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HEALTH CARE IN AMERICA: A SYSTEM IN CRISIS

HEARING

BEFORE THE

SUBCOMMITTEE ON HEALTH
FOR FAMILIES AND THE UNINSURED

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

ON

S. 1227

MUSKEGON, MI
OCTOBER 22, 1992

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HEALTH CARE IN AMERICA: A SYSTEM IN CRISIS

THURSDAY, OCTOBER 22, 1992

U.S. SENATE,
SUBCOMMITTEE ON HEALTH FOR FAMILIES
AND THE UNINSURED,
COMMITTEE ON FINANCE,
Muskegon, MI.

The hearing was convened, pursuant to notice, at 7:07 p.m., at the Econo Lodge, Muskegon, MI, Hon. Donald W. Riegle, Jr. (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

[Press Release No. H-51, October 16, 1992]

HEARING PLANNED IN MICHIGAN ON HEALTHAMERICA BILL, RIEGLE PROPOSAL SEEKS COMPREHENSIVE HEALTH CARE REFORM

WASHINGTON, DC.—Senator Donald W. Riegle Jr., Chairman of the Senate Finance Subcommittee on Health for Families and the Uninsured, Friday announced a hearing in Muskegon, MI, on his comprehensive health care reform legislation, HealthAmerica.

The hearing on S. 1227 will be at *7 p.m., Thursday, October 22, 1992* at Econo Lodge, 3450 Hoyt Street at Seaway Drive, Muskegon.

"Skyrocketing health insurance costs for those who have coverage—and the growing group of Americans with no health insurance coverage—are signs that our health care system must be reformed," Riegle said.

"HealthAmerica will bring about comprehensive reform of the nation's health care system. The purpose of this field hearing in Michigan is to hear the views of Michigan citizens about HealthAmerica," Riegle said.

OPENING STATEMENT OF HON. DONALD W. RIEGLE, JR., A U.S. SENATOR FROM MICHIGAN, CHAIRMAN OF THE SUBCOMMITTEE

Senator RIEGLE. Let me welcome you here tonight.

This is an official hearing of the Senate Finance Committee, Subcommittee on Health for Families and the Uninsured.

Tonight in the course of our hearing, we are going to be keeping a stenographic record of everything that is said. This will be printed as a formal committee hearing.

Later, after some opening remarks that I will make, I am going to go to three witnesses that are here tonight to give prepared statements.

[The prepared statements of Mr. Sparks, Mr. Lison, and Dr. Harris appear in the appendix.]

Senator RIEGLE. Then, we are going to invite those in the audience to speak at the open microphone at the center of the hallway where people are sitting.

I have two requests already that we are going to acknowledge at the outset.

Tonight, we are going to invite everyone in the audience that wants to comment or to make an observation or to tell a story that they think is important and that should be part of the record about their own health care situation, or that of someone else that they are aware of, to do so.

As long as they do not turn the lights off on us in the building here, I intend to stay here this evening as long as it may require to enable everyone who wants to be heard to have the chance to be heard.

I think tonight's hearing is especially important in another respect. I have been working on the health care issue as the chairman of this subcommittee now for many years.

The subcommittee has developed specific legislative proposals which I will outline briefly at the outset in just a moment.

I think it is fair to say that we are now posed at a point where there is a very good chance that there will be national health insurance legislation enacted early next year.

I say that because 41 of us in the Senate have sent a letter to Governor Clinton, indicating to him—and we have previously stated this to President Bush on other occasions—that we would like to have a health care proposal presented to the Congress for action within the first 100 days of a new administration.

If you listened to the second presidential debate, in that debate, Governor Clinton said that his intention is—and he committed himself—to offer such a plan in the first 100 days should he be elected.

Now, the public will decide on election day, on November 3rd, who will or will not be elected.

I think it is fair to say that we are going to move on this immediately in the event that Governor Clinton is elected because he has said that he will send us a bill. We are determined to act on it without delay.

This may very well be the last hearing of this kind that occurs prior to the time that those proposals are formally sent forward and we begin to work on them.

What I want to do tonight is to listen to any suggestions and observations that you have.

Those of you who have had a chance to look at our proposal, who want to suggest modifications to it, I am very much interested in hearing those because there will be some shaping and some cutting and fitting that is going to have to be done to actually produce a final legislative product.

I am very much interested in your input tonight. I will be listening very carefully.

I have professional staff here with us who are quite expert in this area to also help make sure that we listen very carefully to every observation and suggestion that is made.

Of course, we will have the written subcommittee record as a reference as well.

We are here tonight to discuss the massive health care crisis that we now face in America. The rising cost of private health insurance is more than most people can now afford.

Many are actually losing their coverage or they are having to scale it back because they cannot afford to cover all the members of their families.

Many who have health insurance are paying higher and higher co-payments and deductibles. It is truly becoming a backbreaking burden for families in Michigan and across the country.

Today in America as a whole, nearly 40 million Americans have no health insurance whatsoever. That includes an estimated one million right here in the State of Michigan and, I am certain, some in this room tonight.

Of the one million in Michigan, some 300,000 are children. Again, there is an assumption that some make in one way or another that children automatically get health insurance in America.

It ought to be that way, but it is not that way. We have 300,000 children in our State tonight without a penny of health insurance.

The worry over paying for health care along with the growing fear of unemployment or underemployment are the two biggest problems, I think, facing our people.

Now, every modern Nation has a comprehensive health care plan for their people. The only country left that does not have one is America. That has to be corrected.

I would make the assertion of my belief that we need a national plan that aggressively holds down cost, maintains high quality care, and provides a way for every single person in our society to be covered by health insurance.

Some special interests, who are cashing in on the current system, frankly do not want it changed.

The opposition by those forces, the complexities of the problem itself, and, I think, weak national leadership have thus far prevented a breakthrough.

There is a growing consensus that a new health care plan must be hammered out and adopted, just as Social Security was many years ago. Then, Medicare was also enacted.

It is clearly time for a comprehensive national health insurance plan. I for one am absolutely determined to get it done without any further delay and double talk.

Now, to develop this new consensus on health care reform, I have held, prior to tonight, 33 public hearings and forums since 1987 to gather every bit of information that we can.

Nineteen of those hearings have been held here in Michigan. I have now written, together with other colleagues, a national health insurance bill.

This is what it looks like. The number on it is S. 1227, written by myself, Senator Mitchell, the Majority leader, Senator Kennedy, and Senator Rockefeller. It has now been joined by seven other Senators who have come onto our bill.

There are summaries of this, by the way, on the table outside. You can get them later if you have not already picked them up.

We are continuing to refine this bill based on comments that we are receiving from citizens, as we will be doing here tonight, and from families, from the business community, from health providers, and others.

In a democracy like ours, we have to achieve a high level of national agreement on what it is we are going to do in order to

change the status quo and move to a new system that is affordable and provides the high-quality coverage that we all need. That is why we are having this hearing here in Muskegon tonight.

