," says Judith Feder, a health-policy expert at Georgetown University. Maybe not, but last week's decision demonstrated that even self-interest can start an HMO down the right path. —By Dick Thompson/Washington

cabinet." The industry has also launched feel-good ads about itself, depicting, among other things, an aging cowboy who talks about how drugs saved his life and allowed him to spend time with his grandson. Subtext: leave the industry alone; it needs healthy profits to make more miracle pills.

This issue of drug-company profits will increasingly be on politicians' lips. The pharmaceuticals industry enjoys double-digit profits and argues that its ample re-

turns are justified by the high cost of research. (Indeed, the drug manufacturers plow back far more into research and development than do most industries.) Drugs may be cheaper in other countries, the industry maintains, but that's only because those countries impose price controls that, if adopted in the U.S., would crush the industry. "It would stamp out innovation," maintains drug-industry spokeswoman Alixe Glen Mattingly.

The G.O.P. presidential candidates have yet to engage the issue of prescription drugs in great detail. McCain and Bush have made noises about extending coverage to more of the uninsured, but neither candidate has come up with a detailed plan. In the Democratic race, where prescription drugs could turn out to be a major issue, the Gore campaign has been rather specific. The Vice President has backed a series of proposals, including

THE CLARITIN CASE

How One Firm Played the Patent Game

A Gore doesn't mince words when it comes to pushing for cheaper prescription drugs. So it makes sense that he opposes efforts by pharmaceuticals companies to extend their patent rights in order to block cheaper generic drugs from reaching the market.

What doesn't make sense is that one of Gore's senior advisers, top-tier lobbyist Peter Knight, is a hired gun for pharmaceuticals giant Schering-Plough, which is in a red-hot battle to stretch out its patent for the best-selling allergy medication Claritin beyond 2002. The New Jersey-based company paid Knight's firm \$100,000 in the first half of this year alone.

Of course, Schering-Plough would pay almost any amount of money to protect its exclusive right to sell Claritin, a drug that brings it more than \$5 million in revenue a day. Claritin sales totaled \$1.9 billion last year, and will balloon to \$4 billion by 2002, according to a market analyst. To keep the money coming in, the company doubled its lobbying outlay starting in 1996 to more than \$4 million in 1998. Among its other paid advocates: former Senator Dennis DeConcini; former Watergate assistant special prosecutor Richard Ben-Veniste; and Thomas

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Senator, Democrat Robert Torricelli, introduced the bill one day after the company gave \$50,000 to the committee he chairs to help elect Democrats to the Senate. He says the timing was a coincidence.

Schering-Plough argues that additional patent years are only fair. Claritin was stuck in the Food and Drug Administration approval pipeline longer than many

drugs, it claims, with the clock ticking on its 17-year patent. Schering-Plough also says Claritin profits help fund research for new drugs. But, its opponents counter, what about Claritin patients—who pay as much as \$2.66 a dose instead of the 50¢ or less they would pay, analysts figure, if a generic version of the drug were available? If the patent expires on time, according to a University of Minnesota study funded in part by the generic-drug industry, consumers could save \$7.33 billion over five years. Those arguments helped persuade Montana G.O.P. Senator Conrad Burns, who faces a tough re-election fight next year, to drop his support for the bill this fall, saying he wanted no part in forcing millions of Americans to pay higher prices.

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creating a Medicare benefit for prescription drugs and making it much harder for drug companies to get patent extensions that would delay the introduction of lower-cost generic drugs. Gore, for instance, would force an up or down vote on a patent extension rather than having it buried in other bills. "You want the case to be good enough that members of Congress could feel like they could vote for it by itself," says Gore's senior policy adviser, Elaine Kamarck.

BRADLEY'S PROPOSALS HAVE ALSO been thorough. He would offer a Medicare drug benefit too, although those with catastrophic illnesses would fare better under his plan, while the average prescription-drug user might do better under the Vice President's. Bradley has made vague noises in support of generics but has said nothing about patent extensions. And his Senate record leaves him open to the Gore charge that he's an advocate for the drug industry, some of whose biggest members, such as Johnson & Johnson and

Schering-Plough, are based in Bradley's New Jersey. When Gore was a Congressman in the early '80s, he fought patent extensions for drug companies at the same time that Bradley was in the Senate fighting for the rights of drug companies to keep their patents. So it's not surprising that Gore put out a TV ad last week in Iowa and New Hampshire vowing to stop "price gouging" and none too subtly reminding voters that as a Congressman, he fought for generics.

