HB

474

HB 474

Julie Krafft for Rep. Sam Cotten

There is a certain segment of Alaska residents who are not able to obtain medical insurance due to pre-existing conditions or because their policies have been cancelled.

HB 474 - provides access to disability insurance to all residents of the state who have been denied adequate disability insurance for any reason (other than non-payment of premium) or who are otherwise considered uninsurable.

Persons eligible for coverage under this program include those who can provide evidence of rejection for medical reasons, an up-rated premium, a pre-existing condition or involuntary termination within six months of the data of application.

The bill would establish a nonprofit association whose members consist of all in-state insurers who offer disabiltiy insurance policies for major medical coverage. The association would make available an individual state plan of disability insurance to eligible residents. A medicare supplement plan would be available for senior citizens (65 or over).

The association would develop bid specifications for members that wish to be selected as a writing carrier to administer state plan. The bill outlines the duties of writing carriers.

Minimum benefits - $1 million lifetime maximum per individual

$4,000 yearly maximum for diagnosis & treatment of mental conditions

The insurance would cover "usual, customary, reasonable or prevailing" charges. Coverages not included would be injuries covered by worker's compensation, cosmetic surgery, etc.

Deductibles - $500/$1000 per person

Persons covered must pay 20% ~~in excess of deductible not~~ to exceed $2000 for each calendar year

100% paid after $2000 (except mental & nervous conditons - 50%)

Premiums shall not exceed 150% of policies for standard coverage.

Each member of the association shall share the losses due to claims expenses of the state plan and also share in the operating expenses. Association members will be assessed (annually) their portion of the liability. Each member of the association may credit the assessment against his state premium tax. (The state collected $3.6 million last year in premium taxes.)

disability only

HIAA

Health Insurance Association of America

March 17, 1988

Representative Niilo Koponen
Representative Johnny Ellis
Chairmen House Health Education and
Social Services Committee
P. O. Box V
Juneau, Alaska 99811

Dear Representatives Ellis and Koponen:

I am writing on behalf of the Health Insurance Association of America (HIAA) to register our support for the comprehensive disability insurance plan proposed in Alaska House Bill 474. The HIAA is a national trade association representing 340 commercial insurance companies that are responsible for approximately 85% of the health insurance sold in the United States. We endorse the establishment of state risk pools to address the health care needs of high risk or uninsurable individuals as long as the funding mechanisms for those pools are equitable. HBN 474 provides an equitable funding mechanism by providing insurers with a premium tax offset in an amount equal to their contributions to the pool

Please feel free to contact me or our retained counsel in Juneau, Gordon Evans, if I can be of any assistance supporting passage of this legislation, or if I can provide you with any information you may need regarding state risk pools.

Very sincerely,

Amanda Sheedy

Amanda Sheedy
Counsel

AS/cp

1350 East Touhy Avenue, Suite 380W Des Plaines, IL 60018 312/297-1490 Telecopier 312/297-6295

VARIATIONS IN ESTIMATES ON THE NUMBER OF UNINSURED

CPS	1986	15.7%
RWJ	1986	9.0%
NMCES	1977	15.5%

The CURRENT POPULATION SURVEY is conducted by the U.S. Census Bureau on a monthly basis. Each year the March Supplement contains questions concerning health insurance coverage. This is a probability sample which provides estimates for the nation and for the nine U.S. Census regions.

The ROBERT WOOD JOHNSON FOUNDATION'S NATIONAL ACCESS SURVEY is a national telephone survey which oversamples segments of the population (e.g., people who have recently experienced an illness that needed medical attention).

The NATIONAL MEDICAL CARE EXPENDITURE SURVEY is a collection of several household surveys based upon a nationwide sample of over 40,000 individuals conducted over an 18-month period in 1977-78. This survey will be conducted again during 1987-88 with results anticipated in 1989. This is the most comprehensive and detailed survey of health insurance status and is the only survey that examines insurance records to verify coverage.

DEFINITIONS

MEDICALLY INDIGENT --

People who cannot afford needed health care because of insufficient income and/or lack of adequate health insurance.

UNINSURED --

[redacted] who lack public or private health insurance.

[redacted] --

[redacted] with public or private insurance policies that do not cover all necessary medical services, resulting in out-of-pocket expenses that exceed their ability to pay.

Issues Considered When Deciding to Buy
Health Insurance
(Mentioned as Important)

Issue	Employers Who Do Offer Insurance (N=458)	Employers Who Don't Offer Insurance (N=318)	All Employers (N=776)
Too Expensive	48.7%	56.1%	51.7%
Can hire without providing health insurance	34.6	57.5	43.9
Many employees insured elsewhere	22.7	46.5	32.4
Can't find acceptable plan	23.1	24.5	23.7
High employee turnover	20.9	23.2	21.9
Company turned down because too small	20.7	19.2	20.1
Lack of information/ difficulty judging plans	18.7	16.9	18.0
Employees cannot qualify because of preexisting health problems	24.0	8.6	17.7
Employees don't want it	11.0	16.0	13.0
Problems in administering insurance	10.1	12.1	10.9
Company turned down because of type of business	4.4	2.9	3.8
Firm too new	1.1	4.5	2.5

REACTIONS OF SMALL EMPLOYERS
TO PLAN FEATURES
(N=508)

FEATURE	PERCENT HAVING POSITIVE REACTION	NEGATIVE REACTION	NO REACTION
1. $5 or $10 copayment for doctor or clinic visit	74.6%	9.4%	15.9%
2. $1,000 copayment per hospital admission	11.0	56.5	32.5
3. Can use only participating doctors and hospitals	20.1	50.8	29.1
4. Pre-existing conditions not covered for a year	44.7	30.5	24.8

MONTHLY AMOUNT EMPLOYERS WOULD PAY
FOR PLAN DESCRIBED
(N=454)

MONTHLY AMOUNT	PERCENT WHO WOULD PAY
0	6.6%
Up to $10	5.1
Up to $20	9.5
Up to $30	10.1
Up to $40	6.4
Up to $50	14.5
Up to $60	9.5
Over $60	20.4
Don't know	17.4
TOTAL	100.0%

PORTION OF PREMIUM PAID FOR FULL-TIME EMPLOYEES
BY SMALL EMPLOYERS WHO DO OFFER HEALTH INSURANCE

Portion of Premium Paid	DENVER Full-Time Employees	Portion of Premium Paid	WISCONSIN Full-Time Employees
None	5.0%	Less than 50%	7.7%
Some	21.4%	51-75%	14.5%
All	73.6%	76-99%	13.0%
		100%	64.8%
TOTAL	100.0%		100.0%

PROPORTION OF SMALL EMPLOYERS OFFERING
INSURANCE TO EMPLOYEES, BY SIZE OF FIRM

DENVER

Number of Full Time Employees	Percent Offering Health Insurance
0 - 1	25.6%
2 - 5	57.4
6 - 10	74.8
11 - 15	82.2
16 and larger	92.6

WISCONSIN

Number of Full Time Employees	Percent Offering Health Insurance
0 - 2	38%
3 - 5	45%
6 - 10	84%
10 and larger	94%

WHAT WE HOPE TO LEARN

- Is there a market for less comprehensive health plans that are affordable?

- Will it be necessary to subsidize either directly or indirectly the premium in order to successfully market health insurance for small employers?

- Can voluntary efforts to develop and market health insurance for small employers work or will it be necessary for federal or state governments to mandate such coverage?

- Are Multiple Employer Trusts (METs) organized for insurance purposes viable entities? Can affiliation or affinity groups be used to develop and market health insurance?

- What marketing strategies are successful in selling insurance to small firms?

THE GENERIC STRATEGY

1. LIMITING BENEFITS
   - PRIMARY MEDICAL CARE
   - LIMITED CATASTROPHIC COVERAGE
2. ENCOURAGING EMPLOYER CONTRIBUTIONS
3. SUBSIDIZING THE PREMIUM
   - DIRECT: SUBSIDY OF PREMIUM
   - INDIRECT: ADMINISTRATIVE & MARKETING ASSISTANCE
4. REDUCING COST OF SERVICES
   - DISCOUNTS WITH PROVIDERS
   - MANAGED CARE
   - PRIMARY CARE NETWORKS
5. REDUCING THE RISK
   - SHIFTING POTENTIAL HIGH COST BENEFICIARIES TO STATE RISK POOL
   - REINSURANCE FOR VERY COSTLY CASES THAT ARE PAID/SUBSIDIZED BY STATE

(B) APPROACHES BEING DEVELOPED

GRANTEES	USE MANAGED CARE FOR DELIVERY	VERY LIMITED/ PRIMARY CARE BENEFITS ONLY	MEDICAID TIE-IN	VOLUNTARY REFERRAL NETWORK TO TREAT MEDICALLY INDIGENT	INSURANCE BROKER/ REFERRAL SERVICE	HOSPITAL INDIGENT CARE POOL
1. University of Alabama At Birmingham Hospital	X	X				
2. Arizona (AMCCCS)	X		X			
3. San Diego Council of Community Clinics	X	X				
4. United Way of Bay Area, San Francisco					X	
5. City/County of Denver						
6. Florida	0					
7. Maine	X		X			
8. South Cove CHC, Boston	X					
9. Michigan League of Human Services	X		X			
10. New Jersey						X
11. Tennessee Association of Primary Health Care	X		0			
12. Intermountain Health Care, Salt Lake City	0					
13. Health Systems Resources, Seattle	X		0	X		
14. West Virginia	0					
15. Wisconsin						