Beyond standard health care protection, we are also facing a growing crisis in providing and paying for long-term health care for seniors and for others who must receive regular, continuing health care.

Now, this most often is outside of the hospital setting and often at home. The growing problem in that area also needs a new answer.

A better and more affordable system of long-term care needs to be constructed that can enable people to receive necessary medical treatment at home whenever possible without going to a very high-cost facility, like a hospital that often they do not need and almost in every case cannot afford.

We have also developed a long-term health care bill. It is called the Long-Term Care Family Security Act. I advise you to take a look at that as well because that has been put forward as a way to try to respond to that problem and provide the kind of long-term care services that all Americans need.

I want to just quickly go through some charts that I have brought here to set the stage for the discussion tonight and for you to be able to react to what will be presented.

We are now spending more than $800 billion a year on health care in this country or about $2.2 billion every single day.

A family's out-of-pocket costs back in 1980, just a little over a decade ago, were about $1,700 for health care expenses.

That figure rose to a figure of $4,300 by 1991. It is higher again this year. If nothing is done, it will continue to move higher in the years ahead.

Companies that provide insurance to their employees also pay indirectly for the medical care of uninsured people who receive health services and cannot pay for them, and also for the cost of Medicare and Medicaid patients whose bills are not fully paid by the government.

The cost of this uncompensated health care, as we call it, is, then, shifted over to private payors, that is, to anybody who is now covered with a private insurance plan. That drives up the cost of those private insurance plans.

One of the things that most needs to be accomplished in health care reform is to put an end to this cost shifting, where people who cannot pay or where the reimbursements are below what the actual costs are, that those costs not be moved on down the line and dumped on someone else.

The only way to really get at that problem, which is a multi-billion dollar problem, is through comprehensive health care reform.

I want to indicate as well that the United States spends more on health care than any other country. We are spending over $2,000 per person.

If you will hold that up so that the people in the back can see it.

It indicates that as few as 10 percent of the American people are saying that our system works well, despite the fact that, as the

blue area shows, we have the most expensive care per person in any country.

As you go down the list, you can see that other countries have much smaller, per-person health care costs and yet the satisfaction level being registered by the people of those countries, as shown by the red side of the graph, shows that the plans in those countries receive much higher ratings by their people than the American people give our system.

Next, let me just show you how this is spilling over into our regular economy in different areas. We are still the leading automobile-producing State in the country.

In this area, we are finding that the cost of health care is now so high that the cost for each vehicle produced in the United States, as of 1990 with the figure shown over on the far left, is $1,086 for every car and truck rolling off the line. That was the cost of health care benefits.

The blue area shows the health care benefits for active employees. The green area shows the health care benefits for retirees.

Next to that are the figures of the health care costs for cars produced in Japan, which is about half of what the cost is in the United States.

Finally, over here are the Japanese transplants in the United States, paying even less than that for their health care cost because they have hired much younger work forces. They do not have the burden of health care cost that our well-established companies here do.

That shows you part of the reason why our companies, in this instance in the automobile industry, are becoming less and less competitive because of the enormous differentials in health care costs which have to get applied to each unit of production and drives up the cost and makes it harder for us to sell products built in this country.

Let me now just quickly touch on the component parts of the health care plan that we have proposed. Summaries of which are out on the table for you.

HealthAmerica, as we call it, systematically overhauls this Nation's health care system. The legislation builds upon and preserves the strength of the current public and private system of health care which generally provides high-quality care for those who can afford to get into the system.

Under our plan, we would control health care costs while at the same time broaden access to health services by making basic health insurance available to every person in the country.

The estimates are that our plan would cost about $6 billion in the first year. I want to stress to you that that is a bargain.

If you relate to $6 billion to the total size of our Federal budget this year, we are spending about $1.4 trillion. This is about one half of one percent of the Federal budget to start to implement and bring on-line this plan.

Bear in mind that there is no better bargain in this country than good health because if we do not immunize our children, carry out intelligent preventive health care procedures, if we wait until someone gets sick—and oftentimes, they get very sick before they get health care response—the cost at that point is very high.

Sooner or later someone will show up at a hospital or somewhere to get that care. We can end up spending—and often do in those situations—multiples of thousands, even tens of thousands of dollars to provide care for a problem that if we had found that problem in the beginning or prevented it from actually starting, we could have saved all that money.

So good health care is a bargain. We have found that to be true throughout the world in countries that have health care systems.

Moreover, we have found that in our own country the one State in America that has had comprehensive health insurance for the last 25 years. That is the State of Hawaii.

It is not well known, but in Hawaii, everyone in Hawaii has access to health insurance. Most are covered through their place of employment.

It is a requirement in Hawaii. And anyone who does not have a work connection is covered through a public program.

Now that they have had 25 years of experience, do you know what they have found? The health care costs far less, the people are much more healthy, and everybody is generally very well satisfied with it.

I mean, you may hear a few gripes here and there, but it is incidental in comparison to what you hear about the health care system, such as it is on the mainland today in the other 49 States.

So we know that these kinds of procedures can work and pay dividends and, in fact, save us money over time. We get the savings in a variety of ways.

One of the things that we propose is having a uniformed billing system. Instead of having thousands of different forms and paperwork coming out of everyone's ears, we would have a single, unified billing form that would be used by everyone.

We also have in our bill incentives to deal with the problem of the costs of medical malpractice insurance which has gone right through the roof. Many doctors have stopped practicing certain kinds of medicine because of the enormous cost of that insurance.

We feel that problem has to be tackled. It forces doctors in many cases to practice defensive medicine which also runs up the cost. We think much money is to be saved there.

We also think that in the area of cost shifting, by shifting these costs around from one payor to another as we do in our present system, tens of billions of dollars of extra costs are created in that way.

The best, independent estimating group has estimated that the plan that we have laid out over the first 5 years will save a minimum of $90 billion by the efficiencies that we propose to put into place, which I am describing here.

At the present time, our present health care system has no systematic national strategy to bring down cost. We would create what is called an independent National Health Expenditure Board.

On that national board would be expert representatives selected by the President and confirmed by the Senate, including business people, physicians, hospital representatives, and most importantly consumers.

That board would recommend spending targets and would convene negotiations between purchasers, like businesses and health

care providers to establish payment rates and efficient delivery of services.

We think as much as 30 percent of major medical procedures may, in fact, be unnecessary. HealthAmerica increases funding for evaluating the effectiveness of treatments and technology in determining what level of care is appropriate.

It encourages the use of what are called managed systems to promote the provision of efficient, high-quality care.

We will also, as I say, bring down administrative cost by using the uniformed, single billing form and by computerizing the entire billing process.

We would guarantee coverage for all Americans. We will build on the existing public and private health care system. Employers would provide a basic plan themselves, as most do now.

Those who do not would provide a basic plan or contribute a portion of their payroll so that their employees receive care under a public program that we would call AmeriCare.

Today, most people are receiving their coverage through their employers. That includes, by the way, 70 percent of those people working in businesses with 25 employees or less who are today providing health care coverage.

