

REFORM UPDATE

CHA URGES ITS MEMBERS TO DELIVER A UNIFIED MESSAGE ON HEALTHCARE REFORM

Healthcare reform by this time next year" is the rallying cry of CHA's advocacy campaign, kicked off at legislative field meetings throughout the country in December and January. "Plan your activities for the coming year based on the assumption that reform legislation will be passed next November or December," Jack Bresch, CHA government liaison, urged attendees at the St. Louis field meeting. For those in the Catholic healthcare ministry, concerned about the 37 million uninsured and 20 million underinsured Americans, "it should be a glorious year, if uncertain and insecure," Bresch said.

"Deliver the message of CHA advocacy points" as soon as possible, he urged. He asked attendees to adhere to CHA's points, laid out in the binder *Healthcare Reform in the Making: Improving the Clinton Legislation*, but using their own data and words. Beginning immediately and presenting a unified message is crucial, he said, so there will be "little question where Catholic healthcare stands."

Advocacy Positions

CHA's field meetings are concentrating on the Clinton proposal because the president's plan is likely to be the focus of congressional action, explained Bill Cox, CHA's vice president of government services. He pointed out that, like the Clinton plan, other plans have substantive and political weaknesses, but the White House has the power to frame the debate and mobilize broad support. Most important, the Clinton plan is the only "centrist" plan that promises universal coverage quickly, and opinion polls show that the majority of Americans believe healthcare is a right of all. "Clinton cannot abandon universal coverage without disappointing public expectations and frustrating core Democratic



Plan on healthcare reform by this time next year, Jack Bresch told CHA members.

constituencies," Cox said. He concluded that CHA must work in coalition with others to preserve the Clinton plan's strengths and address its weaknesses.

To accomplish this, CHA is encouraging its members to communicate four advocacy positions to their congressional representatives, explained Tim Eckels, CHA government liaison.

Universal Coverage Based on the values of human dignity, common good, and the needs of the poor—in addition to the

pragmatic need to eliminate cost shifting—CHA calls for Congress to hold fast to universal coverage. Specifically, CHA supports the Clinton legislation's proposal for universal coverage that is achieved quickly, is neither partial nor conditional, is achieved via an employer mandate, involves continuous coverage and consumer choice, and financially mainstreams lower-income populations. CHA also calls for enhancements in access provisions for underserved populations and adequate resources for undocumented persons.

Uniform Comprehensive Benefit Package Acceptable to Most People

The fate of the poor must be linked to that of the middle class to avoid perpetuating cost shifting, risk segmentation, high administrative costs, and erosion of benefits and financing for the poor, Eckels said. CHA urges Congress to hold fast to provisions for a uniform comprehensive benefit package acceptable to most people; to eliminate abortion from the benefit package; and to enhance the conscience clause protections.

Delivery Reform Via Clinically and Financially Integrated Networks

Spending limits without true healthcare delivery reform will only exacerbate the problems with our current system, Eckels warned. CHA's proposal for integrated delivery networks (IDNs) would realign the incentives to achieve a more cost-effective, patient-centered

ASSEMBLY 1994: PREPARING FOR REFORM IN LOCAL COMMUNITIES

Healthcare reform is taking place in two venues—the national arena and the local arena—and they influence each other, Bill Cox said. While the field meetings focus on shaping national reform, CHA's 1994 Annual Assembly, June 5-8 in Philadelphia, will prepare leaders for reform in their communities. Sessions will look at relationships with insurers, how to assess local market characteristics, and risks to developing an integrated delivery network.

Immediately following the assembly, the Catholic Consortium for Managed Care will present an in-depth program on preparing for capitation, Cox noted. The cost of the one and a half-day meeting is included in the assembly registration fee. Cox urged members to attend the assembly in teams.

approach. It would also put decision making at the appropriate level and involve providers in regulation decisions.

