HEALING OUR
HEALTH CARE SYSTEM

The Plan:

President's Clinton's health care proposal will mean sweeping changes in how health care is delivered and financed in the United States. Here is a summary of the major points

- Universal coverage includes all U.S. citizens and longtime alien residents.
- Everyone will receive a health security card.
- Guaranteed health care benefit package. A minimum requirement for health services covering hospitalization, surgery, immunizations, regularly scheduled physical examinations, ambulance service, hospice care, mental health coverage, vision services, child dental service.
- Regional and corporate health alliances will be formed to purchase health care plans. Corporations with more than 5,000 employees will be allowed to form their own alliance.
- Regional and corporate alliances would choose from available health care providers including HMOs, PPOs and traditional. States would be responsible for establishing alliances or submit a plan of health care reform. States may opt for a single payer system.
- Alliances must be established by Jan. 1, 1997.
- Mandatory employer contribution of 80 percent of premium, employees will pay 20 percent. Small businesses would be eligible for subsidies. Major employers would receive a break on retirement health benefits.
- Self employed and unemployed would be responsible for family and employer share unless they are eligible for assistance based on income
- Creation of National Health Board which would oversee requirements for state plans, interpret and update guaranteed benefits, issue regulations concerning implementation of national budget for health care spending, establish performance based system of quality management and improvement.
- *National Quality Management program would develop quality information and accountability program.*
- Encourages move away from medical specialization to primary care and internal medicine, including a student loan forgiveness program.

Business leery of government

By Doug Funke
Staff Writer

For business, it boils down to a question of trust. Can government overhaul the health care system to meet the needs of both employers and employees?

Frank Zuccaro, owner of Aerodata, a computer services consulting business in Plymouth, has his doubts. Zuccaro employs his wife, Gloria, and two other persons, all three of whom are covered by their spouses' health plans.

"I don't object to there being a national health care plan in spirit," Zuccaro said. "I just don't think government can pull it off. I don't think he (Clinton) can cure a system in five years that has taken a lifetime to be as screwed up as it is."

Zuccaro said he employs so few that if he had to pay part of their health care premiums it wouldn't make much difference one way or another.

But he couldn't afford to pay the entire premium for all employees as he did several years ago.

"It just wouldn't be affordable," Zuccaro said. "It's gone up tremendously. It's been in a runaway mode. A family of four will run you $600 a month."

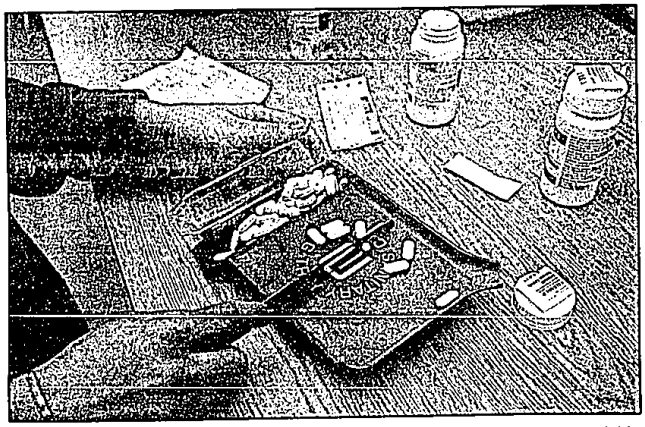
At the other end of the spectrum is the Ford Motor Co. The automotive giant spent $1.35 billion last year on health care for its employees and retirees, said David Caplan, a company spokesman.

Ford currently employs about 150,000 and has a climate control plant in Plymouth, a parts distribution center in Redford and a transmission and chassis plant in Livonia.

"In general, we do support national health care reform," Caplan said Monday.

"We look forward to the release of the president's plan. Despite some of our cost containment programs, the company's health care costs have risen to the point where they jeopardize our ability to compete on a global basis," Caplan said.

Ford would insist on five elements in government-mandated reform: universal coverage, quality assurance, administrative simplicity, cost containment and equitable financing, Caplan said.