It is an incredible burden for small business because the rates are much higher. The insurance companies do not put the small employers into large insurance pools, which could bring the rates down. That is something that we with our reforms will do.

More and more businesses are finding that they have to squeeze down the coverage because even to maintain a narrow benefit package for their workers has become so expensive that many businesses are finding that as much as they want to continue to provide it, they just are not able to do so.

In order to ease the burden on small business, we include tax credits of 25 percent of the cost and a 100 percent deduction for the self-employed for the cost of health insurance that they would be providing for themselves as a self-employed person.

I am going to stop here to say that those are the general outlines of our plan. I do not know how many of you here in Muskegon tonight would have had a chance to see the plan.

I want to show you an article that is in the Grand Rapids Press tonight and also a comparable article in the Muskegon Chronicle.

It is on the front page of the Grand Rapids Press. The headline is, "GAO Study Says U.S. Companies Selling Drugs to Canadians Were 32 Percent Less."

Now, the companion story that is in the Muskegon Chronicle is on page 3-A. It says, "Study: Drugs' Cost Is Higher in U.S. Than in Canada."

When you read this story, you will find that the Canadians have still a different health care system. By having a national system, they have been able to bargain for health care services, in this case, for prescription drugs.

They are buying prescription drugs for their people that are available both through their national health insurance plan and privately to people who come in and buy them with prescriptions fully one-third less than what those very same drugs made in the United States are selling for here in our own country.

Now, I want to say it again so that everyone gets it. The same medicine is being sold in Canada at one-third less cost than those medicines are being sold here in the United States because in Canada, they have used bargaining power through their national health care system to bargain for the prices that are going to be paid for these drugs. That has been the kind of price bargaining they have been able to achieve.

Now, you do not have to have a Ph.D. in advanced mathematics to know that if the Canadians can work that kind of thing out with the drug companies and get those kinds of savings, the same thing can be done here in the United States.

It is time that we do it because we do not have the extra money to spend. There is really no need for it to be spent, as next illustration of our next-door neighbor country, I think, illustrates to us.

[The prepared statement of Senator Riegle appears in the appendix.]

Senator RIEGLE. Let me say that we have a full house. I want to say that this is an amazing turnout in the evening to have such a large crowd here.

I know we have people standing in the back. We are getting more chairs brought in. Please be patient with us. We hope to have some additional chairs.

If someone is next to a free chair, would they raise their hands? We have a few free chairs in the audience.

Maybe some of you would like to come forward and find a seat. Where you see hands, there is a spare chair here and there throughout the audience. Please feel free to come forward and find chairs.

Let me now turn to our witnesses that we have with us. I will introduce the witnesses who have come to speak tonight.

The first case is one that has been very much in the news here in the Muskegon area. We are going to be hearing from Mr. Jim Sparks.

I do not know how many of you would have seen the article about Jim and his family. They are all here with us tonight. One of his children is celebrating his ninth birthday tonight.

Why don't you raise your hand so that everyone can give you a round of applause? [Applause]

You may remember the story that ran in August about the situation they faced as a family. He is going to describe that tonight and what happened to them.

Let me just give a brief introduction. Then, I am going to call on Jim to share his story with us.

Jim and his wife, Vicki, and their three children, Darci, Jordan, and Nicholas, as many of you know, were the victims of a recent attack outside their home.

This terrible tragedy has been well publicized, as I say, in the Muskegon Chronicle and other news organizations.

There is another aspect of this tragedy that has received less attention. As a result of this attack that took place in August, the Sparks family had $1,600 in hospital bills, bills they could not pay because the family has been uninsured since December of 1991.

Jim is going to share his experiences as a father of a family with no health insurance. His story is unique because of the aspects of it, which you may know about.

You will hear what he is facing and what is being faced by families all across America tonight who have to deal with health care problems of one kind of another and who do not have health insurance.

Jim, let us start with you. Let me welcome you and thank you for coming. We would like to hear your testimony at this time.

STATEMENT OF JIM SPARKS, MUSKEGON, MI

Mr. SPARKS. Thank you, Senator.

Tonight I would like to talk about a situation that is happening all too frequently across the country. Though the circumstances may differ, the end results are the same.

To give background which led to the predicament I am in, I was let go from my position as a supervisor of Howmet in September of 1991. I was employed there for 12½ years. During that period, Howmet paid for all or most of my health insurance.

On a positive note, very shortly after my dismissal, I did secure a job with another local manufacturer. Howmet provided 2 months of health insurance following my departure, which covered me through November of 1991.

On the negative side, I failed to understand the enrollment deadline at my new employment. That was October 1st of that year.

I was still eligible though to retain insurance through Howmet, but the premiums would have been about $400 a month.

Senator RIEGLE. $400 a month?

Mr. SPARKS. Right. And that was completely out of reach.

Like so many other Americans, my wife also works to support our family. As a part-time teaching assistant in the local school system, she, too, was offered the chance to purchase health insurance, but again the premiums would be $400 a month and again unaffordable.

Now, it becomes a gamble. As a husband and father of three very active and very sports-oriented children, I gambled that everyone would be healthy and not be injured until the following October when I could enroll in my employer's health plan.

We almost made it. On August 10th, another negative thing happened. The roller coaster ride never seems to end. One moment we were up, then, down, then, up again.

On the night of August 10th, myself, my wife, and two of our children were injured during a savage attack at our home after I intervened in an assault of a young woman. The assailant I stopped returned later with 17 men and attacked us with a variety of weapons.

On a positive note, I was not killed, my wife was not raped or tortured, and my children were not severely injured.

On the negative side, I did not have health insurance and was very reluctant to go to the hospital because of that fact.

I finally agreed to go and enjoyed two positive developments. First, nothing was broken and there were no major injuries. Second, after hearing of the incident, the entire community rallied be-

hind us and raised enough money to pay the hospital and doctor expenses.

My family and I are most appreciative of the generosity shown to us by friends and strangers alike. However, this is not a way for anyone to meet their medical needs.

To rely on the generosity of others is not how an employed couple should function. Gambling on your family's health is not a viable alternative either.

What is needed to help out families and businesses is a national health care program.

Senator Riegle, along with Senators Mitchell, Kennedy, and Rockefeller, have adopted a comprehensive bill that addresses all areas of health care under an affordable national plan.

This bill combats one of the biggest problems facing employers today: overhead costs that are uncontrollable.

Part of the problem is the rising cost of health insurance to companies. This causes employers to do one of two things. First, they layoff or dismiss their work force to compensate for the price increases, which causes higher unemployment and less money in the economy to buy goods and services thereby deepening the recession.

And secondly, companies charge higher prices to pay for the increases in their premiums, which causes less buying activity, less manufacturing activity, and ultimately less work, etcetera.

To lower these increases and to stop them all together, Senator Riegle has attacked this straight on by a series of phased-in plans.

By giving the opportunity to business to choose whether to insure their employees through their own insurance consortia or to contribute to the public plan, businesses have the opportunity to pass on those savings in the form of higher wages or lower, more competitive pricing.

