



# Advocacy

## ADVISORY

Vol.8 No. 18, November 17, 2008

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### HOT TOPICS FOR ADVOCACY IN THIS ISSUE

**THIS ISSUE** of the Advocacy Advisory will focus on topics of current interest to health care, including ongoing federal and state issues related to patient access, covering the uninsured, and reimbursements. The CHRISTUS position is consistent that health care dollars must be preserved in programs such as Medicare and Medicaid, as both of these programs these serve a vital function as part of the health care safety net for the uninsured and underserved population.

#### **Putting Care Within Reach:**

As one of the largest Catholic health care systems in the United States and because of our solid reputation among policymakers at all levels of government, CHRISTUS Health is uniquely positioned to lead in the effort to achieve meaningful and significant health care reform for this nation. Our efforts will be targeted at achieving objectives in support of the goal of universal coverage, and will include continuing to build effective relationships with legislators and members of the new Obama administration, equipping CHRISTUS leadership and associates with the tools needed to engage and participate in this important national debate, and working to build consensus and collaboration among other health care providers.

The national political scene promises change in 2009 and early indicators are that it will be a favorable time in which to work to achieve our goals. However, there remain significant challenges that CHRISTUS will work to help overcome as a primary feature of our campaign of **"Putting Care Within Reach."** Success will require a profound commitment at every level of CHRISTUS Health, as we all work together in our individual communities and on a system-wide basis to promote a message of hope, change, and quality health care for every American.

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## MORE OBAMA HEALTH PLAN ANALYSIS

President-elect Barack Obama's plans to overhaul the U.S. healthcare system would cost the federal government \$75 billion the first year but would provide health insurance for 95 percent of Americans, consulting firm PriceWaterhouseCoopers said this week. This works out to about \$2,500 per newly insured person, the firm said in a report. "The plan would increase to \$1 trillion cumulatively by 2018 or approximately \$130 billion per year," the report said. While the plan would extend health insurance to two-thirds of the 47 million people who currently lack it, the overhaul may worsen some problems, such as a shortage of primary care doctors, the analysis found. "Unless costs are cut, growing health care costs will increase the costs of Obama's plan dramatically over time and reduce the effectiveness of mandates. This could make the federal costs unsustainably high," the report said. "Because of the deficit and financial crisis, there's unlikely to be any new federal money available, so health reform may require reallocation of dollars already in the health system."

Dr. David Levy, health industry specialist at the consulting firm, said the current financial crisis does not outweigh the need for healthcare reform. "We think this is a moment in time, with ... Obama's election, when in fact we could see not a stalling of healthcare reform but a potential acceleration of healthcare reform," he told a telephone briefing. Some costs could be recovered from payouts made to hospitals that care for the uninsured, the analysis found. It found that \$25 billion, or about a third of the cost of Obama's plan, could come from existing payments to hospitals for uncompensated care. "Obama's proposal is likely to increase revenues but lower margins for providers, pharmaceutical companies and health plans that increasingly depend on government payment," the report said. While Obama's proposals would add costs up front, they would provide savings over the long term, especially by stressing prevention and wellness, said Jack Rodgers of the group's health policy economics practice.

Senate Finance Committee Chairman Max Baucus, a Montana Democrat, unveiled his own healthcare reform plan last Wednesday that resembles Obama's but would require all Americans to have health insurance. Unions and consumers groups have been quick to praise both proposals. Sen. Baucus has a reputation as a centrist who works closely with Charles E. Grassley of Iowa, Finance's ranking Republican, and will have jurisdiction over a large share of any health-care overhaul Congress tackles next year. Finance controls policy for Medicare, Medicaid, the State Children's Health Insurance Program, taxes and Social Security, among other issues. Baucus has an independent streak that bothers both Democratic leaders in both the House and Senate. He supported President Bush's 2001 tax cuts, unlike most of his fellow Democrats, and helped write the 2003 Medicare prescription drug law, which most of his party opposed as inadequate and too generous to private health insurers. In a letter to Obama on Thursday, Baucus said: "Next week I will present to you and to the country my plan to move forward on health care reform in the early days of the 111th Congress and of your administration." He added, "I made sure the Finance Committee spent this year learning and preparing for action on a comprehensive overhaul of the health care system, and I intend for us to move swiftly and decisively with legislation in early 2009. The Finance Committee and this incoming administration have laid lots of groundwork already, and there's just no time to waste in tackling health care reform." He said he would "work together with the new administration" in refining the plan.