The problem with all the proposed solutions is that no one can be sure about their unintended consequences. A new Medicare entitlement on the order of the Clinton-Gore-Bradley model could become a cost nightmare as boomers age and drug companies continue to crank out much coveted new drugs. But there's no guarantee that the alternatives would have

enough money behind them to really cover the millions of Americans who are hurting from high drug costs. Meanwhile no one wants to see the pharmaceuticals industry, which has been full of inventions during the past decades, be stifled by government meddling.

And of course the work of policymakers could well be sidetracked by the spread of the Internet, which has already begun to turn the world into a global pharmacy. Hundreds of sites are springing up on the Net, housed abroad and not easily scrutinized by regulatory agencies. For the moment, such sites are still cumbersome to use. But there is the risk that in the future, it may not matter how finely tuned Medicare policy is if, say, Mauritania can sell prescription drugs at a fraction of their cost in the U.S. Meanwhile, Americans with prescriptions in hand continue to cross the border each day in an ironic twist on the American Dream: leaving the U.S. in pursuit of happiness—or at least cheaper vials of Viagra.

—With reporting by
John F. Dickerson/Washington and S.C. Gwynne/
Nuevo Laredo

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How to Buy Prescriptions Online

So you're sick of the expense and hassle of getting prescriptions filled in the physical world. Is the Internet better? It depends on where and how you shop

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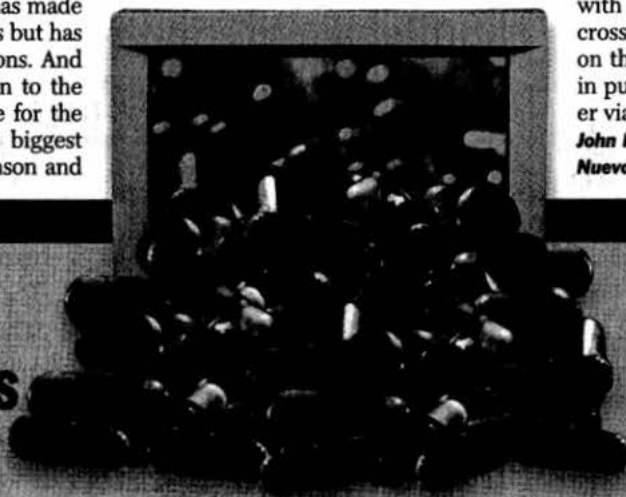
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■ **DO LOOK** for the VIPPS (Verified Internet Pharmacy Practice Sites) seal of approval, issued by the National Association of Boards of Pharmacy. It requires that online pharmacies be licensed in every state they ship to. Drugstore.com and PlanetRx.com are among the sites now certified; 15 others are awaiting approval.

■ **DO SHOP AROUND.** Like everything else on the Internet, Rx prices vary wildly. A recent study in the *Annals of Internal Medicine* warns of the dangers of getting fleeced; Viagra and Propecia prices, it found, are around 10% higher online than in a brick-and-mortar pharmacy. Note too that the average online "consultation" is \$70, and the average shipping cost \$18. Is it really worth the convenience? —By Chris Taylor



A black and white photograph of a protest. A man in the center holds up a sign that reads "Cover prescription drugs through Medicare". To his left, another sign says "PENNSYLVANIA CAMPAIGN FOR SOCIAL AND HEALTH CARE". In the foreground, a woman wears a shirt with "U.S. ACTION" and a necklace. The background shows trees and a building.

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The high cost of prescriptions may be the hot issue in this election. What you should know about the problem, and why the pols are worrying

By MATTHEW COOPER

HERE IS A PARADOX OF AMERICA'S health-care system: the U.S. invents most of the world's great prescription drugs, but thousands of Americans cross into Canada and Mexico to buy them. Some go on their own; others ride buses in organized tours sponsored by senior-citizen advocacy groups. Either way, they want medications that salve ills from leukemia to ulcers, mood disorders to high cholesterol. These are the identical life-improving, death-defying drugs that they would get at home—but for a fraction of the cost. And so it is on a November day in Nuevo Laredo, Mexico, just over the bridge from Laredo, Texas. LOS PRECIOS MAS BAJOS GARANTIZADOS, declares the sign at Farmacia el Fenix: "The lowest prices guaranteed."