X = Primary Focus 0 = Secondary Focus

(A) APPROACHES BEING DEVELOPED

GRANTEES	DEVELOPMENT/ MODIFICATION OF INSURANCE PRODUCTS	FORM/EXPAND INSURANCE GROUPS (i.e., HETS, COOPERATIVE)	SUBSIDIZE INSURANCE/ INDIVIDUAL	USE COORDINATE STATE RISK POOL FOR HIGH COST	NEGOTIATE "DEEP" DISCOUNTS OR SLIDING FEE SCALE WITH PROVIDERS
1. University of Alabama at Birmingham Hospital	X				
2. Arizona (AHCCCs)	X				X
3. San Diego Council of Community Clinics	X				
4. United Way of Bay Area, San Francisco					
5. City/County of Denver	X				X
6. Florida	X	0		0	X
7. Maine	X		X	0	
8. South Cove CHC, Boston	X	X			
9. Michigan League of Human Services	X		X		
10. New Jersey					
11. Tennessee Association of Primary Health Care	X	0			0
12. Intermountain Health Care, Salt Lake City	X			0	X
13. Health Systems Resources, Seattle	X		X		
14. West Virginia	X	X	X		
15. Wisconsin		0	X	X	

X = Primary Focus 0 = Secondary Focus

WHY THE EMPHASIS ON THE WORKING, UNINSURED ?

1. CLEAR MESSAGES FROM FEDERAL & STATE GOVERNMENT THAT NO NEW MONEY WOULD BE AVAILABLE FOR NEW PUBLIC FINANCING.

2. THE STATE STRATEGIES FOR MEDICAID EXPANSION WERE GENERALLY KNOWN AND ALREADY BEING DEMONSTRATED.

3. EVERYBODY HAD DISCOVERED THE WORKING UNINSURED, WHO WITH THEIR DEPENDENTS ACCOUNTED FOR UP TO 70% OF THE TOTAL UNINSURED.

TARGET POPULATIONS

Grantee	Small Employers	Unemployed	Middle-Income Catastrophic Illness	Ethnic
University of Alabama at Birmingham Hospital	X			
Arizona (AHCCCS)	X			
San Diego Council of Community Clinics	X	O		X
United Way of Bay Area, San Francisco	X			
City/County of Denver	X			
Florida	X		O	
Maine	X	O		
South Cove CHC, Boston	X			X
Michigan League of Human Services	X			
New Jersey	O	X	O	
Tennessee Association of Primary Health Care	X	O		
Intermountain Health Care Salt Lake City	X			
Health Systems Resources, Seattle	X	X		
West Virginia	X	O		
Wisconsin	X		O	

X = Primary Focus O = Secondary Focus

GRANTEE SPONSORSHIP

Grantee	State Government	Provider	Community Sponsor
University of Alabama at Birmingham Hospital		X	
Arizona (AHCCCS)	X		
San Diego Council of Community Clinics		X	
United Way of Bay Area, San Francisco			X
City/County of Denver		X	
Florida	X		
Maine	X		
South Cove CHC, Boston		X	
Michigan League of Human Services			X
New Jersey	X		
Tennessee Association of Primary Health Care		X	
Intermountain Health Care, Salt Lake City		X	
Health Systems Resources, Seattle			X
West Virginia	X		
Wisconsin	X		

STRATEGIES

- Expand Private Health Insurance Coverage
- Expand Public Sector Programs
- Provide Direct Financing to Major Providers
- Ensure Efficient Use of Existing Funds
- Assure Fair Sharing of Financing and Care Burden

THE ROBERT WOOD JOHNSON FOUNDATION - HEALTH CARE FOR THE UNINSURED PROGRAM

INTENDED TO SUPPORT EFFORTS IN STATES AND LARGE URBAN AREAS TO DEVELOP AND IMPLEMENT PROJECTS WHICH WOULD DEMONSTRATE:

- NEW PUBLIC AND PRIVATE FINANCING FOR THE UNINSURED
- NEW OR IMPROVED SERVICE DELIVERY ARRANGEMENTS WHICH WOULD INCREASE ACCESS FOR THE UNINSURED

MEAN NUMBER OF PHYSICIAN VISITS, PERCENT HOSPITALIZED, AND PERCEIVED HEALTH STATUS BY INSURANCE COVERAGE FOR PERSONS UNDER 65, 1982 AND 1986

Insurance Coverage	Physicial Visits 1982	Physicial Visits 1986	Percent in Fair/ Poor Health 1986
Uninsured	3.8	3.2	12%
Insured	4.7	4.4	9
Gap (Percent)	-19%	-27%	
	Percent Hospitalized		
Uninsured	5.2	4.6	12%
Insured	8.5	5.7	9
Gap (Percent)	-39%	-19%	

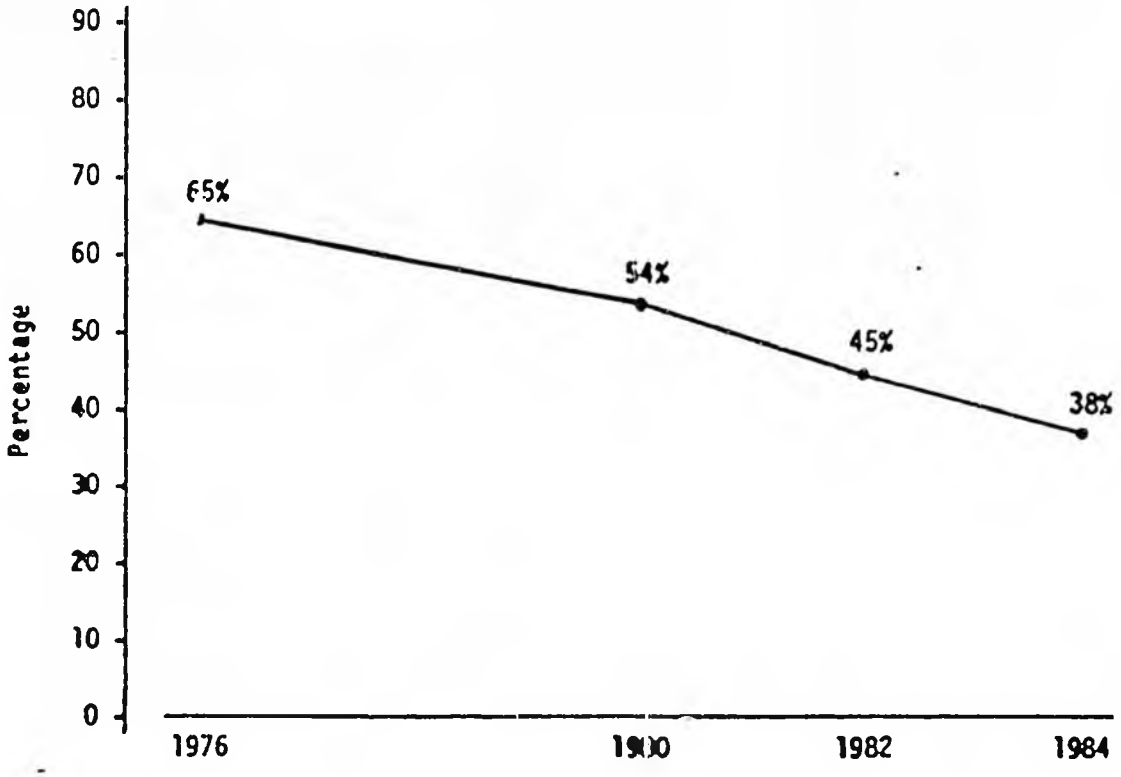
SOURCE: RWJ Foundation's National Access Survey, 1982 and 1986

USE OF MEDICAL CARE BY AMERICANS, 1982 AND 1986

	1982	1986
PERCENT WITHOUT A PHYSICIAN VISIT IN THE PAST YEAR	19%	33%
AVERAGE NUMBER OF PERSON PHYSICIAN VISITS WITHIN THE PAST YEAR	4.8	4.3
PERCENT HOSPITALIZED DURING THE PAST YEAR	9%	7%
PERCENT WITHOUT A USUAL SOURCE OF CARE	11%	18%

SOURCE: **RWJ Foundation's National Access Survey, 1982 and 1986**

MEDICAID RECIPIENTS AS A PERCENTAGE OF THE FEDERAL POVERTY POPULATION, 1976-1984



SOURCE: U.S. Department of Health and Human Services (1983 and 1985)

REASONS WHY THE MEDICALLY INDIGENT IS A PROBLEM OF THE 1980s

FEWER PEOPLE COVERED BY PRIVATE & PUBLIC HEALTH INSURANCE

- Reduction in manufacturing jobs traditionally well insured and increase in jobs in the service and retail sectors and in the number of persons employed in small firms

- Decline in percentage of people below poverty line receiving Medicaid

HOSPITALS LESS ABLE (OR WILLING) TO PROVIDE UNCOMPENSATED CARE

- New payment systems reduce hospitals' ability to subsidize care for the medically indigent by shifting this cost to other payers (e.g. DRGs, capitated rates)

SOURCES OF PUBLIC AND PRIVATE SECTOR FUNDING FOR THE MEDICALLY INDIGENT AND UNINSURED

FEDERAL

- Medicare
- Medicaid
- Community Health Centers
- Block Grants

STATE

- Medicaid
- State Only Medical Assistance
- Disease Specific Programs, e.g., cystic fibrosis, hemophilia, cancer
- Population Specific Programs, e.g., maternal and child health programs
- School Health Screening Programs

LOCAL

- Local Medical Assistance Programs
- Public Hospitals-Public Clinics
- Local Health Department Activities (e.g. well-child clinics)
- Local Share of State Medicaid Program and/or State/Local Medical Assistance Programs

PRIVATE SECTOR

- Uncompensated Care -- Hospitals and Physicians
- Philanthropy

REQUIREMENTS FOR CARING FOR THE MEDICALLY INDIGENT

PUBLIC POLICY CONSENSUS:

While there is not a consensus that health care is a "right", there are requirements imposed on the various levels of government and the private sector for providing health care to the medically indigent.