*Source: Reuters News Agency, 11/13/08.*

## KENNEDY SET TO MOVE ON UNIVERSAL HEALTH PLAN

Senator Edward Kennedy's staff is holding regular meetings with interest groups to translate President-elect Barack Obama's health-care plan into legislation that can be passed by Congress, an aide said. Kennedy, a Massachusetts Democrat, will take his "cues from the Obama White House" and expects that Congress will act on a measure in Obama's first term, said Michael Myers, staff director of Kennedy's Health, Education, Labor and Pensions Committee, at a conference last week in Washington. Obama has proposed expanding government health programs, giving subsidies to low-income families and requiring that insurers cover everyone, regardless of their medical condition. Kennedy, who is under treatment for brain cancer, told the Democratic convention in

August that providing "decent, quality health care" to everyone is "the cause of my life," and he pledged to return to Congress in January to achieve it.

Kennedy's committee, trying to avoid repeating Hillary Clinton's failed attempt to rework health care in 1993-94 during her husband Bill's first term as president, is talking with different advocacy and interest groups to produce a plan with broad support. Health-care providers and policy groups know the status quo isn't acceptable, said Ron Pollack, Families USA's executive director.

"There is an effort to find a common ground," Pollack said. "I have never seen such interest in getting to 'yes.'"

Obama has estimated that making affordable coverage available to all Americans would cost up to \$65 billion annually, with another \$250 billion over five years to develop computerized health records throughout the country. Congress last year insisted that any new legislation be paid for with revenue from other sources, such as tax increases, or spending cuts, to avoid increasing the budget deficit.

*Source: Associated Press, 11/7/08.*

## U.S. CATHOLIC BISHOPS MEET; DISCUSS ABORTION

Fears about laws and changes in regulations on abortion that might advance under a new Democratic-run Congress and White House are the central focus of a statement approved by the U.S. Conference of Catholic Bishops on November 12 during their annual fall meeting in Baltimore. The majority of the 830-word, untitled statement focuses on concerns about the possible passage of the Freedom of Choice Act, calling it "an evil law that would further divide our country" and adding that the church "should be intent on opposing evil." It warns against interpreting the outcome of the Nov. 4 elections as "a referendum on abortion" and says "aggressively pro-abortion policies, legislation and executive orders will permanently alienate tens of millions of Americans."

The statement was crafted during the bishop's meeting and involved a total of nearly three hours of discussion on the topic during executive and public sessions November 11. Under USCCB policies, statements drafted outside the usual committee approval process may be issued by the conference president on behalf of the bishops. The final product was written under the supervision of Cardinal Francis E. George of Chicago, USCCB president, after the bishops weighed in with a wide range of recommendations about its content, tone and writing style. After an overnight writing session, the statement was read by Cardinal George to the body of bishops, who greeted it with applause.

It starts by saying the bishops "welcome this moment of historic transition and look forward to working with President-elect (Barack) Obama and the members of the new Congress for the common good of all." "We want to continue our work for economic justice and opportunity for all; our efforts to reform laws around immigration and the situation of the undocumented; our provision of better education and adequate health care for all, especially for women and children; our desire to safeguard religious freedom and foster peace at home and abroad," it said. "The church is intent on doing good and will continue to cooperate gladly with the government and all others working for these goods." The statement went on to explain church teaching that life is a gift from God and that "a good state protects the lives of all."

The statement elaborated a range of concerns about the proposed Freedom of Choice Act, including concerns that it would "deprive the American people in all 50 states of the freedom they now have to enact modest restraints and regulations on the abortion industry." It said the bill "would coerce all Americans into subsidizing and promoting abortion with their tax dollars," and would counteract any efforts to reduce the number of abortions in the country. Statutes requiring parental notification when minors receive abortions, informed-consent provisions and bans on procedures such as partial-birth abortion would also be prohibited, the statement said. It raised concern that abortion clinics would no longer be regulated, that a current ban on federal funding of abortion would end and that it would "have lethal consequences for prenatal human life."