By standardizing claim forms, the national plan will greatly reduce the costs incurred by the growing number of duplicate forms that are used now.

This creates a savings to business and helps conserve our environment through the use of less paper. There must be much wasted duties by having administrative people chase down several different forms to pay one doctor or hospital.

I would like to touch on one last item which is the main reason I am here tonight. Earlier, I stated that under the guidelines of my employer, I could not enroll in the company program until October 1st.

As of tonight, I still do not have insurance. The only reason is affordability. Though my end is half of what it would have been through continuing Howmet's alternative, it is still more than I can afford at this time.

It is not the fault of my employer. It is the simple fact that insurance costs are overbearing.

Under HealthAmerica, individuals will be able to participate in either an employer plan, limiting the co-pay to employees to 20 percent, or the public plan.

Now, through my employer, I would have to pay 50 percent of the premium to have my family covered. This is the only way my company can remain competitive and maintain a health insurance program.

Someone once asked me, "How can you afford not to have insurance?" My only answer is that I cannot afford it.

It is high time that a program like this is enacted. Considering that the United States is the only super power left in the world and we are the only western democracy that does not offer a national health care program, it is a sad example of the condition our country is in.

With 70 million Americans either uninsured or underinsured, it is imperative that Congress quickly work to resolve this travesty in our Nation.

People need to be healthy and have the opportunity to have their injuries and illnesses treated. Fathers and mothers need to feel secure that their children will receive medical attention when needed.

I admire men like Senator Riegle who care about the average person and their personal plight.

The time has come to stop the skyrocketing costs and make health care affordable. HealthAmerica will do just that.

Happy Birthday, Jordan.

Thank you.

Senator RIEGLE. Thank you, Jim.

Let's give Jim a round of applause. [Applause]

Jordan, we had you stand up for your birthday. Let me just have your whole family stand up.

I would like everybody in the audience to see the Sparks family. You have read about them. You know something of what they have gone through.

I think it is so important to understand that while they have told us their story, there are thousands, upon thousands, upon thousands of families like this in Michigan tonight with children just as dear and sweet as these who need health care protection and do not have it.

In a country which is as advanced as ours is, that is just not right. We do not have to settle for that in this country.

Thank you very much for standing.

Let me now move to Mr. Stephen Lison who is our second witness. Mr. Lison is the vice president of Human Resources at the SPX Corporation.

Some of you know that SPX is the supplier of automotive service tools and has been in the Muskegon area for over 80 years and employs over 200 people.

He is also a board member of the Alliance for Health which is a health care planning and cost control agency based in Grand Rapids.

SPX's health care costs have doubled over a 5-year period from 1987 to 1992. Obviously, this is an enormous burden for that particular company to have to attempt to deal with.

Mr. Lison is going to discuss with us tonight the effects of the rising health care costs on his business and on businesses in general.

Mr. Lison, we are pleased to have you. We would like to hear from you now.

STATEMENT OF STEPHEN LISON, MUSKEGON, MI

Mr. LISON. Thank you, Senator. As you stated, I am a vice president of SPX Corporation. One of my responsibilities is to oversee my company's health care benefits program for SPX employees and their families.

In addition, as a volunteer, I am currently chairman of the Board of the Alliance for Health. The Alliance is the successor of the prior health planning agency that used to receive much of its financing from the Federal Government.

Although we are a much smaller organization because of our loss of government funding, today, our downsized organization receives all of its financial support from individuals, labor organizations, businesses, county governments, health care organizations, and United Ways in the western Michigan area.

I would like to think that western Michigan's success at keeping health care costs below the national and State averages is at least in part attributable to the Alliance for Health.

I am here tonight because of my concern for the health care system in the United States today.

In my company 10 years ago, health care was a small part of our overall compensation cost. Today, it is a major business expense. It is growing out of control.

In 1987, SPX paid about $1,800 per year to provide health care coverage to each employee, on the average.

In 1992, this cost is twice as much as the 1987 amount. During that time, we have made changes to our plans to restrict benefits and to shift part of the responsibility of paying for health care to the employee.

Today, our employees pay about 20 percent of the cost of their health care in premium payments deducted from their pay.

In addition, they pay another 15 percent for health care in the form of up-front deductibles and co-payments for costs incurred.

During the last 5 years, we have made a number of changes to our health care benefit program to try to slow down our cost increases.

These include: introducing a flexible benefits plan design; requiring pre-certification for hospital admissions; case management for large claim cases; incentives for more economical treatment plans, such as outpatient surgery; limits on certain coverages; and healthy lifestyle incentives.

Despite all of this, our costs have doubled. Going into 1993, we are making a number of additional moves. The most important is changing our plan to a total managed care PPO design.

Today, our carrier is negotiating with local physicians and hospitals to establish a Muskegon Managed Care Network for our employees.

With our changes in 1993, we hope to slow down our projected cost increases in the next 5 years by 50 percent.

I am pleased to note that the HealthAmerica proposal includes managed care as an important ingredient.

One important factor in the SPX health care cost equation is local costs compared to national averages. In late July, an article appeared in the Muskegon Chronicle based on a study done by the Alliance for Health.

This study showed that in 1980, Muskegon hospital costs were 19 percent below national averages, while in 1990, we were about 11 percent below.

As further contrast, in 1990, the average admission cost in Muskegon in local hospitals was $4,853 compared to Ann Arbor at $8,883, and Kalamazoo at $6,975. Compared to Grand Rapids, they were a bit lower at $4,643.

Despite our relative good showing in West Michigan, costs are escalating at a frightening pace.

Why are health care costs exploding uncontrolled? Unlike other markets for goods and services, which are influenced by supply and demand, the market for health care is dominated by providers.

Customers who are reimbursed for most of their expenses by employer plans have neither the incentive nor the information to exert competitive pressures on suppliers.

Use is another issue. The number, frequency, and technological levels of services provided are a strong factor in cost increases. Again, it is primarily under the control of physicians.

Over-utilization is another factor. This includes unnecessary testing, unnecessary surgery, the use of high-tech treatments when low-tech would do, and defensive medicine.

Under-utilization is also a problem in not getting appropriate care in a timely manner: the mother who does not receive proper prenatal care leading to complications at birth is a good example. HealthAmerica specifically targets the under-utilization issue.

To the unemployed person with no health insurance, the cost numbers and the related issues, the reasons why, are abstract at best.

We all know the crisis is two-fold: cost and access. A number of solutions to these problems have been proposed. As a representative of business, I would like to express some concerns.

Solutions that raise cost for businesses will impact the United States' ability to compete in this global economy.

It is important for the HealthAmerica plan or any other proposed solution to show America how the recommended plan will control or even lower costs.

Any solution that ignores quality is bound to fail. A national standard for measuring the quality of health care delivery is an important goal.

A national program run from Washington is looked upon with suspicion by those of us in business.

In my mind, the best solution will be national in scope, but managed at the State level. If I understand it correctly, HealthAmerica attempts to make this happen.