FOR THE FEDERAL GOVERNMENT:

Medicare is an entitlement to health care for the aged, blind and disabled. However, Congress is now considering means testing certain benefits.

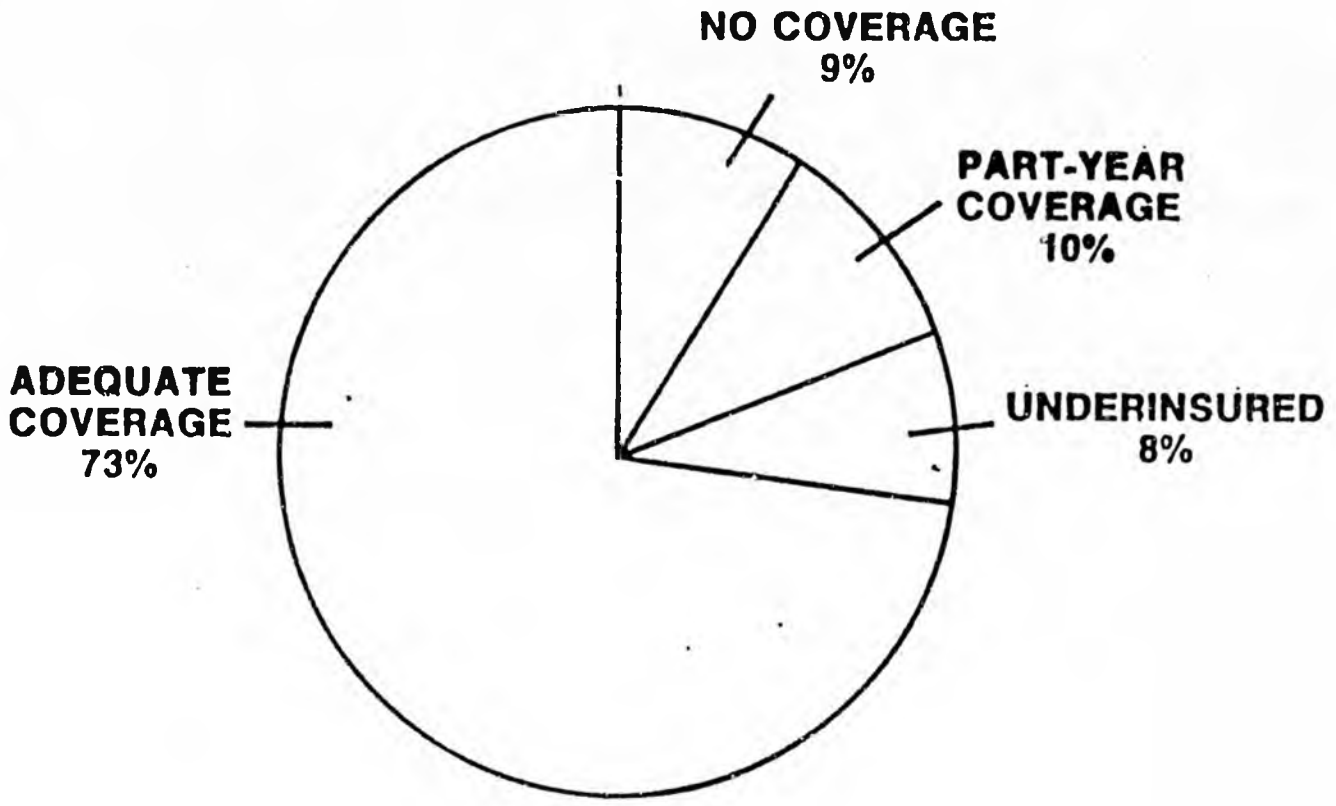
STATE AND LOCAL GOVERNMENTS:

- Almost every state has a statute that authorizes or mandates the state or local unit of government to provide health care for those unable to pay
- Only 27 states require counties to finance health care for the poor.
- Frequently, these statutes refer to providing "general relief" or support for the poor. Health care is interpreted as being an important component of this general relief.

FOR THE PRIVATE SECTOR:

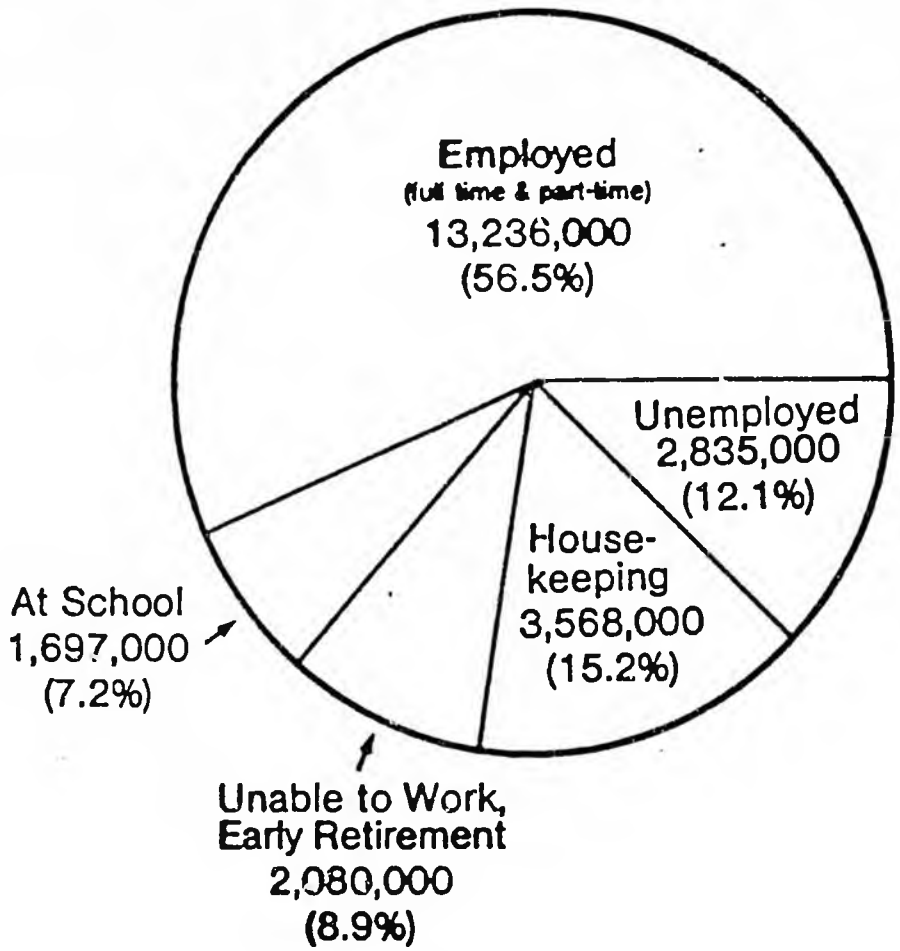
- The philosophy or ethic of some community hospitals requires that they provide some service to the poor.
- State requirements to maintain non-profit status
- Federal Hill-Burton requirements
- State Anti-dumping laws
- Medicare requirements for transfer of patients
- State CON reviews in some states are used to maintain commitment from hospitals to serve the poor.

ADEQUACY OF COVERAGE
(1984 Estimate)



SOURCE: P. Farley, "Who Are The Underinsured?"

LABOR FORCE STATUS OF UNINSURED ADULTS 18-64 YEARS OF AGE, 1984



SOURCE: Swartz, THE UNINSURED AND UNCOMPENSATED CARE CHARTBOOK, June 1986. (1984 CPS data)

RECENT TRENDS IN THE UNINSURED RATES

CPS
Annual Percentage of the Uninsured Population

1980	14.6%
1982	15.2%
1983	16.0%
1984	17.1%
1986	15.7%

Has the upward trend in percent of population without health insurance started to turn around or does this reflect a change in the sampling frame? The following comparison data from the CPS and RWJ surveys raise questions about whether this trend has actually started to turn around.

	1980	1982	1986
CPS	14.6%	15.2%	15.7%
RWJ Survey	--	8.7%	9.0%

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H HESS 4-8-88 10:00 a.m.

ALERT

HEALTH CARE FOR ALL

ALERT

Number 1

WHO ARE THE UNINSURED IN MASSACHUSETTS ?

There are 665,000 uninsured people in this State--one out of every ten people under 65 years of age. They come from all parts of the State and encompass a broad spectrum of the population: young and old, healthy and sick, poor and middle class.

Jim Murray (name changed) of Boston is married with two kids. He works for a small construction company as a laborer. His company does not offer health benefits so he and his family are uninsured. Recently, they had to make a $500 deposit with a hospital prior to the delivery of their child.