Catholic health care institutions and Catholic Charities would be threatened, it said, because the bill would have a "destructive effect on the freedom of conscience of doctors, nurses and health care workers whose personal convictions do not permit them to cooperate in the private killing of unborn children." The Freedom of Choice Act has been introduced in at least the last four sessions of Congress without any action. Other versions go back to the early 1990s. In 1993, when Democrats controlled both houses of Congress, the Senate Labor and

Human Resources Committee approved that year's version. But it never reached a floor vote and saw no action in the House.

*Source: Catholic News Service, 11/14/08.*

## WAITING PERIOD FOR MEDICARE CHALLENGED

**H**ealthcare and disability advocacy groups have launched a campaign to end the two-year waiting period the disabled must endure before qualifying for Medicare. More than 75 such groups, including the Alzheimer's Association and the Medicare Rights Center, have joined forces to end the waiting period, according to the Associated Press. Roughly 1.5 million people find themselves suspended in the two-year gap at any given point, oftentimes relying on Medicaid or personal savings to pay for healthcare costs, AP reports. Eliminating the gap would save an estimated \$4 billion for Medicaid, though it would cost roughly \$9 billion to Medicare, the report said. In his health care plan released Wednesday, Sen. Max Baucus (D-MT) said he favored eliminating the two-year waiting period for disabled individuals. Two other legislators, Rep. Gene Green (D-TX) and Sen. Jeff Bingham (D-NM) have introduced legislation that would also eliminate the waiting period for the disabled. This appears to be part of a general climate in Washington that favors reform concerning a variety of health care issues. *Source: Reuters News Service, 11/13/08.*

## DEMOCRATS PLEDGE TO MAKE SCHIP A PRIORITY

**D**emocrats are expected to pass a large expansion of children's health insurance early next year, making good on a campaign promise dating to 2006. Lobbyists from child advocacy groups have been meeting with the staff of key Democratic lawmakers and committees responsible for the State Children's Health Insurance Program (SCHIP) in recent weeks, urging them to pass an expansion of the program as one of their first acts of the new Congress. House Speaker Nancy Pelosi appears poised to meet the demand; she told National Public Radio on Wednesday of last week that an SCHIP expansion "will probably be one of the first bills we would put on President Obama's desk." The legislation came to President Bush's desk twice, and he vetoed it both times.

Child advocates say it is critical to keep a new SCHIP bill separate from a much larger, comprehensive health care overhaul that is one of President-elect Barack Obama's top priorities. "I think there's a growing understanding . . . that given the economy, you should do SCHIP quickly, and it actually builds momentum for broader reform and doesn't step on it," said Gordon Whitman, a spokesman for the PICO National Network, a coalition of churches and faith-based community organizations. "We don't want people to get it confused with overall health reform," said Jim Kaufman, vice president of the National Association of Children's Hospitals.

When Democrats took control of Congress in 2006, they promised that a large SCHIP expansion would be a top priority. About 7.1 million children were enrolled in the program at some point in 2007, according to the Centers for Medicare and Medicaid Services. The government expects to spend about \$6.1 billion on SCHIP in fiscal 2009. House Democrats passed a bill in 2007 that would have expanded SCHIP spending by nearly \$50 billion over five years, but the Senate did not consider the measure. Instead, the Senate passed a bipartisan bill (HR 976) that expanded SCHIP by \$35 billion over five years, to about \$60 billion. However, Bush vetoed the measure, as well as a second, very similar bill (HR 3963) that Democrats had hoped would draw a veto-proof majority – it did not.

Advocates think that the bill the new Congress will pass will be similar in policy to the Senate bill that Bush vetoed. But thanks to inflation, it will have to include greater spending to cover the same number of children — perhaps as much as \$50 billion over five years. "You're effectively doing the Senate bill with a couple of tweaks," said Bruce Lesley, president of First Focus, a child advocacy group. That includes one significant and controversial tweak. In 1996, Congress passed a law (PL 104-193) that forbids legal immigrant women and

children from enrolling in Medicaid or SCHIP for the first five years that they are in the country. Child advocates have long sought to lift that prohibition, and see their opportunity under Obama.