A good deal of wonderful work is being done today to develop and evolve diagnostic standards and practice guidelines.

Using such processes, physicians could avoid needless procedures to determine what is wrong and could discuss expected outcomes of procedures with their patients.

Patients could make better, informed decisions about their care and work with their physicians to choose the treatment plan to follow.

The solution to our current crisis must include this concept as part of the plan. I am pleased that HealthAmerica addresses this issue.

Clearly, the current situation is critical. Agreements among insurers, providers, and suppliers to control cost increases must be worked out, perhaps along the lines that have been done in other countries, such as Germany.

HealthAmerica proposes a National Health Expenditure Board. To me, this is a step in the right direction.

While the HealthAmerica plan appears to be a positive step forward, there are other plans and proposals still being developed and introduced.

For example, on September 15th, the 65 member Conservative Democratic Forum introduced the Managed Competition Act of 1992 to Congress.

During the presidential debates, we heard more about the programs of President Bush and Governor Clinton.

It is time to get serious about this issue. Clearly, a non-partisan approach to solving this urgent problem is needed.

Thank you.

Senator RIEGLE. Thank you very much.

Let's give Stephen a hand for that presentation. [Applause]

If I can just make a couple of comments about what you have said. I think you made some very good suggestions. I appreciate them. We will take them into account.

I fully agree with you that no matter who is elected President on November 3rd, and the voters will decide that, this is an issue that has to be dealt with without any further delay.

As a matter of fact, about a year ago, I had the occasion to go down and visit with President Bush in the Oval Office.

He and I had been pleasant acquaintances for many years because we came to the Congress together back in 1966 as newly elected members. So we have known each other well over that period of time.

This was about a year and a half ago. In the course of our discussion, I raised the health care issue, stating that I thought it was time to move ahead on this and that I would like to work with the administration on a bi-partisan basis as the chairman of this subcommittee.

If they were prepared to move on it, I thought that we could get it done and that there was really no reason to delay it any longer.

In fact, I took the testimony of a young woman who had appeared at one of our hearings here in Michigan, a young woman named Cheryl Eichler.

Cheryl Eichler was 28 years old and a victim of Crohn's disease which is a very difficult problem. She had no health insurance. She worked in a 7-Eleven store as a manager. She was making about $12,000 a year.

Jim, like you, she had no health insurance.

So she delayed going to the doctor for treatment even when she was in terrible pain because she knew it was going to cost a lot and she had no way to pay for it.

She actually left a hospital bed to come to testify at a hearing exactly like this at a table such as we have here now.

Within 6 months of the time that she testified, she died. I am convinced that she would be alive today if she had gotten the care that she needed.

I took Cheryl's testimony with me that day down to the White House and I gave it to the President because he has a son with Crohn's disease.

I said, "You know what this problem is like because you have seen it in your own family. I hope that you will take these two pages of testimony from Cheryl Eichler in her own words and read it. It is time to move on this issue."

He asked me to speak with Secretary Sullivan, which I went over to his office later and did, but nothing much came of it. I mean, there was no real movement in terms of an effort to move ahead on health care.

Maybe things would have changed now because, I think, the issue has been focused. It has been forced into the forefront. It is now being debated in the national presidential debates which by itself is a very encouraging development.

The pledge I want to make here tonight is that time is wasting. We have people who are suffering and dying while they are waiting for something to be done. It is time to quit spinning our wheels and to get it done.

I want someone in the presidency, in the Congress to respond. It is time that we get together and get this done, not in some future year, but get it done in 1993.

I am convinced from the conversations that I have had, particularly on the bill that we have put forward, that we have a commitment now from one of the candidates to move on this in the first 100 days. It is my intention to do so.

I am going to move a bill forward during that period of time. I am going to need all the help I can get in getting it enacted.

I do not think that we can afford to have the clock run any longer without answers for our people.

So I appreciate very much what you have said tonight. I appreciate your suggestion.

I would hope that everybody in Washington would work together to get this done without any further delay.

Let me now move to Dr. Richard Harris. I want to thank Dr. Harris for coming. He is a distinguished family physician who has a family practice.

Dr. Harris sees the threat of malpractice and the lack of primary care physicians as key factors in the health care crisis in America and in Muskegon in particular.

He will discuss these and other problems that he feels have to be addressed in order to improve our health care system.

We are very pleased to have you. We would like to hear from you at this time, Dr. Harris.

STATEMENT OF W. RICHARD HARRIS, M.D., MUSKEGON, MI

Dr. HARRIS. Thank you for inviting me.

I would like to address one issue that I see absent in all of the plans that I have reviewed and that is the assumption that there are enough providers to provide care for all the people in the United States.

In Muskegon, looking at the primary care sector, we could use 10 more primary care physicians currently and still not be able to take care of all the people that present for care in this community.

I was up all night in the emergency room at Hackley Hospital, admitting five people who had no insurance, no physician, and no level of care.

Two of them ended up on a ventilator. That is an example of what we have to do when we are on what we call a panel call for this county.

Senator RIEGLE. You had five last night?

Dr. HARRIS. Five. I was up all night.

Somehow, we have to encourage young physicians to become involved in practicing primary care.

Incentives for physicians to enter primary care have to be innovatively devised to encourage participation, such as helping pay for their education which is astronomical, deferring loans, or work in areas of need in lieu of repayment, or other imaginative perks, so to speak.

Medicine currently is not attractive. One of the primary problems with the system today is the use of the courts to settle alleged malpractice or malaoccurrence claims which is addressed in this plan.

This is not unique to the medical profession. It has everyone frightened, affecting our practice patterns and habits, thus, increasing the costs.

Medical claims have no business being settled through the tort system, a tort being wrongful conduct.

Juries, composed of lay people, cannot make decisions relative to medical issues in which they are not well informed. Binding arbitration or mediation panels of experts would be much more effective and cheaper.

The entire tort system has to be reformed in this country because it continues to drive up costs in all sectors.

Some estimate that between 30 and 50 percent of the cost of medical care is related to defensive medicine.

When I started in medicine, it was not necessary to x-ray everything imaginable. It was not necessary to obtain CT scans or MRI scans for every head injury that presented in the emergency room.

We would do an examination and render our best judgment for care. The relationships that existed then between us and our patients were one of mutual trust.

Nowadays, it works in reverse. We x-ray, we do laboratory, we do everything imaginable which, of course, costs money because we are afraid of the potential of being sued if we do not do it and something goes wrong.

One of the first things we are asked in a deposition, for instance, on a given case that might come to suit is, "Doctor, why didn't you do an x-ray?" or "Doctor, why didn't you do a laboratory test?" or "Doctor, why didn't you obtain another consultation?" Again, increasing the cost.

I can assure you that in many instances, hospitalized patients do not need to be seen by four, five, or six different physicians while they are in the hospital.

But in defense of the hospitals and ourselves, we obtain these consultations from just about everyone we can think of to protect

ourselves, our families, and our futures in case something adverse should happen.