Three-quarters of the uninsured are working people and their dependents. Most are full-time workers in low income jobs. Generally, they work for small private companies in the service sector, construction industry, or the retail or wholesale trades. Sixteen percent of the workers in the construction industry are uninsured.

Paula Vespanzani of Middleboro was a welder at the General Dynamics shipyard in Quincy and had good health benefits until she was laid off in May of 1985. She is now in training as a clerical worker and gets no benefits. She is being taken to court by two hospitals because she has not been able to pay her bills.

One-third of all unemployed people in the state are uninsured. Despite the federal COBRA legislation, that requires employers to offer group plans to laid off employees, a high percentage remain uninsured largely because they cannot afford to pay the full cost of the premiums.

Linda Goss of Chelsea works as a full-time nurse's aide in an Everett nursing home. The nursing home offers only individual coverage for their employees. Linda's three children are uninsured. She has many outstanding bills for her children's care but she states,"it was either paying those bills or putting food in my kids mouths".

There are 220,000 uninsured children in the state. One-third of the uninsured are under the age of 19. Many of these kids do not receive basic primary care and only go to see a doctor when they are sick. They often fall through the cracks of our system.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

ALERT

Number 2

This is the second in a series published by the Health Care For All Campaign. We hope to inform the legislature and the public on issues related to access to health care.

The Working Uninsured

Most of the uninsured adults in Massachusetts are working. They are generally struggling to provide for their families by holding down a low paying job. Most are not offered any health benefits through their workplace. They are low income but not poor enough to qualify for public assistance.

A recent analysis of 1985 census data showed that the average yearly wage of a working uninsured person in Massachusetts was $10,389. The average yearly wage of a working insured person was $19,389. Two-thirds of the working uninsured had wages less than $10,000 per year.

Many of the working uninsured are living on the edge. They cannot afford large premiums and large co-payments and deductibles would discourage many of them from seeking care.

Mary G. of Malden works an aide in a daycare center. She cannot afford the additional premium cost of $100 per month for family coverage. Her children are uninsured. On her $200 a week salary she doesn't have enough money to pay for rent, food, and medical bills.

While most of the employed uninsured are full-time, part-time workers are at very high risk of being uninsured. Nationally, part-timers are twice as likely to be uninsured as full-time workers. 41% are not even offered health benefits. Others must pay such a high percentage of the premiums that they cannot afford insurance. Part-time workers are playing a much larger role in our economy and the lack of benefits for these workers is impacting most on women and children.

Lucy G. from Roxbury works part-time at the airport. She takes home $130 a week. She does not receive health benefits from her employer. Her daughter has had large medical bills which Lucy cannot afford to pay.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

Number 3

Children At Risk

The health of many of our children is jeopardized because they don't have health insurance. There are 220,000 uninsured children in Massachusetts. One out of every three uninsured people is under the age of 19. Who are these kids? What happens to them?

Most uninsured children are poor. A Boston Access Committee survey showed that 85% of the uninsured children in Boston live in families with incomes under twice the poverty level (for a family of three 200% of poverty is $17,700). Two parent families are particularly vulnerable because they are often not eligible for Medicaid. Almost half of these families living under the poverty level have no health insurance.

The parents of most of these children are working. Many are uninsured themselves because their employers don't provide benefits. Some employers offer only individual plans. Others cannot afford the high cost of family coverage.

Geneva Evans of Roxbury is a home health worker. She takes home $184 a week for 35 hours of work. After years of being uninsured she finally has health insurance for herself. But her employer, the Council of Elders, does not offer family coverage so her son, Jason, will remain uninsured.

Uninsured children often do not get necessary care. They don't get regular check ups and their families cannot afford to purchase prescription drugs.

Comprehensive health care for a child begins in the prenatal period. Lack of prenatal care can result in many serious health problems. A 1984 survey of Massachusetts' health centers and hospitals sighted financial barriers as the most significant obstacles to receiving prenatal care. A more recent preliminary study from the Department of Public Health confirms these

ALERT

HEALTH CARE FOR ALL

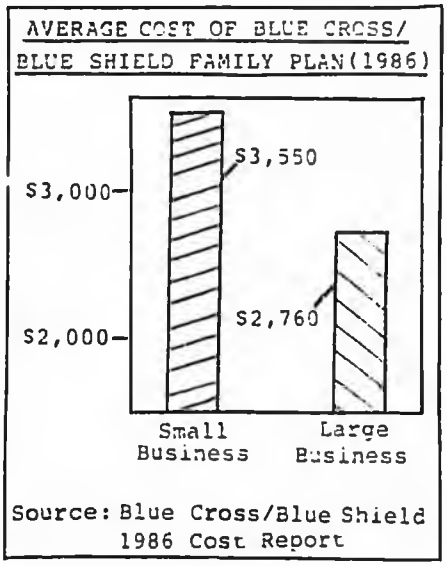
ALERT

Number 4 November 23, 1987

AFFORDABLE HEALTH INSURANCE FOR SMALL BUSINESS

Tom Walsh owns a dry cleaning business. He provides family health insurance coverage for his employees. Tom pays $3,550 per year for a family plan. Large businesses pay $2,760 for the same family plan. Tom does not think this is fair.

Small businesses want to pay for their fair share of health care costs.Almost 70% of small businesses already provide health insurance coverage for their employees. These firms are burdened unfairly under the current system. Their health insurance premiums are much higher than the premiums of large firms for the same coverage. Also, they are now paying for the health care costs of competitors who don't provide health coverage through a surcharge on premiums which finances the free care pool.



Survey after survey shows that many small businesses want to provide health insurance to their employees but cannot now afford it. Health insurance premium costs for small firms can be twice as high as large companies. This is true even when these firms participate in `pooling' arrangments through Chambers of Commerce and other business associations.

Frank Blanchard is president of Blanchard Overland Express in Avon. He would like to provide health coverage for his two employees. But, since he doesn't qualify for group insurance his premiums would be too expensive. He supports Health Care For All because universal health insurance would make insurance premiums affordable for his small company.

Health Care For All will help small business by lowering premiums.

1. Insurance works when there is a large and diverse mix of people as in large companies. Higher cost people are pooled with

ALERT

HEALTH CARE FOR ALL

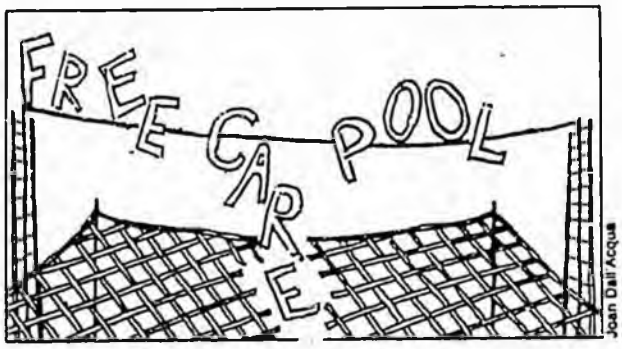
ALERT

number 5 December 7, 1987

THE FREE CARE POOL: Gaps in the Safety Net

The uncompensated care or "free care" pool is an important safety net for those in the state without adequate health insurance. Yet, many still fall through the gaps of this net because the pool guarantees hospital payment for the unpaid bills but does not guarantee patients access to care.

The pool is financed by a surcharge that hospitals add to the bills of insured patients. This surcharge is then pooled to reimburse hospitals for the free care of uninsured people as well as unpaid bills of patients whose insurance did not fully cover the cost of their care. Last year the surcharge was 12.2%.



Hospitals are obligated legally to treat only emergency cases. Otherwise, they can pick and choose which uninsured people will get care. Uninsured patients in need of procedures that are in demand often find themselves out of luck.

Jim Nicole, a 39-year-old father of five from Everett who was unemployed after suffering a heart attack, had been on the waiting list at a large Boston Hospital for a new non-surgical treatment for kidney stones. Because of his heart condition surgical removal of the stones had been ruled out. When the hospital found out that Jim was uninsured they demanded a $4000 payment before scheduling the procedure. It was only after Jim went to Channel 4 with his story that the payment demand was reduced.

Hospitals not only have discretion about who they will treat but also what they will charge uninsured patients. The Rate Setting Commission regulations recommend that hospitals waive fees for patients whose income is less than two hundred percent of poverty ($14,000 a year for a family of two). Yet, these regulations contain no enforcement mechanism, and so uninsured patients are charged for hospital procedures despite existence of the free care pool. Many uninsured patients do not go for follow up care because they do not want to receive bills that they cannot pay for.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT
HEALTH CARE FOR ALL
ALERT
number 7 January 27, 1988

MOVING TOWARD UNIVERSAL ACCESS

WHO ARE THE UNINSURED?

••660,000 Massachusetts residents are uninsured.

••Over two thirds are working people who don't get health benefits and their dependents.

••One third are children.

••50,000 of the uninsured are homemakers, most widowed or divorced.

••One third of all unemployed people in the state are uninsured.

WHY WE MUST ACT NOW?

Our current system of providing care to the uninsured is both costly and inhumane.

•• The uninsured often have difficulty finding health care. Even though the free care pool has paid hospitals for the care of the uninsured, hospitals are legally obligated only to treat emergency cases. Also, the pool does not cover physician services. So the uninsured are not guaranteed access to health care.

••Uninsured people are less likely to seek care until their medical problems become very serious. They don't go for needed follow up care. Children don't get regular check ups, prescriptions go unfilled, diseases go untreated. Since prevention is discouraged care to the uninsured is very costly.