Democrats face a problem paying for the expansion. The bill that Bush vetoed was paid for with an increase in tobacco taxes, including a 61-cent increase in the cigarette tax to \$1 per pack. However, that same tax increase won't pay for the larger expansion that is now contemplated. Democrats also face a deadline. New spending on SCHIP is authorized only through the end of March — after that, the program would have to run only on money in reserve, and many states would quickly face shortfalls in their programs.

*Source: Congressional Quarterly, 11/6/08.*

## Of Physician Interest

### UNCERTAINTY ABOUT PREPARATION FOR DISASTER

The findings of a new study published last week in the American Medical Association's *Disaster Medicine and Public Health Preparedness Journal* found that consistent, evidence-based performance measurements are needed to more accurately evaluate hospitals' ability to manage care during a disaster. The study has been released early on the AMA web site and will be published in the Journal's December issue. Health care institutions have invested considerable resources in emergency management preparedness, the AMA notes, but because major disasters are rare, they continue to be challenged in evaluating the strengths and weaknesses of their response programs. Evidence-based preparedness policies are needed that model current health care quality improvement programs. One way to create such models is to evaluate hospital procedures during times that mimic disaster levels. Traditional quality measures such as wait times and missed diagnoses, can be applied, and the results can be compared to peer facilities to determine strengths and areas needing improvement. Physicians need to be aware of this uncertainty, the AMA points out, in order to formulate personal practice response plans consistent with the hospitals in which they provide patient care.

*Source: American Medical Association, 11/14/08.*

## Of Regional Interest

### ARKANSAS

*Budget Surplus to be used for Medicaid?* Arkansas Governor Mike Beebe (D) last week said that a nearly \$260 million budget surplus could be spent on shortfalls facing the state's Medicaid program and prisons. Last month, Beebe proposed using the money to create a rainy-day fund to meet projected budget shortfalls. State Department of Finance and Administration estimates show that the national economic downturn would reach Arkansas in the next fiscal year. The toughest sell Arkansas Gov. Mike Beebe will have in his balanced budget proposal may be his push to use the state's surplus to help pay for that nearly \$146 million in services that would otherwise go unfunded. Lawmakers on Friday said they're concerned about whether Beebe will take away their power in prioritizing the state's budget with his plan.

*Source: Arkansas Democrat Gazette, 11/13/08.*

## LOUISIANA

*Louisiana Health First Faces a Fight.* Gov. Bobby Jindal plans to unveil today a proposed restructuring of the state's Medicaid program that would steer hundreds of thousands of low-income Louisiana residents into private managed-care plans in an effort to control costs and improve the state's historically poor health-care outcomes. The long-awaited Louisiana Health First Initiative, which was further outlined at a news conference at the Governor's Mansion last week, would move the state's Medicaid program for the poor away from a "fee-for-service" model, where the state mostly pays claims submitted by health-care providers. Under the new proposal, managed-care organizations would receive a per-patient fee that would vary by the health status of its patients, while doctors and hospitals would receive incentive payments if they meet certain performance criteria. "We have a health-care system that doesn't behave like a system," said Health and Hospitals Secretary Alan Levine, the main architect of the plan. He said the state needs a more coordinated system of care to improve on key health indicators such as the percentage of women on Medicaid who get breast-cancer screenings. Levine said the plan will call for pilot programs in four metropolitan areas -- New Orleans, Baton Rouge, Shreveport and Lake Charles -- and would aim to provide coverage to as many as 106,000 people, mainly low-income adults, who are uninsured. Part of the money for expanding coverage would come from the financing that supports uninsured care in the Louisiana State University charity hospital system. Several hurdles remain before the plan can be implemented, starting with the state Legislature. Under a 2007 state law mandating that Louisiana develop a "medical home" system of care, the plan must be approved by a House-Senate budget committee, as well as the health-care committees in both chambers. If the legislative committees give their approval, the plan would then be sent to the U.S. Department of Health and Human Services, which must sign off on all major changes to the Medicaid program because the cost of the program is shared with the federal government. Some aspects of the plan would still have to come back to the Legislature next spring, Levine said. Already there are signs that the administration will have a fight on its hands. The Louisiana State Medical Society and the state chapter of the American Academy of Pediatrics have come out against the proposal, and they have accused the administration of not being transparent enough as it was being developed. *Source: New Orleans Times Picayune, 11/14/08.*