Who pays?: *The high cost of drugs such as these, advanced medical technology, highly skilled medical personnel and hospitalization have forced a crisis in medical care. But business leaders wonder whether the Clinton proposal addresses the question of who will pay.*

"I think we are hopeful a national health care program will reduce costs," he said. "But in the end, it may reduce only the rate of growth.

"Contractual business aside (who pays what in a labor agreement with the UAW), health care costs have been rising 8 percent each of the last five years, the consumer price index, 4 percent," Caplan said. "That's intolerable."

Kmart, one of the nation's largest general retailers with headquarters in Troy and stores throughout the metro area, declined comment earlier this week on specifics about Clinton's plan.

"We're very much monitoring legislation, very much involved in discussion," said Shawn Kahle, Kmart spokeswoman.

The company, which employs 250,000 in the United States and Canada, currently has a self-insurance medical coverage plan in partnership with a Blue Cross-Blue Shield-type provider, Kahle said.

"Kmart always has had the sort of health-care structure where some of the costs are carried by the worker and some are carried by the company," she said. "Kmart has discovered a niche in the discount area. Cost control is an inherent part of business."

Only full-time employees, or about half of the total, are eligible for medical care coverage, she said.

Kahle declined to comment on what percentage the company now pays compared with the 80/20 ratio for employers/employees in large companies proposed by Clinton.

Regardless of where an individual works or in what capacity, any new health care plan likely will be measured — and accepted — by changes in existing costs and coverages.

Ron Brown, executive assistant to the president of Local 876 of the United Food & Commercial Workers Union, makes that point very clear. His union represents some 20,000 workers at major food stores like A&P, Farmer Jack and Kroger.

"Members certainly want to maintain the level of benefits they have now," Brown said, adding that employers currently pay all health premium costs.

"Members feel the cost of health care, with employers saying they only have X amount of dollars to spend with X amount to wages and X amount to fringes is part of a total compensation package," he said.

How health care would change under Clinton

Alliances.

Know that term — and how it is defined by the Clinton Administration task force — and you have a pretty solid understanding of how the health-care system would change under the plan unveiled Wednesday.

Regional health-care "alliances" would be responsible for virtually every aspect of health care — from determining who's eligible for which services, to how fees are set.

The move would presumably create a market-driven health-care system more responsive to competition than the current, insurance-driven industry.

Here's a look at the way some things will change in southeastern Michigan:

COST TO USERS

■ Current system: Employees with employer-provided insurance pay a portion or often nothing toward their premiums but deductibles and co-pays are often required for services rendered. Employees in low-paying jobs and the unemployed have no health insurance and rely on Medicaid to pay for services.

■ Clinton plan: All employees have insurance. Most small- and medium-sized employers will be responsible for 80 percent of premiums with employees paying about 20 percent (as low as $60 per year for singles, as high as $1,140 for families). Small businesses will be eligible for subsidies. Large employers may create their own alliance. Senior citizens still covered under Medicare, which has a separate budget.

DOCTORS' FEES

■ Current system: Dr. Gerald F. Robbins, a neurologist with a practice in Garden City and president of the Michigan Association of Osteopathic Physicians and Surgeons, said overhead costs (staff, insurance, rent, etc.) and community economics are factors.

"There are certain regulations (anti-trust laws), which have really been enforced the last couple of years, where doctors can't sit down and discuss fees," he said.

"Frequently, we look at what our rates are and, if insurance is paying that, we might raise 5 percent (annually) so we can keep up with inflation."

■ Clinton plan: A national health care budget — determined through an average of premiums for the guaranteed standard benefits package — ensures that costs rise at the rate of inflation or less. Alliances can negotiate with providers but fees are set within those paramaters. Savings to providers come from administrative simplification and increased negotiating power through the alliances.

Dr. Gerald F. Robbins: *A neurologist with a practice in Garden City and president of the Michigan Association of Osteopathic Physicians and Surgeons.*

WHAT ABOUT PRESCRIPTION DRUGS?

■ Current system: Insurance companies are the middle-people, said Gilbert C. Gerhard, vice president of finance and administration for Arbor Drugs, headquartered in Troy.

"In any contract with a third-party insurer, what we usually have is an arrangement that they pay us a certain amount for a prescription which is pretty much based on our cost — what we pay the manufacturer.