••The problem of the uninsured is getting worse. Despite Massachusetts's booming economy the number of uninsured is growing! This is because 80% of the new jobs created in the state of the past four years have been in the industries that are least likely to have health benefits.

••We are heading toward a crisis in health care. Since October, hospitals have not been legally obligated to contribute to the free care pool. The voluntary system now in effect is being stretched to its limit. If the legislature does not act soon, it is likely that many more uninsured people will be denied access to needed care.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

ALERT

IT'S TIME TO STOP HEALTH CARE FREELOADERS

Dini's on Tremont St. is a Boston landmark. The Dini family has made a very good living from this restaurant for over half a century. Yet the workers at Dini's do not get any health benefits. We are subsidizing Dini's by paying for the health care of their workers.

Every insured consumer and business providing health benefits is picking up the tab for thousands of businesses that are free loading on our health care system. These businesses do not provide health benefits to their workers. In Massachusetts they employ 300,000 uninsured workers.

The cost to the rest of us is enormous. We are paying through higher health insurance premiums. The free care pool is set up so uninsured people are not denied basic hospital care. Last year, the cost of the pool was $300 million dollars. Much of that money went for the care of uninsured workers and their families. Every hospital bill to an insurance company is 13% higher because of the size of the pool.

THIS IS NOT FAIR TO BUSINESSES PROVIDING HEALTH INSURANCE

Shawmut Design and Construction Company in Boston provides health insurance to their 65 workers. Many of Shawmut's competitors in the construction industry do not provide benefits. As a result Shawmut is at a competitive disadvantage. In their bids they must add the cost of insuring their workers. Ironically, they also must add the cost providing health care to the workers of their competitor that don't provide benefits.

Allowing some businesses to get away without providing health benefits to their workers puts more responsible businesses at a competitive disadvantage. Just like minimum wage legislation, there should be a minimum requirement on businesses to provide a fair contribution towards health benefits. Then there would be a level playing field for all businesses to compete fairly.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

ALERT

number 9 February 17, 1988

WOMEN FALLING THROUGH THE CRACKS

There is an upheaval in the American economy and women are paying the price of change. A growing number of women are now without health insurance coverage. It is a problem that affects women of all ages and socio-economic backgrounds -- single parents, married women and older women who don't yet qualify for Medicare.

Jeanette Capone works part-time at a factory in Orange and full time in her home. Her husband is disabled and receives Medicare coverage. Jennette and her teenage daughter are uninsured because her employer does not offer coverage to part-time workers. The family's small income means they are unable to purchase insurance. The Capone's live in constant fear of needing medical care.

Increasingly, women are working in part-time jobs in order to take care of their children, their parents, or their spouses. Ironically, many of these women cannot obtain health care for themselves. Forty-two percent of part-time workers have no access to health insurance benefits. In fact, many employers choose to hire part-time workers to save on employer benefits.

Brenda Mulkern is a 40 year old receptionist from Brockton. Although she works full time, she receives no health benefits. Brenda cannot afford an individual plan on her salary. Over a year ago she underwent surgery that left her with over $9,000 in hospital bills. She is barely making a dent in the bills.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

ALERT

Number 10 March 24, 1988

SETTLING THE DIFFERENCES

With the passage of health care reform legislation by both the House and Senate, Massachusetts is now poised to become the first state to move toward universal health care access. A House/Senate Conference Committee will soon resolve the differences between the two versions. The Health Care For All Campaign is advocating that the final legislation include provisions from both bills.

HEALTH CARE FOR ALL SHOULD BE EXEMPT FROM THE TAX CAP

•• The free care pool and unemployment insurance surcharge should be exempt from the tax cap as called for in the Senate bill.

•• Without a tax cap exemption we will be "robbing Peter to pay Paul", paying for universal access at the expense of other state programs. For example, low income working uninsured families will get health insurance but might lose the subsidized day care which allows them to work because the state will not be able to fund both programs. Funding for all state programs including Health Care For All will be jeopardized.

•• State government is undertaking a major new initiative with strong popular support. Polls have shown that the people of Massachusetts are in favor of insuring the uninsured and support state funding of this program.

MASSACHUSETTS SHOULD INVEST IN OUR CHILDREN'S HEALTH

•• The House bill would dramatically improve the health care of children giving Massachusetts the best child health policy in the country by:

- Establishing into law the Healthy Start program for low income pregnant women.

- Making well child care for all children under six years old a required health insurance benefit.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

ALERT

HEALTH CARE FOR ALL

ALERT

Number 11 March 31, 1988

POLITICS OVER POLICY-- EXEMPTING SMALL BUSINESSES FROM HEALTH CARE FOR ALL

It is time to set the record straight about small businesses and Health Care For All. Over the past few months hundreds of local business people have called their legislators to protest the universal access bill. They have said that they should not be required to provide health insurance for their employees or make a contribution to it. They claim that it is another onerous government mandate that will put them out of business -- just one more burden to be placed on small business.

The House of Representatives responded to these concerns by exempting companies of nine employees or less from this bill. In this version these businesses do not have to pay either the surcharge on employers not providing benefits or the surcharge for health benefits to unemployed workers. Unfortunately, this solution may be good politics but it is bad policy and solves nobody's problem.

For better or worse, employer sponsored plans are the basis of our health system. Basic health benefits should be viewed in the same way as minimum wage requirements or social security. We don't exempt very small businesses from these laws. They are part of the cost of doing business.

This Exemption Won't Help Most Small Businesses

Most small businesses with 9 employees or less provide health benefits. Exempting them from the surcharge on employers not providing benefits will mean that their insurance premiums will continue to be very high. If all businesses were required to participate in Health Care For All, premiums for small businesses would fall dramatically because everyone would share the risk. Lower premiums would encourage small businesses to provide benefits.

Exempting businesses of nine and under will encourage just the opposite.

It Will Cost the State Millions of Dollars

There are about 100,000 uninsured workers in Massachusetts who are employed by firms of 9 or less. It will cost the State about a hundred million dollars to insure these workers. But that is only the beginning.

25 West Street, 2nd Floor Boston, Massachusetts 350-7279

No More Free Lunch:

A Fair Share Approach to Financing Health Care For All

Health Care For All
25 West Street
Boston, Ma 02111

workers or more. Only about 35% of the employed uninsured work for companies with less than 20 employees.

The number of uninsured workers in Massachusetts in 1986 by size of firm

Employment size of firm	Percentage of employees without insurance	Number of employees without insurance
1-19	19.2%	104,000
20-99	11.2%	80,000
100-499	8.3%	65,000
500 +	5.7%	48,000

Sources: Percentage of employees by firm size is 1986 national data from the The State of Small Business: A Report to the President, 1987. These national percentages were then applied to March, 1986 Massachusetts' Department of Employment Security data on employment by firm size.

This is not a manufacturing versus service industry issue. A high percentage of workers in all sectors of the Massachusetts economy have health insurance, as shown in the table below. In each of these sectors, the vast majority of firms who provide insurance are subsidizing their competitors which do not.

The percentage of insured Massachusetts workers by type of industry

Type of Industry	% of Employees with insurance
Construction	84%
Manufacturing	93%
Wholesale and Retail Trade	84%
Finance	94%
Service	89%
Other Industries	90%

Source: Table 4, Profile of the Uninsured in Massachusetts, prepared by Blue Cross and the Health Planning Council of Greater Boston, September 1986.

Can These Businesses Afford to Pay Their Fair Share?

The marketplace itself provides the best evidence that the vast majority of businesses who are not paying health benefits could afford to help pay for their employees' medical costs. For every firm that is not providing insurance to its employees, there exists another firm in the same industry with similar costs and market pressures that is providing insurance. With few exceptions, those businesses which fail to provide health benefits are profitable enterprises which are now able to reap excess profits or enjoy a competitive advantage at the expense of those firms providing health benefits. There is no excuse for these firms not paying their fair share.

Since 1983, corporate profits and proprietorship earnings (profits from individually or family owned businesses which are not incorporated) have increased dramatically, and yet the number of uninsured

Sources:

1. The State of Small Business: A Report of The President, United States Government Printing Office, Washington, 1987.

2. Friedman D., Swartz K. : The Uninsured in Massachusetts, Massachusetts Journal of Community Health, Fall/Winter 1985-86.

3. Annual Demographic File of the 1986 Current Population Survey.

4. U.S. Chamber of Commerce: Employee Benefits 1935, Washington DC, 1986.

HEALTH CARE AWARDS

HEALTH CARING EMPLOYERS	HEALTH CARE FREELOADERS
HOME HEALTH	
City Mission Society 14 Beacon ST Boston	Olsten Health Care Services 100 Boylston ST Boston
Staff Builders 18 Tremont ST Boston	
RESTAURANTS	
Parker House 60 School ST Boston	Dini's Seafood Grill 94 Tremont ST Boston
CLEANERS	
Sarni's 1 Winter Place Boston	Dependable 320 Quincy AVE Quincy
CONSTRUCTION	
Shawmut 173 Norfork AVE Roxbury, MA	Employment Services, Inc. E.S.I. 555 Columbian ST, Suite 102 South Weymouth, MA
HAIR SALONS	
Lords & Ladys 102 Tremont ST Boston	Bojacks 5 Bromfield Boston
John Delario's Lafayette Place Mall Boston	Sebastian's 145 Tremont ST Boston

Boston Sunday Glo

SUNDAY, DECEMBER 20, 1987

McGovern's triumph: Turning cynicisn

By Richard A. Knox
Globe Staff

In a turn of events that has amazed even hardened cynics in the hospital, business, insurance and human service sectors, Sen. Patricia McGovern has shown Mr. Consensus Politics, Mike Dukakis, how to strike a difficult deal.