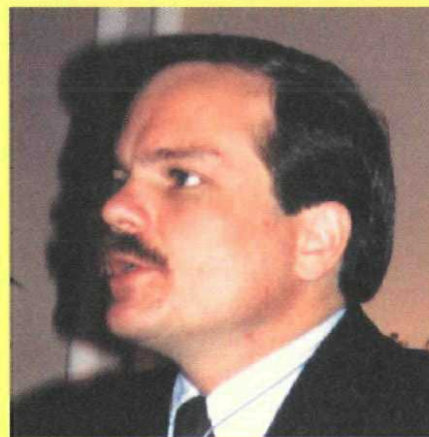
To achieve true delivery reform, CHA

“Because of who we are and what we represent, we’re able to bring something unique to the discussion on healthcare reform,” said Curley.

urges Congress to place more emphasis on financially and clinically integrated networks. A major CHA initiative, “Balancing the Economic and Human Dimensions in Healthcare Reform,” involves a coalition effort to recommend ways to enhance accountability for community-based integrated networks.

CHA also stresses that specific features in the Clinton proposal must be changed or they will seriously impede effective delivery reform. Most important, CHA calls for folding Medicare into the new system so that providers are facing uniform incentives for cost-effective care. The drastic cutbacks in Medicare and Medicaid must also be addressed. “The legislation calls for extensive savings,” Eckels concluded, “but it fails to give us the means to achieve those savings by bringing Medicare into the framework for capitated networks of care.” Keeping Medicare separate also continues to expose the program to purely deficit-driven cutbacks.

Reliable and Fair Expenditure Control Healthcare costs must come down, Eckels said, but CHA is pushing for orderly, even-handed reform to avoid the potentially damaging effects of ad hoc market forces bringing costs down. CHA calls for the Clinton legislation to enhance its use of capitation, rather than rate setting, by fostering the development of IDNs.



Tim Eckels stressed the need for true delivery reform.

CHA supports Clinton’s use of a global budgeting backstop if managed competition alone fails to contain costs. But CHA wants a change from the current top-down, formula-driven approach to budget setting, preferring an informed, bottom-up process that involves all Americans and Congress.

The Campaign Plan

CHA’s advocacy campaign has two phases, the second of which will be introduced at the Annual Catholic Health Assembly in June (see Box, p. 6). The first phase of the campaign plan divides the membership into two tracks: those whose congressional representatives are on key committees (Senate Finance, Senate Labor and Human

HEALTHCARE REFORM WILL BENEFIT SMALL BUSINESS, SAYS SR. COYLE

Healthcare reform—with universal coverage and economic discipline—will be good for small businesses and their employees for at least six reasons, Sr. Maryanna Coyle, SC, said in a speech to a group of business leaders in Cincinnati.

“Postponing reform will erode business profits and could lead to higher costs for small businesses in the long run,” she said. “Unless we get costs under control, efforts to expand corporate profits will pay for healthcare without fueling job creation.”

Sr. Coyle, who is chairperson of the Catholic Health Association Board of

Trustees and president of Sisters of Charity of Cincinnati, Mount St. Joseph, OH, noted also that reform will bring financial relief to most employers. The creation of larger risk pools will lower administrative costs for small businesses, which currently pay much more for the same product than large businesses. And reform will “end financial discrimination against the old and sick,” saving employers difficult decisions about whether to cover them.

Although some small firms—primarily those which do not pay for coverage today—will be paying more

under reform, substantial subsidies in many “employer-mandate” proposals (including the president’s) will make insurance more available and affordable for all employers, she said.

In addition, insurance market reforms such as the elimination of occupational redlining would place employers on a level playing field, Coyle said. “Employers who do not provide coverage will no longer have a competitive advantage in terms of labor rates or the price of goods and services.”

Sr. Coyle warned that opposing reform could eventually lead to a government-run

system if the current system further deteriorates and more employers drop insurance coverage. “The current debate on healthcare reform could well be our last chance to shape a reform that entails a truly public-private partnership.”