The other problem with our litigious society is the fact that we are losing many physicians to other businesses or enterprises because they are not comfortable remaining in it.

Many well-qualified physicians have retired because they no longer want to contend with that threat. Other physicians will avoid high-risk patient problems because of the potential outcomes.

We hear the excuse that the trial lawyers' activities keep tabs on bad physicians. Unfortunately, that is an absolutely fallacious claim.

What we are actually doing is losing well-qualified people, who in the past have been willing to take on risk situations, but will no longer do so because of the risk of litigation.

The contingency fee system for trial lawyers needs to be abolished. Something concrete needs to be included as part of this bill, in addition to just recommendations to Congress for change.

Another way we might contain costs is through improved administration. I think some of the systems right now, Medicare and Medicaid and other third-party paying systems have too many chiefs, too many forms, too much book work, and could eliminate a substantial amount of the cost of administration through the streamlining of the programs which you have addressed.

This bill does propose elimination of unnecessary administrative costs, common billing practices, comparable coding systems, dissemination of high-tech research, collective electronic programming for data analysis and cost effectiveness, and standardized forms for all insurance providers.

There is another concept I see in this bill and that is price and wage controls which I have heard considered on other proposals as well.

There are programs controlling what we charge in our offices now through reimbursement and participation.

In this bill, the National Health Expenditure Board will conduct negotiations on costs and expenditure goals, but it does not address our increasing overhead costs.

I am talking about the cost of doing business, whether it be a new piece of equipment, wages for our employees, insurance escalation, or whatever cost it might be. These costs have to be controlled if our prices and wages are controlled or capped.

We could do business more effectively by eliminating duplication of services. By that I mean, hospitals competing with each other, thus escalating the costs. They need to enter into joint ventures and cooperate, whether their governing boards like it or not.

I personally think that my own group practice is probably one of the most effectively run practices in Muskegon County. We care for between 20,000 to 25,000 people in this community.

We do our own negotiating with third-party payors, HMOs. We approach that phase of the practice just like any other businessmen would approach it. We negotiate what our services are worth to the third-party payor and the consumer.

What value do people place upon the services of a physician? In their eyes and in the eyes of the public, what do they feel a physician is worth?

Do they measure that relative to the number of people he takes care of, relative to the risk of care he renders, relative to the time he spent in school, having no income and paying back loans for years? Or just how does the general public visualize what a physician is worth?

Practice guidelines are incorporated in the HealthAmerica plan as well as insurance consortia. So why not hospital consortia?

What about the consumer, the person who derives the service, whether it be an office visit or in-hospital care for a medical or surgical problem, or emergency room services—which, in case you are not aware of, are abused to the point where the costs have escalated out of sight?

People often use the emergency room as their office base for care because they cannot access the system. Bills frequently run $150 to $200 for just a minor, emergency room visit.

We have to control over-utilization, that is, abusing the system. Just because we have an insurance carrier or third-party payor, such as Medicare and Medicaid and HMOs or HealthAmerica, does not mean we can abuse it.

This bill does address individual responsibility, but it needs to enforce compliance with that responsibility.

Another bottom line issue is, do patients do as we ask them to do? A lot of them do not. They do not take their medicines properly. They do not ask enough questions.

This breaks down the effectiveness of the system. We have to depend upon them to follow directions.

We have to depend on them to take advice relative to things such as drinking at a cost of $22 billion a year, smoking at a cost of $12 billion a year, eating, weight reduction, exercise, and preventive measures so they themselves can have something to say about what happens to their physical well-being.

What it all comes down to is, how do we cut the cost and how do we deliver care when the American public has become conditioned to a form of treatment and care that I call the Cadillac approach?

It does not matter what it costs and does not seem to matter what it takes and does not matter how many times you have to be seen.

And this is to quote a patient of mine, I want the best because this is part of my family. And not only that, they deserve it. They were born into a society that has that right. Unquote.

Folks, I am sorry. The future is not going to be that way. This bill does have a provision to mandate current standards through practice guidelines and through research.

What does the future hold? Does the future hold for our ever-aging population the withholding of care, the withholding of procedures, such as heart surgery, kidney transplants, hip replacements, joint replacements, or other expensive medical management that could help contain the ever-escalating costs?

Should bills be passed and should legislation be enacted that would mandate allowing people to die, denying them of services or procedures that are available just because it has become too expensive?

It is possible that these will be considered and some decisions made relative to them. Whether we like it or not, it may indeed be a legislative alternative in the future. There are provisions relative to these issues in this bill. It is not intended to do that.

In summary, I would just like to make two or three suggestions relative to this bill specifically. The first one is relative to the malpractice issue.

The problem with this issue in this bill is that it does not go far enough nor does it address what the real issue is. The real issue is the runaway filing of law suits without control on trial lawyers and a contingency fee under which they function.

I think there has to be absolute restraints invoked federally and/or indemnification acts implemented that would assure safety while performing from a provider's point of view from the constant threat and fear of a law suit. I do not think this portion of the bill goes to the root of the problem.

Another thought is one of mandating compliance with this system in which an individual is assigned and that they have to comply with this system and not become one of the hundreds of abusing, over-utilizing individuals that currently flood our emergency rooms, walk-in centers, and offices.

I feel a mandated program issue has to be addressed as well and possibly considered as part of this bill.

One other major issue to contain the cost escalation is elimination of duplication of services both in the hospital setting and in a given community setting.

A community, such as my own, does not need the insatiable competition that goes on between our hospitals to obtain a specific share of the market when they both or all of them have a little bit of it.

What they should do, with blessings from the Feds, is joint venture as opposed to being threatened with restraint of trade.

Each one should provide a specific, special service so that there are not cancer centers at every hospital, that there are not cardiac catheterization centers and surgical centers at every hospital. Again, to decrease cost duplication.

One other provision of this bill is that of employers who are currently providing health care insurance to employees. This provision prevents the employer from withdrawing from the private insurance plan and paying into the public plan as a cost-saving device for that employer.

I heartily agree with the encouragement you make of managed care in this bill. And I feel that it should be broadened.

Thank you very much.

Senator RIEGLE. Dr. Harris, thank you very much, sir. [Applause]

You have made a number of very important observations. I appreciate each one of them, especially after you have been up all night, dealing with the aspects of the very problems that we are here talking about.

Could I ask you for the record, what are you and some of your physician colleagues are paying now each year for medical malpractice insurance?

Dr. HARRIS. We are primary care physicians. I am a general practitioner. I am from the old school. I am board certified in family practice. I have diplomat status. It is kind of ironic that it raised my insurance to $12,000 a year.

So there are seven of us in the practice. I have 36 employees. We are paying about $85,000 to $90,000 a year currently.

Senator RIEGLE. Now, that would be for the whole group?

Dr. HARRIS. The whole group. Yes. Mine alone is $12,000. I still do surgery.

Senator RIEGLE. Now, is it fair to say that there are other people with certain specialties, other doctors whose annual malpractice insurance premiums would be far in excess of that?