NEWS ANALYSIS

Flanked by battle-scarred adversaries suddenly transformed into "comrades" – to use Massachusetts Hospital Association president Steven Hegarty's characterization – McGovern, chairman of the Senate Ways and Means Committee, announced Friday that a compromise had finally been struck on universal health insurance and hospital cost control.

The Lawrence Democrat's announcement proved wrong all the State House sages who declared in October that the resounding House defeat of Dukakis' "health care for all" package had killed any chances for such a proposal this year.

The unveiling ceremony for McGovern's plan, which touched off a frenetic effort to enact the plan into law by the end of the legislative session on Jan. 5, was thick with self-congratulation. Blue Cross-Blue Shield president John Larkin Thompson drily observed that the event was "akin to a Christmas love-in."

But the warm feelings were clearly genuine. According to those who participated in the arduous negotiations leading up to Friday's announcement, McGovern won not only a deal but the admiration of a set of adversaries who have left many another politician – including Dukakis – shaking their heads and mumbling curses.

One of the principals, John Crozier of the Massachusetts Business Roundtable, said yesterday that McGovern was able to pull it off "because she demonstrated more flexibility in understanding the concerns of those who would be affected" than had Dukakis and his chief aides. "In the process of the last eight years of dealing with this issue, the last seven weeks have been refreshing," Crozier said.

Hegarty, whose interests are usually opposed to Crozier's, praised McGovern's "unbelievable" leadership skills and said her proposal has support "across the entire hospital industry," which is a remarkable thing in itself and a telling contrast to the united opposition of hospitals that helped defeat the Dukakis bill.

Susan Sherry, representing a coalition of human service groups, said McGovern "never let anybody forget that access to health care is a very basic human right."

Even Linda Nooman of the National Federation of Small Businesses, the only principal to express reservations about the proposal, said that "the fact that Sen. McGovern has been extremely open, accessible to small business and included us in the process has been an enormous plus. All the people I talk to acknowledge that this has been a different ball game."

McGovern was lavish in her praise of everyone else, taking care to include Dukakis. "This is a team effort, and the governor has been part of that team," she said.

At the same time, McGovern sought to put distance between her proposal and the Dukakis debacle, which brought down much constituent wrath on members of the House, especially from small-business people. If it is to become law, the House will have to approve McGovern's offering – or a version that cannot deviate from it substantially if the compromise is to hold.

Without mentioning Dukakis by name, she noted that "some previous proposals were negative: they used the stick approach and said to businessmen: 'You must.' We prefer the carrot approach."

Under McGovern's plan, the state would design and test-market insurance for workers employed by businesses that do not provide coverage. The plan also would provide tax incentives to encourage them to buy the cover-

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Former foes back health care bill

By Richard A. Knox
Globe Staff

The roller-coaster fortunes of universal health insurance for Massachusetts took an upward turn yesterday when a Senate Ways and Means Committee compromise proposal received the surprise endorsement of the Smaller Business Association of New England.

The vehement opposition of small business representatives and the Massachusetts Hospital Association sank an earlier incarnation of the universal health care bill, proposed by Gov. Dukakis, in its first test in the House.

Now the hospital association supports the new version so strongly that it plans to cosponsor a State House rally Monday to urge passage. And the small business community now appears at least split on the issue, due to a wide array of recent compromises designed to address its concerns.

The National Federation of Independent Businesses, which has 9,300 Bay State members, has decided not to sign on to the Senate Ways and Means plan. But its opposition may not be as vehement this time around, said Linda Noonan, the group's lobbyist.

"I'm personally very encouraged at the changes," said Nils Nordberg of the 2,300-member Massachusetts Restaurant Association, one of the strongest opponents to the Dukakis version. "If what we are told is actually in the bill, it will be a bill that many if not most of our people can live with."

Globe staff photo/Joanne Rathe

Senate Ways and Means chairman Patricia McGovern explains the universal health insurance plan yesterday during a news conference at the State House.

At a packed State House news conference yesterday, the measure's sponsor, Senate Ways and Means Chairman Patricia McGovern (D-Lawrence), insisted that the new version "is not antibusiness. It's probusiness. And we believe it's pro all kinds of business."

She said that the bill would be good for Massachusetts businesses in several ways: by making affordable health insurance available to small businesses that now cannot obtain it or must pay exorbitant premiums, by squeezing waste out of the $5 billion-a-year hospital industry, and by gradually replacing some business contributions to a statewide "free care" pool with government funds.

Instead of a new $10 million state superagency with broad powers to regulate health care and health insurance, McGovern said her bill envisions a "lean agency of about 30 employees" to test-market health insurance for small businesses, set up a voluntary insurance pool that would make policies available for private brokers to retail, and manage a statewide hospital "free care and bad debt" fund.

Though Dukakis had insisted that any solution could involve no new state expenditures, McGovern persuaded administration officials to agree to state expenditures that her staff estimates will amount to about $78 million in the current fiscal year, $150 million in fiscal 1991 and $213 million in fiscal 1993 when the universal health care plan is fully implemented.

As she spoke, McGovern was flanked by an impressive array of endorsers – many of whom had been adversaries on the issue a few weeks ago. They included leaders of the Massachusetts Hospital Association, Associated Industries of Massachusetts, Massachusetts Business Roundtable, a consumer group called the Massachusetts Health Action Alliance, Blue Cross-Blue Shield, the Life Insurance Association of Massachusetts and the Dukakis administration.

According to common consensus, strong lobbying from all these parties – especially Dukakis himself – will be needed if the complex proposal is to have a chance of passage in the 17 days left before the legislative session expires at midnight Jan. 5.

Dukakis promised in a statement last night to "work closely and hard with both the Senate and the House in the next two weeks to make sure that we use this remarkable consensus to achieve health care for all in Massachusetts."

Success on the measure would turn one of the governor's most embarrassing legislative defeats into a national victory that he could emphasize in his presidential campaign.

Senate passage of the McGovern measure is cautiously expected, but its prospects in the House are much more iffy, say legislators and lobbyists. House Ways and Means Chairman Richard A. Voke (D-Chelsea) reportedly told interested parties late this week that he will try to secure passage.

However, Rep. John McDonough (D-Jamaica Plain), a strong supporter of universal health care, said yesterday that the "average rank-and-file House member, if asked about the bill's chances, would undoubtedly say, 'No way, you've got to be kidding'" because of the storm of criticism the governor's bill unleashed.

"The hospitals are going to have to do more than support this bill, they're going to have to come to us on their knees," said McDonough.

The push to enact McGovern's sweeping health care reform legislation will begin tomorrow with a highly unusual Sunday session of the Senate Ways and Means Committee to vote on the bill.

If passed, the McGovern bill, expected to be released around noon today, would make Massachusetts the first state in the nation to legislate universal health insurance coverage, a goal set for April 1992.

It also would radically revise the state's hospital payment system, committing the state to making up as much as $46 million in federal Medicare hospital payment cuts – a national precedent. In addition, the proposed system would penalize hospitals that have been losing patients, a provision expected to lead to the closure of up to 10 Bay State hospitals in the foreseeable future.

A list of the hospitals that face closure or conversion to other uses will be available early next week, McGovern said. Steven Hegarty, president of the Hospital Association, said his group has not yet figured out which institutions will be targeted for the financial penalties, which are based on declining patient volume.

Boston Herald

Saturday December 19, 1987

Bay State leaders unite for 'health-care-for-all'

By JONATHAN WELLS

AN UNLIKELY coalition of government, business, insurance and hospital leaders yesterday trumpeted a bill that would phase in universal health insurance coverage over the next five years.

The controversial measure — which also details a new cost-containment plan for the state's hospitals — was forged over the last five weeks by private sector leaders and Sen. Patricia McGovern, chairman of the Senate Ways and Means Committee.

The bill is enthusiastically supported by Gov. Michael Dukakis but could be headed for rough sailing in the House, where it is expected to land after the Senate approves it early next week.

"It's the only honorable thing to do," McGovern (D-Lawrence) said yesterday of the "health-care-for-all" bill. "It clearly is an idea whose time has come, and clearly there has emerged a consensus."

Dukakis pledged to lobby Senate and House members over the next two weeks in hopes of passing the bill before the session ends Jan. 5.

McGovern announced there would be a special meeting of her committee at 1 p.m. tomorrow to vote on the measure.

Organizations signing on to the measure include the Massachusetts Hospital Association, the Massachusetts Business Roundtable, Associated Industries of Massachusetts, Blue Cross/Blue Shield, Smaller Business Association of New England and the advocacy group called Health Care for All.

Only one small-business group that participated in McGovern's negotiations over the bill — the National Federation of Independent Businesses — refused to endorse the package. Linda Noonan, a spokeswoman for the group, said her members continue to oppose a state-mandated health insurance program.

The Republican State Committee urged lawmakers to postpone action on the hotly debated insurance bill.

"There is no way a bill of this magnitude should be rushed into the Legislature a week before Christmas," said State Republican Party spokesman Charlie Manning.