But the most important reason business should support reform, she said, is “it’s the right thing to do. The current system is unfair to business, providers, and consumers. It places some groups at a disadvantage compared to others. Healthcare should be available to everyone—not just the wealthy and the healthy.”

Resources, House Ways and Means, House Energy and Commerce, and House Education and Labor), and those whose representatives are not.

The only difference is one of urgency, Bresch said. The congressional committee members will be embroiled in the reform debate beginning in January, when Congress reconvenes, whereas other members will be involved down the line. Both groups will require education, but on different timetables.

As a crucial first step in the campaign, CHA is urging all its members to *immediately* designate a staff person to serve as advocacy coordinator for facilities, systems, or sponsoring organizations, and then to send the name to Bill Cox in CHA's Washington office. "These coordinators will be the foundation of a

grassroots advocacy network," explained Bresch. "Without this foundation, our work will be much less efficient in Washington."

Subsequent steps in the advocacy campaign involve educating U.S. representatives; the organization's management staff, medical staff, personnel, and trustees; and the community. Suggested activities include town meetings, letter-writing campaigns, and visits to elected officials.

"We're asking that three-fifths of our membership get involved immediately on the track-one campaign," said Bresch. "Tomorrow is not too early to begin."

Cox warned that members may face some seemingly intractable legislators and constituents when they try to advance CHA's advocacy points. "Don't

go into a group and start discussing the Clinton proposal," he advised. "Start with the problems and values, and then move toward looking at alternative solutions."

Jack Curley, CHA's president and CEO, noted that the association and its members are well positioned to influence the debate on healthcare reform, based on work dating back to 1986 and more recent advocacy initiatives with the administration and other organizations to shape reform. "Because of who we are and what we represent, we're able to bring something unique to the discussion on healthcare reform," Curley said. "We'll have the opportunity to take our commitment to people and our approach to healthcare reform and apply it in the practical forum of grassroots politics."

TAX EXEMPTION WILL STILL BE NEEDED EVEN AFTER HEALTHCARE REFORM

The advent of healthcare reform with universal access will not eliminate the need for charitable, community-oriented, tax-exempt organizations, Bp. Joseph Sullivan, DD, auxiliary bishop of Brooklyn NY, said in testimony before the Subcommittee on Select Revenue Measures of the House Ways and Means Committee.

"Our role as tax-exempt, charitable organizations is much broader than service to the poor," Bp. Sullivan said. "Our mission includes being watchful for unmet needs and filling those needs, not because there is an opportunity for economic gain, but because there is human need."

In his testimony on behalf of the Catholic Health Association last December, Bp. Sullivan warned that the not-for-profit tradition is seriously threatened by "*un*-managed competition"—attempts to save costs in the absence of universal coverage and systemwide reform.

"The problem is intensified by competition among commercially oriented

providers for well-insured and healthy populations," Bp. Sullivan asserted. "The net result is that many mission-oriented not-for-profits are finding it increasingly difficult, for economic survival, to continue their services to vulnerable persons."

Tax Exemption Essential

In written testimony submitted to the committee last November, CHA described three primary reasons to continue tax exemption of community healthcare organizations:

- Tax exemption preserves the service orientation of healthcare organizations, preventing excessive commercialization and an inadequate focus on the needs of persons and communities.

- Not-for-profit hospitals will continue to have a role in serving the poor and disadvantaged, since universal coverage may not necessarily mean universal access to healthcare services nor universal care for all healthcare needs.

- The community benefit role of not-for-profit hospitals goes beyond free care to the poor. It also involves improving the health of persons and groups in the community, preventing widespread disease and injury, and acting on societal problems that affect health.

CHA supports provisions in President Clinton's Health Security Act that call for tax-exempt providers to

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assess healthcare needs of their communities and develop plans to meet those needs. But the association recommends thorough consideration of the need for additional standards on private inurement, private benefit, and community benefit or tax code requirements such as that general service hospitals have emergency rooms and that tax-exempt hospitals not discriminate against Medicare and Medicaid patients.