Dr. HARRIS. Obstetrics is probably the worse. Orthopedic surgery and neurosurgery follow close, ranging anywhere between $40,000 and $80,000 per year per person.

Senator RIEGLE. That is just the insurance for one doctor for 1 year could be $40,000 to $80,000?

Dr. HARRIS. Correct.

Senator RIEGLE. I know the doctor who was the obstetrician for our 8 year-old went out of the practice of obstetrics between that time and the time that our most recent baby was born about 8 months ago because his malpractice insurance—this was in the Washington area—was over $100,000 a year.

Have you heard of cases of insurance premiums for doctors being in excess of $100,000 a year?

Dr. HARRIS. We are on a lower scale here in Muskegon than you are there. In Detroit, it is quite apparent that that occurs.

It is rather a difficult situation to pay $100,000 a year for insurance when you are only covered up to $200,000.

You might just as well self-insure and put the money in the bank. Then, when a case comes along, you defend and pay for it yourself. I mean, it does not make much sense.

Senator RIEGLE. Right. Now, just to follow it through so that everyone understands clearly the point that you are making, if a doctor is under that kind of legal pressure constantly, even though they are paying the high insurance fees in order to try to keep yourself out of court, or if you are going to go to court, to be able to defend yourself if there is a challenge, you are saying that doctors now find themselves compelled to, in a sense, do every task, have every conceivable x-ray, have every second, third, forth, and fifth opinion in order to make sure that there is absolutely nothing that could not withstand the challenge if a challenge is made about the care that they have given. Is that basically the way it works?

Dr. HARRIS. That is the way it works. Last night, I called in consultations from internists and from cardiologists to help me care for those patients because frankly, I did not feel comfortable doing it by myself.

I am just making an honest statement because that is the way we do it.

Senator RIEGLE. But if you did not have to look over your shoulder to the issue of the problem of a legal liability, would you have felt in some of those cases that you were capable of making a sound judgment yourself and you would not have called in the specialists?

Dr. HARRIS. I am very capable. I did not have them see the patients until this morning.

I rendered the care during the night except for one who was intubated because he was markedly overdosed and needed support. This is done every day.

The fear that has permeated the medical profession because of the ever-present threat of a law suit has affected not only the way we order things and do things, but the way we practice medicine.

Senator RIEGLE. I know it is hard to do an illustration, but whatever the normal cost would be in treating someone and seeing them through a problem and getting them squared away and out the door and back home even if it involved a stay in the hospital, would you say this practice of defensive medicine that has grown up, which you have described here, does that tend to add 10 percent to the cost of medical care?

Do you think it is 20 percent or 30 percent or 40 percent? What would be your rough guess?

Dr. HARRIS. A 30 to 50 percent increase.

I will give you an example of one of my walk-in clinics. I had an immediate care center here, which I recently closed because I could not hire physicians to work in it.

I could not pay them enough money per hour to work in the walk-in center. I was not generating enough income to pay the expenses.

I could provide the care in that walk-in center, x-ray, laboratory, physician service, and most of the time, the medication for $32 per visit. We still do it in the other center.

If you go to the emergency room—and that is because the hospital has to protect itself—that same service will cost at least $150 to $200. It is because they practice a different kind of medicine than we do in our offices or in our walk-in clinics.

I think it is also relative to some of us having practiced in an era in which we never feared anything this way.

We still practice under that same feeling, in that as long as we provide the best care that we can provide and have a good relationship with our patient, we do not have a problem because if we make a mistake, it is an honest mistake. It is very difficult to take care of people.

Senator RIEGLE. No one is going to do it perfect every time. I mean, that is just the way it is. These are judgments. And they are complicated judgments.

Dr. HARRIS. We are human. Some doctors, I think, sometimes think they are not. [Laughter]

Senator RIEGLE. Let me just say with respect to the insurance, I think that we need to go further as well in our legislation with respect to the question of how we are dealing with medical malpractice and tort reform in this area.

Here is one of the problems we face in our country. Some laws we administer at the Federal level, they cover the whole country. Some laws we administer at the State level, are covered State by State. It is done at the State level.

Insurance is one of those areas where the history of regulation and practice is at the State level and not at the Federal level. In other words, we do not have national insurance laws.

That is why we have State insurance commissions and commissioners in each of the 50 States. Each State does it differently.

Whenever there is a long-standing practice of a division of responsibility where the Federal Government handles certain things and the States have a practice and the role of handling certain other things, it gets very complicated when the Federal Government in one jump tries to come in and mandate and override what States do or do not do in their respective jurisdictions.

In this bill, what we have tried to do is create incentives for the States who control this area of law to move and to deal with it.

Now, I am open to suggestions as to how we strengthen that to make sure that it happens in a fair and reasonable manner.

It is important that everyone understands why that provision is the way it is. It is because insurance laws are carried out and handled at the State level.

Now, someone might say, "Well, maybe it is time to gather and lift them up and do them for 50 States at once in a uniformed way at the Federal level."

That is a proposition that could be advanced, but it is very complicated to uproot a system that is now embedded in the 50 States and take it to a single, national practice.

That is one of the problems of sorting that issue out and figuring out how we will get it done.

We have three other individuals that have asked to speak. I am going to call them up as the first ones from the audience.

I want to say though that as long as our witnesses can stay, any questions you may have for them that they can tackle and answer, I would like for you to do that.

Having been up all night, I am a little reluctant to keep you here at any length, Dr. Harris. If you can stay a bit, there may be questions that people here have that they would like to put to you that perhaps you could address.

Let me now call State Representative Paul Beatty who is very much interested in the health care issue. He represents this area in Lansing. I know he has some observations that he wants to make.

Representative, we are pleased to have you. I would like to have you come forward now.

STATEMENT OF HON. PAUL BEATTY, A STATE REPRESENTATIVE, STATE OF MICHIGAN

Representative BEATTY. Thank you very much, Senator Riegle. We welcome you and your staff to Muskegon. We are appreciative and happy to have you here and for you to hear our health concerns and to discuss with us your plan for universal health insurance, HealthAmerica.

Virtually every one is now aware of the importance of comprehensive health care policy. We probably all know people who have suffered needlessly because they do not have health insurance.

In the past few days, I have had a couple of calls to my office. One was from a 29 year-old with cancer, an unemployed individual who needed surgery. The prerequisite was to have $300 before she could be scheduled for surgery.

Our office was able to come up with $300 through the work of some local agencies. That is one example of the need.

There was another woman who called our office. She had part-time employment. She had developed toxic shock syndrome. She has came out of the hospital and is recovering now, but now has some thousands of dollars of unpaid medical bills.

Those are just a couple of examples in the last few days of calls to our office. There is clearly a need for universal care.

Now, I have talked with a number of people throughout my district: senior citizens, parents, business owners, and factory workers.

Most of them agree on one thing, we need a universal plan that is affordable, that does not unduly burden small businesses, allows for free choice of care givers, meets cost containment head on and that includes medical malpractice, and provides for preventive care.

The task for us, then, is to work out the details of the plan. That is going to require a lot of hard work, a lot of dialogue, and a lot of patience.