Nuevo Laredo is a prescription Mecca for many in the Southwest. That's what brought Marvin Bryan here. A feisty 73-year-old long-distance trucker and former reading teacher from Mesa, Ariz., he had heard about Nuevo Laredo's prescription-drug bonanza from his trucker pals. Clutching a plastic bag, he is pleased with his purchases, which include Augmentin, Proscar and that modern elixir, Viagra. Nearby, Bill Gibson picks up Tagamet, the stomach medication, for a mere \$7.50—far less than the \$62 he says he would pay back in Oklahoma City, Okla., "even though it's made by the same company as the stuff I get in the U.S."

While the high cost of drugs is making Americans cross the border, in Washington it's making politicians nervous. Last Friday Speaker of the House Dennis Hastert found his Illinois office besieged by 300 angry protesters wielding prescription-drug bottles. In Washington, Al Gore staged an event at a local pharmacy to denounce the

BITTER MEDICINE Protesters angry at rising drug prices swarm House Speaker Dennis Hastert's Illinois office

ROB FINCH FOR TIME



Long-haul trucker Marvin Bryan and his Rx drugs

cost of prescription drugs. In Chicago his Democratic opponent, former Senator Bill Bradley, told health-care professionals that he was committed to providing a Medicare benefit for drugs. And in New Hampshire, Republican Senator John McCain, who is

moving up in the polls against front runner George W. Bush, expressed concern that some drug companies were using sneaky legislative maneuvers to extend their lucrative patents on pharmaceutical drugs—a move that would keep cheaper generic

drugs from consumers. For their part, congressional Democrats held a pep rally last week to show they care about the problem. One speaker: senatorial wannabe Hillary Rodham Clinton.

That's partly because these Democrats are convinced that the issue may help them retake control of the House of Representatives. In fact, an internal poll for the Democratic Congressional Campaign Committee conducted by Geoff Garin shows 75% of Americans supporting the Bill Clinton idea of extending Medicare coverage to prescription drugs. Even a top G.O.P. election official concedes, "The issue is killing us."

That's not surprising. The cost of prescription drugs has soared in recent years. By one estimate, drug prices have risen about 12.2% annually since 1993, and this at a time when total health-care costs are rising at a more manageable 5.1% rate. The hikes are particularly rough on the elderly, who—not surprisingly—spend three times as much on drugs as the rest of the population. What's more, insurance coverage for prescription drugs is a big problem for many seniors. Medicare doesn't cover prescription drugs unless they are associated with a hospital stay. True, about two-thirds of the 39 million Medicare-covered seniors have some kind of prescription-drug insur-

CROSSING THE BORDER FOR BARGAINS

Prescription drugs generally cost more in the U.S. than in neighboring countries. Prices are for a bottle of 30 pills.

DRUG USED FOR

Prilosec Ulcers, heartburn

Prozac Depression

Lipitor High cholesterol

Prevacid Ulcers

Zocor High cholesterol

Zoloft Depression

Zyprexa Mood disorders

Claritin Allergies

Paxil Depression



Sources: IMS Health, drugstore.com; Wal-Mart in Niagara Falls; Canadian pharmacies in Nuevo Laredo, Mexico

ance through either their former employer or one of the many so-called Medigap insurance plans. But these plans are often expensive and require high co-payments, so even those with some drug insurance coverage fret over their costs.

All of this comes at a time when the demand for drugs is growing. Pharmaceuticals companies are making what seem like almost daily breakthroughs on diseases like Alzheimer's, arthritis and mood disorders. The allure of all these new drugs makes their high cost that much more frustrating to those who want them. "The drugs aren't seen just as a cure for illness. They're seen as essential to an active, healthy lifestyle. That makes the issue even more salient," says pollster Garin.

THERE ARE COMPETING IDEAS ABOUT how to cover the uninsured. Most congressional Democrats favor the Clinton plan, which would create a new Medicare benefit for prescription drugs, to be called Medicare Part D. For about \$24 a month, those who choose the plan would have no deductible, but they would pay for half of their prescription drug costs, up to \$5,000. Single seniors making \$11,000 or less and senior couples making less than \$17,000 would be spared the co-payment cost.