Under the bill, the state would wait until 1992 to start providing health coverage for uninsured workers and begin charging employers who failed to provide insurance.

The Boston Globe

THURSDAY, MARCH 3, 1988

Mass. House OK's health insurance bill

By Frank Phillips
Globe Staff

By a nearly 2-1 ratio, the House last night gave final approval to a universal health care bill that would make Massachusetts the first state to require most firms to extend health insurance coverage to their workers.

The lawmakers voted 100-53 for the bill and ended three days of debate as the Democratic leadership again rebuffed a series of Republican attempts to delay action or scale down the landmark legislation.

The bill now heads to the Senate, where a similar version easily won approval in the final days of the 1987 legislative session. Senate leaders said they expect to take up the measure for debate next week.

The strong House endorsement represents a major victory for Gov. Dukakis, who has been frustrated in his attempts to pass a universal health care bill since he first introduced his own version of the legislation last fall.

Notified of the vote while campaigning in Texas, the governor hailed it as "a historic action" and he praised the Democratic leadership for guiding the legislation through the House.

"The Massachusetts House has now committed itself to health security for every man, woman, and child in the commonwealth," he said.

"There's still much to do and I know that the Senate, which endorsed a universal health insurance bill earlier this year, will again act expeditiously on behalf of the 600,000 uninsured people of this state," he said. He added that he hoped the bill would be on his desk by mid-March.

But House Minority Leader Steve Pierce (R-Westfield), who led the GOP battle against the measure, warned that the legislation is a "tax bill" and could lead to a hike in state taxes.

"While wrapped in good intention, the bill is a prelude to fiscal disaster," Pierce said after the vote. "It imposes a direct payroll tax that will result in a loss of jobs and it will probably lead to a general tax increase."

State Republican leaders have charged that Beacon Hill's Democratic leaders were "stampeding" lawmakers to pass the bill in order to boost Dukakis' presidential campaign on the eve of next week's 20-state Super Tuesday primary elections.

Both Dukakis and legislative leaders have denied that this week's swift action on the bill was tailored to the governor's national campaign. The Senate Ways and Means chairman, Patricia McGovern, said it is "not logistically possible" to deliver the bill to the governor's desk by Tuesday.

"I don't see it having any impact on Super Tuesday, particularly at this late date," said McGovern, who first introduced the bill on Beacon Hill and put together a coalition of hospital and business groups that nearly succeeded in getting the legislation passed at the end of last year.

The House version of the sweeping legislation would require health insurance coverage for the vast majority of Massachusetts workers by 1992. An estimated 300,000 Massachusetts citizens work in firms that do not provide coverage and represent about half of the commonwealth's uninsured population.

The bill would require up to $125 million in new state funds in the first year it is in effect. The figure is expected to rise to as much as $342 million by 1992.

Small-business representatives have been particularly unhappy with the bill and had hoped to kill any state mandate to provide health coverage. They have argued that the state should grant them tax incentives as a way of expanding coverage.

Rep. Richard Voke, chairman of the House Ways and Means Committee, sought to blunt the opposition by exempting firms with six or fewer employees from having to provide health insurance in 1992, when all other businesses would come under the new state mandate.

On a voice vote and with the leadership's support, the House last night increased that employee exemption number to nine. It also raised from 27 to 30 the number of weekly hours an employee must work in order to be covered.

The debate on the bill in the House yesterday was marked by several close votes in which the Republican minority attempted to add amendments that would have further exempted small businesses from provisions of the bill.

While complaining privately about the bill, the state's small-business groups have taken a low-key approach in their public criticism. The groups say they hope to

work with McGovern's committee to restore some of the provisions in the Senate's original bill as a way of softening the impact of the legislation.

But Republicans took up the cause of small businesses on the House floor as they tried to rally their colleagues to support changes in the legislation.

Effect on small businesses

During debates on several amendments that would have deleted the provision mandating health coverage by 1992, GOP lawmakers, joined by a handful of Democrats, argued that the legislation could financially cripple many small firms.

"The premise of this bill that these people are fat cats, that they sit on a corporate treasury and can easily provide a benefit ... is fundamentally misguided," said House Minority Leader Steven Pierce (R-Westfield).

Some small-business owners who have been closely following the legislation complained bitterly yesterday.

Marvin Zakon, owner of the Village Clothesmith in Lexington, said yesterday that the bill's mandate to provide health insurance coverage would force him to cut the hours or pay of his staff.

Zakon blamed the legislative action on political motivations, particularly the Dukakis campaign. "The state is stealing the money from small business, driving small businesses out of business, all because Dukakis wants to be president," he said.

But Rep. Sherwood Guernsey (D-Williamstown) argued yesterday that special provisions in the bill protect small businesses.

"There is a hardship provision, there are tax credits, there is a pool for small businesses to lower their costs," he said. "We can go out of this chamber and say with pride that we have listened and attended to the needs of the small business across this commonwealth."

The quick movement of the bill through the House this week has been in marked contrast to last fall when the Dukakis administration and the House leadership tried to push through a more comprehensive health care bill.

With strong opposition from the state's health industry, particularly hospitals, the bill was nearly defeated on a close vote on a GOP amendment. The leadership then withdrew the bill.

HIGHLIGHTS

Following are the major provisions of the House version of the universal health care bill:

- The legislation would require health care coverage for the vast majority of Massachusetts workers by 1992.
- Firms with more than nine workers would be required to pay at least 50 percent of a health insurance plan or face a surcharge on their payroll.
- The bill applies to all employees who work 30 hours or more a week. Employees working at least 20 hours a week would be covered after working for six months.
- The bill would cost $125 million in new state funds in the first year. That cost is expected to rise to as much as $342 million by 1992.
- The bill creates a new four-year financing mechanism to reimburse hospitals for uncollectable bills. It also provides $95 million for so-called underfinanced hospitals.

The Boston Globe

TUESDAY, DECEMBER 22, 1987

Universal health care bill passes state Senate, 33-4

By Richard A. Knox
Globe Staff

In a 33-4 vote, the state Senate last night approved a sweeping, eleventh-hour proposal that would revolutionize the commonwealth's hospital payment system and make Massachusetts the first state to legislate universal health insurance.

"I was thrilled by the vote," said the Senate Ways and Means chairman, Patricia McGovern (D-Lawrence), the proposal's author. "I never expected such a large vote. That surprised me very much."

The four nays came from Democrats who, McGovern said, had hospitals in their districts that might be financially harmed by the measure, which penalizes institutions with low and falling occupancy rates.

The opposing Democrats were Sen. Martin T. Reilly of Springfield, Sen. Thomas P. White of Worcester, Sen. Paul D. Harold of Quincy and Sen. William R. Keating of Sharon.

Six of the Senate's eight Republicans favored the proposal, even though most of them had attempted earlier to drop the phased-in universal health care provisions and pass only the hospital financing sections. Two Republicans and Senate President William M. Bulger did not vote.

The Senate-passed bill, which must be passed by the House by midnight Jan. 5 if it is to become law, would require all Massachusetts employers to offer health insurance by 1992 or pay into a state fund to make such coverage available. In the meantime, the state would begin to cover some uninsured patients, test-market insurance for very small businesses and offer tax breaks to encourage firms to offer their employees health insurance.

The fate of the measure in the House is uncertain, given the lateness of the date and the storm of criticism generated when a different version of the bill, sponsored by Gov. Dukakis, got to the House floor in early October.

House Speaker George Keverian (D-Everett) and the House Ways and Means Committee chairman, Richard A. Voke (D-Chelsea), were keeping their own counsel about the health care issue yesterday. Some House members said Keverian yesterday indicated his annoyance at the prospect of having to deal with the complex, 100-page McGovern bill in the two weeks remaining before the current legislative session ends.

One House leader predicted the health care measure would never make it to the House floor because it is too complicated to take up with only a few days left in the session. "These guys are not ready to tackle this issue in three or four days," he said.

McGovern said after the Senate vote that she was confident the House could tackle the issue before Jan. 5. "It's absolutely achievable," she said.

House Republicans were expected to try to split the bill and enact only the hospital financing portion to stave off a crisis in the way hospitals are paid. House Minority Leader Steven D. Pierce (R-Westfield) said the 1992 effective date of full insurance coverage lessens the urgency for House action.

However, Senate supporters warned that this would effectively kill the chances for any progress toward universal health coverage for the indefinite future.

Said Sen. John W. Olver (D-Amherst): "It would be a tragedy if we lost the momentum developed thus far."

The Senate vote came after several small-business trade groups and associations endorsed the proposal and the Massachusetts Hospital Association rallied several hundred hospital officials and workers to the State House to push for passage. The vehement opposition of both sectors effectively killed the chances of the Dukakis health care package.

Given the surprising support it has from diverse and usually opposed interests, Democrats and Republicans alike referred to the compromise as the "McGovern miracle." However, the upper chamber rejected a Republican-sponsored motion to rename it the McGovern Hospital Health Care Initiative of 1987.

Sen. David H. Locke (R-Wellesley), the assistant minority leader, offered the amendment, he said, to prevent Dukakis from claiming credit in his presidential campaign for authority the "health care for all" proposal. "It happened not because of him but literally in spite of him," Locke declared.

In the end, Locke and Sen. John F. Parker (R-Taunton), who spoke against the McGovern bill in debate, did not vote.