DOWLING CALLS FOR A SHARPER FOCUS ON DELIVERY REFORM AND INTEGRATION

The Catholic Health Association's proposal calling for the development of integrated delivery networks is the ideal way to address both the quality and the cost problems in our current system, William L. Dowling said in testimony last November on CHA's behalf before the House Energy and Commerce Subcommittee on Health and the Environment. "Limits on expenditures *without* delivery reform are doomed because they would not address the underlying problems. They would only build on the fragmentation and uneven access of the current system," he said.

Dowling, who is vice president of planning and policy development for the Sisters of Providence Corporations, Seattle, said that, in the process of developing its reform proposal, CHA had drawn six major conclusions with regard to cost containment:

- Reliable and fair cost containment is a moral and practical necessity.
- True cost containment can occur only through healthcare delivery reform.
- Cost control is dependent on universal coverage.
- Reform must include a national budget "backstop."
- Overall expenditure control is best achieved by linking a national budget to capitated payments in a reformed delivery system.
- Cost control will be undermined unless healthcare financing for lower-income populations is linked to financing for the middle class.

CHA supports many components of Clinton's healthcare reform bill designed to limit expenditures. But to improve cost containment, Dowling said, "the bill needs a much sharper focus on delivery reform," including greater emphasis on clinical and financial integration of care and incorporation of Medicare and long-term care into the

overall reform.

Dowling also advocated a more realistic, bottom up-top down process for setting the national budget, with "a series of



Reliable, fair cost containment is a necessity, said Dowling.

'checks and balances' that would help ensure direct and explicit accountability to voters for each year's national budget."

UNIVERSAL COVERAGE ESSENTIAL

The key to controlling Medicare and Medicaid costs is systemwide reform that restructures healthcare delivery and guarantees universal coverage, William J. Cox, vice president of Government Services at the Catholic Health Association, told President Clinton at the Futures of Entitlements Conference held at Bryn Mawr College, Bryn Mawr, PA.

"If we just ratchet down on the existing programs, we are either going to cripple the health delivery system or we are going to increase employer-paid premiums to the point that they are mostly unaffordable," stated Cox, one of several speakers invited by the White House to join the president on a panel to address entitlement issues during the December conference. "Only through systemwide healthcare delivery reform can we lower costs while enhancing quality."

To control costs, Cox said, we must have a system with universal coverage and a comprehensive benefit package. Otherwise, the cost of caring for the uninsured will continue to be shifted to employers in the form of higher charges and higher health insurance premiums. Inner-city healthcare facilities, which predominantly care for uninsured and Medicare or Medicaid patients, will continue to be severely stressed, he warned, because they do not have anywhere to shift the costs of caring for the uninsured.

The president noted that Medicare and Medicaid's share of total government entitlements has risen from 13 percent in 1973 to 30 percent in 1993 and is projected to increase to 43 percent by the year 2003.

"We've got to bring the rate of growth in Medicare and Medicaid spending down," stressed Cox. "There is no alternative." Cox pointed out that Clinton's bill now pending in Congress does not move Medicare quickly enough into the reformed system. CHA continues to urge the president to consider a fixed schedule and transition plan for bringing Medicare into the reformed system in order to achieve the savings that have been targeted and thus ensure consistent, stable incentives.

The notion of universal coverage being required for effective and fair cost control is not well understood by the media nor on Capitol Hill, noted Cox. "One of CHA's current concerns is that there is mounting pressure in Congress to delay the movement to universal coverage or even to scrub the objective entirely." CHA calls universal health coverage "the linchpin of reform" and has joined the president in urging members of Congress to "hold fast" to the guarantee of universal access.

"The Catholic Health Association has been on the front line in the fight for a better healthcare system and has come forth with its own proposal for healthcare reform which is not unlike the one the administration has proposed," Clinton stated. "It's hospitals, like the members of CHA, that see firsthand the devastating cost of today's system."