## NEW MEXICO

*Budget Woes Predicted to Last into 2010 Fiscal Year.* New Mexico's financial woes won't end if lawmakers and Gov. Bill Richardson plug a budget shortfall estimated at more than \$200 million this year. The revenue outlook for the upcoming budget year also appears bleak. There's essentially no new money projected to cover potential increases in operating costs next year for public education, health services for the poor and general government operations ranging from courts to prisons, lawmakers were told Tuesday. The situation is likely to spell trouble for public school teachers, college faculty and state employees hoping for salary increases next year. The budget squeeze also poses problems for Richardson's proposal for universal health care, which had met with opposition in the Legislature even before the latest drop in revenues. The possibility of a flat budget stands in contrast to the robust growth of government that has occurred recently. State spending increases have averaged about 6 percent over the past decade. Members of the Legislative Finance Committee received the grim budget news as the administration's top tax and budget officials briefed lawmakers on the latest revenue projections for this year and the fiscal year that starts in July 2009. Revenues are sharply lower than expected - down \$344 million this year and \$372 million next year - because of falling energy prices and a national economic downturn that's also hurting New Mexico.

The New Mexico Legislature convenes in January for a 60-day session. One of its top assignments is drafting an operating budget for state government, including public education, in the 2010 fiscal year. The LFC previously has estimated it could take slightly more than \$200 million of increased spending for a "bare bones" budget next year, including covering expected enrollment growth in programs such as Medicaid and to maintain current inflation-adjusted services. However, the immediate problem is the current budget year, which began in July and continues through June 2009. Revenues are expected to fall about \$250 million below the spending approved in the state's \$6 billion budget. Legislators and administration budget officials disagree over the precise shortfall amount.

To help offset the shortfall, Richardson last week proposed 5 percent cutbacks in budgets for executive branch agencies under his control and he ordered a freeze on hiring and pay increases. Some critical operations, such as public safety and human services, will be protected from cutbacks, Miller said.

Medicaid, which provides medical services to more than 400,000 needy New Mexicans, is "off the table at the moment" and won't be subject to immediate cuts, Miller said. Richardson also has proposed repealing some capital improvement projects that were previously approved but aren't moving forward, possibility because there's not enough money to pay for the entire project. The administration estimated that \$200 million to \$300 million could be saved by scrapping capital projects, which can't be done without the approval of the Legislature. Richardson hasn't offered a list of specific projects that might be candidates for cutting. However, the governor's suggestion troubled several LFC members. The state has cash reserves of about \$695 million - equal to about 12 percent of general government spending.

*Source: The Associated Press, 11/1/08.*

## OKLAHOMA

*Health Care Task Force Completes Work.* Ways to improve Oklahomans' health and reduce the number of uninsured Oklahomans were submitted by state lawmakers last Thursday as a legislative task force wrapped up its work on what is expected to be a top priority in the 2009 Legislature — health care. Suggestions aired by lawmakers included improving access to health care and increasing the number of doctors and nurses, expanding a public-private partnership that helps small businesses provide health care coverage to their employees and urging Oklahomans to take personal responsibility for their health. "Personal responsibility is going to be the keystone for getting control of costs," said Rep. Ron Peterson, R-Broken Arrow. "If you're obese, you need to become less obese. If you smoke, you need to quit smoking."

Members of the Health Care Reform Task Force also said changes to the state's civil justice system that would lower medical malpractice insurance costs would help increase the number of physicians in the state and control rising health care costs. "We don't want to decrease accessibility by scaring our health care providers away," said Rep. Pam Peterson, R-Tulsa. The ideas will be rolled into legislation to be considered by the Legislature, which convenes in February. The measures are expected to have the support of House Speaker Chris Benge, R-Tulsa. "The speaker has made it very clear that health care is going to be a top priority," said Rep. Kris Steele, R-Shawnee, co-chairman of the task force who has been designated speaker pro tem for the upcoming legislative session, the House's No. 2 position. Following months of hearings and testimony from health care experts, the recommendations of lawmakers followed common themes and included expansion of the Insure Oklahoma program, a public-private partnership between the state and small businesses that provides health care coverage for their low- and middle-income employees.