The House could simply concur with Senate action, which is not expected, or it could send the measure to a House-Senate conference committee, the report of which would require only a yes-or-no vote. Another alternative is for the lower chamber to send the measure to its House Ways and Means Committee, which could try to remodel it or simply let it die with the session.

However, as yesterday's Hospital Association rally demonstrated, the hospital industry strongly favors some legislative action to end the statutory limbo it has been in since Sept. 30, when the state's previous hospital financing system expired. Hospitals have since been paid on an informal continuation of the old system, but many say this cannot hold much longer.

Another factor favoring some kind of House action is the pressure from about "underfinanced" 39 community hospitals across the state – 40 percent of the industry – who secured overwhelming House approval of a measure to grant them about $100 million in additional revenue this year.

The House-passed measure has been incorporated into the McGovern compromise, which would grant the $100 million over the next two years.

Globe reporter Frank Phillips contributed to this story.

Globe staff photo/John Blanding

Gov. Dukakis and Senate Ways and Means Committee Chairman Patricia McGovern attend State House rally sponsored by the Massachusetts Hospital Association in support of the health care bill.

We are young & old, working & unemployed, poor & middle class, healthy & sick...

We are all without adequate health insurance.

Health Care For All

Over 660,000 Massachusetts residents are without health insurance to protect them from the astronomical cost of getting sick. Thousands more have inadequate coverage. These people must choose between health care and other necessities. A simple doctor's visit can put a sizable dent in their paycheck and a hospital stay can mean thousands of dollars in debt. Thus, many choose not to seek care until they are very sick.

Who are these people? Why don't they have adequate health insurance?

Geneva Evans is a home health worker. Everyday she provides health care in people's homes. Her employer does not offer health benefits. She takes home $118 per week, not enough to buy her own insurance. So she goes without needed health care for herself and her son.

Three-quarters of the uninsured in Massachusetts are working or the children of working people. They are employed mainly in service or retail firms or construction. Most of their employers do not offer any health benefits.

Kathy and John Mulligan's two year old daughter was born with numerous handicaps. Within 10 months she had reached the $100,000 lifetime limit on their insurance policy. Their income is to high to qualify for Medicaid, so their daughter is now uninsured. Because of s pre-existing medical condition, the Mulligans now cannot buy health insurance for their daughter.

There are 220,000 uninsured children in this state. Thousands more have serious medical problems that private insurance does not fully cover. Only the most severely ill are covered by Medicaid. These children often go without needed medical care. Insurance companies excluding people on the basis of pre-existing medical conditions results in many people with cancer, heart problems or other chronic diseases being left without adequate insurance.

Mrs. Winer is a 66 year old widow. Her only income is $380 a month from Social Security. She is coverage by Medicare but cannot afford to buy a supplementary Medi-gap policy. She often goes without her blood pressure mediation because most of her income goes to rent and food.

Medicare now pays only 65% of the health care costs of senior citizens. Medex, the most popular Medicare supplement in this state, costs over $600 a year. There are over 150,000 seniors here who cannot afford this essential coverage.

Paula Burns has been in a wheelchair since her childhood. Because of her disability she is covered by Medicaid. She is a skilled jeweler who would like to start her own business but can't because if she earns too much money she will not longer be eligible for Medicaid and no private insurance would fully cover her health care needs.

These are just a few of the stories of people who have fallen through the cracks of the health care system.

HEALTH CARE FOR ALL believes that health care is a right. We are working to insure that all people in Massachusetts have access to necessary care. We have represented interests of the uninsured and underinsured over the past two years as access to health care has been debated within the Governor's Study Commission on Health Care Finance and Delivery Reform and the legislature. There are now over 50 organizations and hundreds of individuals who have become part of this campaign.

Governor Dukakis and the legislative leadership is now calling for universal entitlement. Health Care For All is within reach. But we need your help. We are facing a strong and well organized opposition from hospitals, insurance companies and the business lobby. 89% of the people of Massachusetts believe that health care is a basic human right. Please stand up and let your voice be heard.

FOR MORE INFORMATION CALL 350-7279 OR WRITE:

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25 WEST ST. 2ND FLOOR
BOSTON, MA 02111

Health Care For All

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FACT SHEET ON S 2164 - HEALTH CARE BILL

ACCESS PROVISIONS

1. Free care pool (uncompensated care pool) continued with:
   a. Pool to be managed by new Dept. of Health Services (DHS)
   b. DHS to set new regulations for free care & bad debt.
   c. Bad debt payments discounted each year: 87% in FY88, 83% in FY89, 79% in FY90, 75% in FY91.
   d. Private sector share of the pool capped as of HFY88 at $325 million; $318 million in HFY89; $312 million in HFY 90; $312 million minus state appropriations for General Relief in HFY 91; stays at this amount if needed.
   e. State guarantees the pool up to 15% of the private sector cap. Above this amount the state will pay 50% of any further uncompensated care.

2. Medicaid wraparound for adult disabled begins 7/1/88.

3. Full and half-time college students required to have health insurance through school 7/1/88.

4. Phase-in initiatives begin 7/1/88 and continue to expand each year through 1991. These may be regional or population based and will include making premiums affordable for small business.

5. Studies on underinsured (including low income seniors and special needs children) completed 1/1/90.

6. Active unemployed covered through small UI surcharge - 4/1/90.

7. Employed uninsured covered through UI surcharge on employers who do insure - 4/1/92.

8. Sliding fee scale based on family size and income to be used by DHS for all individuals served by DHS.

9. Benefit levels are not specifically defined, however, all state mandated benefits must be offered. The general standard for setting benefits is that typically included in employer-sponsored plans. All DHS managed care plans must meet minimum standards for comprehensive coverage.

DEPARTMENT OF HEALTH SERVICES

1. State agency within EOHS (doesnot include RSC, Medicaid and GIC).

2. Powers are: administration of pool; creating and brokering small business pool; phase-in initiatives; studies including small business, underinsured, and uninsured; assisting DPH in hospital conversions.

FINANCING

1. Revenue sources in the legislation include:
   a. free care pool through hospital surcharge
   b. .12% UI surcharge on first $14,000 wages paid by all employers to cover active unemployed
   c. 12% UI surcharge on first $14,000 (wage base can be raised if insurance premium costs rise) on businesses that do not provide insurance to employees. No surcharge on employees covered through another plan, short term personnel (except heads of household), part-time (except heads of household).

2. State revenues will be required for pool guarantee phase-ins; subsidizing costs of uninsured including part-time employees and inactive unemployed; DHS administrative costs; etc. The phase-ins, etc. are all subject to appropriation.

SMALL BUSINESS INCENTIVES

1. Temporary two year tax credit for businesses which begin to provide health insurance to employees.

2. DHS small business insurance pool to lower costs through brokering; studies on how to lower costs; small business advisory board; phase-in projects directed to small business.

3. Evaluation of results before UI surcharge becomes effective.

4. Hardship Trust Fund to assist small businesses if UI surcharge exceeds 5% of gross revenues.

BLUE CROSS/BLUE SHIELD ISSUES

1. State Auditor to conduct audit of BC/BS losses in Medex and non-group and non-group medi-gap offerred by all insurers and HMOs. Fiancial impact of BC/BS privileges included. Preliminary report due 4/1/88, final due 10/1/88.

2. Commission on health insurance reform (1 chair, 1 commercial insurance rep, 1 BC/BS rep) must consult with consumer groups to set their agenda and must include consumer groups in final report.

3. Commission report must specify ways to fulfill insurer of last resort functions. Preliminary report 7/1/88, final 10/15/88.

HOSPITAL FINANCING AND COST CONTAINMENT

1. Excess beds reduced. Protections for sole community providers and worker dislocation.

2. Underfinanced hospitals needs addressed assistance for converting excess beds; provisions for direct care labor wage increases; state revenues available to cover Medicare cuts; cap on charges for four years.

Health Care For All

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THE PEOPLE SUPPORT HEALTH CARE FOR ALL

The following Becker Institute poll results were released by the Boston Committee on Access to Health Care on June 30, 1987.

- 89% agreed that "[a]ccess to health care is a basic human right to which everyone is entitled," with 75% strongly agreeing.
- Only 31% agreed with the statement, "It is unfortunate that people without health insurance can't get all the health care they need but, frankly, that is not the state's problem."
- 65% of respondents thought that government should pass "legislation that guarantees health insurance coverage for all citizens."
- 57% approved when told that "the legislature has proposed guaranteeing health insurance coverage for the uninsured in Massachusetts at an additional cost of $180 million in new state spending."
- 79% were "willing to pay...more in state taxes to help pay the cost of providing health care for the uninsured" -- 59% would pay $100 more a year, and an additional 20% would pay $25 more a year.
- 74% said that "firms who do not provide health insurance for their employees...should...be required to pay [the proposed] payroll tax to insure the uninsured."
- 71% felt that, in Massachusetts, there is "a significant part of the population who are not insured."
- 56% felt that "most of the uninsured adults are unemployed," as opposed to "employed by companies that don't provide insurance."
- Only 32% disagreed with the statement, "The government provides health insurance, such as Medicaid, to pay for the health care of all low-income working people, the so-called 'working poor.'"

These results show public concern, support for the concept of government intervention on the problems of the uninsured, and a willingness to pay for care to the uninsured. Interestingly, this willingness was found even though respondents erroneously thought that the government already provides health insurance for all working poor. This would indicate that the political will might even be greater if the public knew the extent to which the problem of uninsurance exists among employed families.