"And they (insurers) give us a dispensing fee (which averages $3 per perscription) for the work of professional services.

"Usually there's a co-pay of some sort collected from the customer depending on what the contract is with the carrier.

Profits are generated by the number of prescriptions sold, not by the cost of the medication, he said.

■ Clinton plan: Presciptions are part of the basic benefits package. Alliances become the middle-people in the supplier-retailer equation.

Single-payer system works in Canada

Editor's note:In the debate over health care alternatives, many liberal Democrats favor a single-payer system, similar to that in Canada. Reporter Mary Rodrique has lived in Canada for many years and is familiar with both the Canadian system and the current U.S. health insurance system.

By Mary Rodrique
Staff Writer

■ Canadians are certainly taxed to the hilt. But it is a myriad of social programs supported by a tiny middle class that is the real culprit.

As an American who has spent the last dozen years residing in Ontario, I've experienced health care Canadian style.

A lot of the complaints I hear about OHIP (Ontario Health Insurance Plan) from Americans aren't true or are at least exaggerated.

Granted the system isn't perfect — what is? But I believe it is far better than the mishmash that passes for health care in the United States, with employees paying an ever increasing share of their paycheck for less coverage and more than 35 million Americans with no health care insurance whatsoever.

At least in Ontario, everyone is covered by the plan. All pregnant women have access to prenatal care. Young children can receive immunizations and regular checkups. No one need fear putting off a trip to the doctor for financial reasons. Almost as gratifying as not having to bring your wallet to a doctor's appointment is not having to deal with insurance companies.

One of the complaints I've heard is that OHIP is fine for treating mild illnesses, like bronchitis or a sinus infection, but anyone with a life threatening problem is put on an interminable waiting list for treatment.

I know of two Canadian women who have been diagnosed with breast cancer within the past three years. Both received timely treatment. Both are doing fine.

When my gynecologist discovered a small lump two years ago, I had an appointment with a surgeon within a week. A breast biopsy, thankfully, turned out negative.

Another complaint I've heard is that patients overuse the system because it's free. How many people do you know who enjoy going to a doctor? I don't think I have ever overused the system.

There is also a common belief that treatment is second rate — less than state of the art. When I was pregnant with my first child 10 years ago, my American obstetrician encouraged me to deliver the baby here, implying the care I would receive would be better than in Canada. Because I was working full time in Livonia with job related health insurance, I heeded his warning. Everything went off without a hitch. I would rate my prenatal care and hospital delivery as first rate.

Two and a half years later, I had a second child. Working part time with no American health care coverage, daughter number two was born in Windsor. I would also rate my pre and post natal care by my obstetrician (a graduate of Wayne State University Medical School) as first class all the way.

Another complaint I've heard — to get an appointment with a specialist requires a very long wait. Again, that hasn't been my experience.

I know that OHIP is experiencing problems — some doctors are leaving to practice their specialties in the more lucrative American market. But Canadian doctors are certainly living a comfortable lifestyle.

Hospitals are downsizing, money is getting tight. But overall I think OHIP is a great system.

The other complaint I hear is that Canadians are taxed to death to support the health care system. I'll agree with the first part of that. Canadians are certainly taxed to the hilt. But it is a myriad of social programs supported by a tiny middle class that is the real culprit.

Canadians will take a lot from their government. But I truly believe they would never stand for anyone tampering with their health care system.

Insurance terms:

Traditional: Medical insurance that includes some type of major medical coverage, covers emergencies and includes more doctors and hospitals. This type usually does not cover office visits and many preventive tests or physicals. It also often requires a deductible.

PPO: Preferred provider organization, such as Blue Preferred or Select Care. A PPO network usually includes subscribing doctors and health providers at specified hospitals and clinics.This type offers full benefits as long as participating doctors and hospitals are used. It pays a portion of the insurance if a doctor or service not in the plan is used.

HMO: Health maintenance organization - Blue Care Network and Health Alliance Plan are examples. This covers 100 percent of health costs, including doctor's office visits, physicals, major medical and emergency, second opinions, and aftercare. But it is limited to a certain group of doctors, hospitals and other facilities and does not reimburse at all if a patient goes outside the network, except in emergency situations.