*Source: The Associated Press, 11/14/08.*

## TEXAS

*Texas in Better Financial Shape than Most States.* Texas' finances are in better shape than most states', Lt. Gov. David Dewhurst told several hundred Dallas-area accountants and tax lawyers Thursday. "Thank goodness, we live in Texas," he said. "Thirty-two, maybe 33, other states are expecting deficits. ... We're still expecting a small

surplus." Still, lawmakers returning to Austin for their 2009 session in January will find fiscal headaches aplenty, he said. Among his concerns:

- 1) The state comptroller has calculated that new spending in the Legislature will be capped at about 9.1 percent over the current two-year budget. If that figure was adopted by the Legislative Budget Board at its meeting Friday, the 2010-11 budget could grow by only \$7.5 billion.
- 2) Medicaid expenses are already projected to grow by \$5.7 billion, Mr. Dewhurst said. So unless lawmakers can find savings there or in other health-care expenses, Texas could have trouble paying for other standard increases, such as employee raises.
- 3) The state budget continues to carry a huge structural deficit, he said. In 2007, lawmakers cut \$14 billion from property taxes over two years. To offset that reduction, they added a new business tax that was expected to raise \$8 billion. Revenues from that new tax, however, are likely to produce only \$6 billion.

The immediate gap will be filled by about \$7.5 billion in cash saved by lawmakers for just that purpose, Mr. Dewhurst said. In addition, Texas' rainy-day fund is temporarily flush from unexpectedly high oil receipts. Those temporary funds are not expected to solve the long-term deficit.

*Source: Dallas Morning News, 11/14/08.*

## UTAH

*Health Care Reform Debate Continues.* Despite the sincere effort being made, health care reform in Utah and nationwide is destined to run in circles unless everyone gets serious about medical costs and affordability, members of a special Utah legislative task force were told recently. Reformers are stuck in a rut of parsing out what's unaffordable: Medical care will equal the average Utah household's income in less than 10 years; Medicaid coverage for poor Utahns is on a track to equal the entire state budget in about 15 years, task force members were told. "The attitude has been that somehow tweaking the insurance mechanisms on one side and delivery mechanisms on the other, we're going to rescue health care," said Douglas Emery, a health-care reform consultant who has developed a new consumer-driven economic model for medical care. "That's why we keep going in circles. Making the system transparent is key to revealing the cost of care, which continues to rise at double-digit inflation and with no end in sight, he said.

Emery and others said the result is a rat's nest of complicating factors in which providers can't or won't supply the actual costs, and insurance companies are reluctant to continue to underwrite plans, particularly for individuals without insurance, because the only thing known about costs at this stage is that they will continue to increase. Combing through some of the tangles was addressed in part Friday by a proposal offered by the task force's insurance review work group. It has drafted a set of steps called NetCare to expand insurance coverage for individuals who are uninsured or are moving from a large-group coverage plan offered at work. Under a number of new options in the proposal, people who now have no choice when leaving a job but to extend insurance at work by paying the full premium cost, could instead sign up for insurance at a third or half as much as a full premium but would have deductibles of \$2,000 or \$4,000. Each family member could receive up to a \$300 deduction annually in outpatient care, whether in a doctor's office or emergency room before the deductible is assessed. A wellness incentive is included that would allow a discount in a premiums, a deductible reduction or provide virtual health-care dollars to offset health-care services. Rep. James Dunnigan, R-Taylorsville, who described the work group's proposal, said the incentive also addresses a major expense of health care — medical treatment for medical problems induced by unhealthy habits such as smoking and obesity.

The bulk of Friday's meeting focused on presentations by insurance industry representatives that drew both mild praise and sharp criticism from task force members. Several said they believe that chronic conditions are a major reason that many of Utah's 300,000-plus uninsured residents don't have coverage. Chronic conditions make them uninsurable under many plans and make buying individual plans unaffordable.

*Source: Deseret News, 11/1/08.*

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