Congressional Republicans have yet to coalesce around a single plan, but most G.O.P. measures are likely to be built around a bipartisan Senate bill, sponsored by Democrat John Breaux and Republican Bill Frist. Just last week the pharmaceuticals lobby in Washington announced its tentative support for the Breaux-Frist approach, which would compel insurance companies to provide a "high-option" plan with drug benefits and then help cover the cost of that insurance for the poor and near poor. With its bipartisan cachet, the Breaux-Frist bill is likely to become the big starting point for a fiery debate, particularly since next year the Senate Finance Committee plans to take up comprehensive Medicare reform for the first time since the program was introduced in 1965. But even Breaux concedes his solution will have a difficult journey becoming law: many of his fellow Democrats will want to keep prescription drugs alive as an issue.

That's already evident on television, where an ad war over prescription drugs is under way. A pro-drug industry coalition with the cheery moniker Citizens for Better Medicare has inundated the Beltway's airwaves with ads depicting "Flo," an active senior made vibrant by her prescription drugs. The ads, produced by G.O.P. consultant Alex Castellanos, have Flo fretting about "Big Government in my medicine

MANAGED CARE

How One Big HMO Capitulated

Ask almost anyone what's wrong with HMOs these days, and the answer is often the same: precertification. Before ordering tests for colon cancer or even scheduling surgery, many doctors must submit their therapies and plans to company reviewers. Examples of denied care have produced the worst horror stories associated with managed care. The process has left doctors frustrated and patients anxious. It also fueled a revolt in Congress last month in which a band of rebel Republicans rolled over the House leadership to pass a bill giving patients the right to sue their insurance companies for the medical decisions they make.

But last week the HMO world produced a surprising decision that could delay or derail that bill in Congress. United HealthCare, the nation's second largest managed care company, pulled the plug on precertification. The company, which is based in Minneapolis, Minn., and covers 14.5 million Americans, is betting the move will improve the quality of care and its bottom line, and maybe even help convince Congress that the HMOs can heal themselves. Nearly everyone applauded the decision, but practicing physicians were cheering loudest. Says cardiologist George Rodgers, in United's Austin, Texas, pilot program: "It's just made my work much more enjoyable."

Precertification has been used extensively in the '90s by managed-care companies to control costs. It seemed like a good idea at the time. In theory, having doctors justify their decisions would make them sensitive to the costs of care. But in practice, the system evolved into an expensive bureaucracy. When United reviewed its precertification program, it found that it cost the company \$100 million a year—and still United was approving 99.1% of all decisions.

Opponents of the HMO legislation, whose final passage was always doubtful in view of the Senate's opposition,

argue that United's move shows the bill is moot. "The market is far ahead of politicians," says Karen Ignagni, president of the industry trade group, the American Association of Health Plans. But proponents of the bill argue that as long as most HMOs resist going United's way—and they will until it is clear that the company can manage costs without micromanaging its doctors—patients will need the protection that comes from the threat of a lawsuit. "We need to codify [this] into law," says Republican Congressman Charles Norwood, a Georgia dentist and co-sponsor of the House bill.

In the meantime, United has developed a new system for staying on top of costs. The company will switch



DOC KNOWS BEST Cardiologist George Rodgers no longer needs United's approval to proceed

from precertification to a basket of tools including something it calls "profiling" doctors. United will keep tabs on how doctors are caring for their patients and compare those decisions against "best-practice" guidelines. Regular report cards will be sent to doctors so they can see how they stack up and improve their practice. United will also be checking to see who is falling outside the profiles.

That sounds to some critics like precertification by another name. "It can't be assumed these guys are behaving in the interest [of patients]," says Judith Feder, a health-policy expert at Georgetown University. Maybe not, but last week's decision demonstrated that even self-interest can start an HMO down the right path. —By Dick Thompson/Washington

cabinet." The industry has also launched feel-good ads about itself, depicting, among other things, an aging cowboy who talks about how drugs saved his life and allowed him to spend time with his grandson. Subtext: leave the industry alone; it needs healthy profits to make more miracle pills.

This issue of drug-company profits will increasingly be on politicians' lips. The pharmaceuticals industry enjoys double-digit profits and argues that its ample re-

turns are justified by the high cost of research. (Indeed, the drug manufacturers plow back far more into research and development than do most industries.) Drugs may be cheaper in other countries, the industry maintains, but that's only because those countries impose price controls that, if adopted in the U.S., would crush the industry. "It would stamp out innovation," maintains drug-industry spokeswoman Alixe Glen Mattingly.

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