No one will get everything he or she wants, but by working together, I think, we can come up with a plan that is acceptable.

Now, Senator, we are appreciative of the work that you have done in the development of HealthAmerica.

Whatever I can do on the State scene, I look forward to working with you to develop and enact legislation that will provide universal health insurance.

I thank you again for coming to Muskegon. The community, as you can see, they really came out in droves tonight to talk about universal health care.

Thank you.

Senator RIEGLE. Thank you, Representative. [Applause]

It is important that we receive your testimony. We have about 330 people in the room, which is, I think, a tremendous turnout on an evening, showing, as you say, the importance of this issue.

If I may, I want to just back up for a minute with respect to an observation I want to make also in reference to Dr. Harris' remarks.

I think the points he made were well put, but I think that they help to illustrate, too, the many dimensions of this problem that he, by himself as a practicing physician, as conscientious as he is, and as much as he tries to organize in an efficient business-like way, he is being confronted with problems that are bigger than he is and that he cannot contend with.

In other words, the system is going out of control in enough areas that no matter how many hours a day or a week that he works, as conscientious as he may be, he cannot by sheer effort overcome these multiplicity of piled-up problems that are there and are, in effect, in many cases getting worse.

So while we may have give and take and have areas of agreement and disagreement as to precisely how we bring this system under some kind of a more rational control and address the very problems that have been laid out by everyone that has spoken tonight, I think that it is clear that this cannot be done by the efforts of a single individual who is caught up in all of this, whether it

is a doctor, whether it is a non-insured person, or whether it is an employer trying to provide insurance.

In the American way and much in the way we are meeting here tonight, we have to talk among ourselves and extract an answer to this problem because this problem is out of control and engulfing us in a way that no one can contend with it by themselves.

No one can solve or stand up against this unless we have some kind of an over-arching response and answer and strategy and policy which, I think, has to be done in this case by our national government.

I do not see any other way to have it done. Quite frankly, that is the conclusion that other Nations have come to.

Now, they all have their own ways of doing it. I think our way should be uniquely American. I think that we should not necessarily adopt what some other country has done because that may or may not be the best for us. We have had our own history that brings us up to the present point.

I was very struck by the fact that while each of our three witnesses has made different observations from different points of view, I draw from it a common appeal and plea for rational action and change that can address these problems so that everyone is able to function better within this system.

Is that a fair summary, Dr. Harris?

Dr. HARRIS. I agree with that 100 percent.

I will make one more comment. Two or three years ago, we were having problems with immunizing. You mentioned that a few minutes ago. Now, immunizing was a problem because of the cost of it and the availability.

The Federal Government did pass an Indemnification Immunization Act, if you recall.

Senator RIEGLE. I do indeed.

Dr. HARRIS. It protects the provider. Therefore, if that can be done so easily on that level, it seems to me that we should approach other things from that same point of view. If nothing else, limit contingency fees which would bring costs down.

Senator RIEGLE. I think it is a good illustration. [Applause]

Let me introduce to you our two sign-language interpreters, Vicky Ryan and Sue Bahleda, who have been up here working tonight in a volunteer effort on their part.

We appreciate that. We thank them very much for that service that they are rendering tonight. [Applause]

Let me now ask Mr. Bob McCartney, who is a UAW retiree and a Northern Shore City councilman, to speak.

Mr. McCartney, we are very pleased to have you. We would like to hear from you now.

STATEMENT OF BOB MC CARTNEY, MUSKEGON, MI

Mr. MCCARTNEY. Thank you very much, Senator. I echo Representative Beatty's welcome to our community. We are proud to have you here.

Senator, I rise as a chairman of my local union, the retiree chapter. There are 1,200 of us.

I also speak as a vice president of the UAW, Area 3, Retirees Executive Board. That embraces all of the UAW locals within our community.

Senator, the retirees feel that we are under a very severe attack by virtue of losing our hospitalization and medical care benefits as we leave the plant.

We have had some local plants leave. One in particular that left was out probably for four or 5 years and paid those hospital costs and, then, all at once sent a letter and said, "Sorry folks, you are no longer covered." They totally abandoned their employees.

We have another plant whose company notified their retirees that their insurance was stopped. They subsequently asked for and received an injunction to reinstatement. That was done.

That injunction is under very serious assault right now in an attempt to remove that again, to again abandon these people.

For my own particular plant, I was there during the inception of the insurance plan for our retirees. As a matter of fact, I go back for quite a time.

You talked about the rise in health care costs from the 1980's. Let me just, as a sideline, suggest to you that I was on the bargaining committee in the late 1950's when we negotiated an upward adjustment in the cost of the payment of our hospitalization for a semi-private room from $12.50 per day to $17.50 per day. It more than covered it.

My last hospitalization at the University of Michigan for the syndrome that I suffered from was $487 per day for a semi-private room. That only covered the room.

The incidentals averaged $500. So it was about $1,000 per day. I have made 21 trips to the university hospital.

In any event, in my own local union, in order to procure insurance for our retirees, we approached the company with taking a cost-of-living raise that we had coming to pay for half of the cost of that insurance.

That was agreeable to the company. We negotiated that deal.

The following contract, we again took additional cost-of-living money we had coming and picked up the other half of the cost of the retirees' insurance.

When this was negotiated, this was negotiated as a lifetime benefit for those people who qualified for normal retirement.

For each subsequent contract, we took additional monies to help pay for the costs of the insurance. After the last round of negotiations were over, our company arbitrarily reduced the benefit for our retirees.

We had no chance to sit at a negotiating table. We had no chance to talk about it. We were given the choice of either accept that or attempt litigation in a civil court. We are considering that at this time.

Senator, we worked hard to build and maintain those corporations. We put our sweat and our labor in there. They were not just corporations. They were our companies, too.

Those people who worked in those plants were conscientious and good employees. I worked in a foundry, probably the toughest work that you will ever find.

People who worked in that foundry with me were good people. And to now be out in the twilight of our life, at the time when we need it the most, to be again thrust into the arena to have to battle to try to stay alive is wrong. It is totally wrong.

For a company to be able to pick up and move and totally abandon and discard the work and the labors that were put in and the allegiance that those people shared with that company is totally wrong. It is so wrong that it is immoral.

Senator, in some way, we have to have some guarantees so that when we leave that plant, we cannot be thrust aside, that we have the right to live in dignity and to attempt to be healthy and to attempt to use the medical system that we have here today.

I am certainly in favor of your proposal that you have submitted in the Congress. I support that 100 percent. I think that is going to be the ultimate answer.

Until the time that we have that, we, again, need protection. We have protection for our professions. The ERISA laws give us a measure of support there, but we have nothing for our insurance. Our corporations can walk away from us and forget us. That is wrong. Please help us.

Thank you very much. [Applause]

Senator RIEGLE. Bob, thank you very much for your testimony. I know the great leadership that you give and the fact that you do it in the face of some very tough medical problems that you have had to confront, which you made reference to.

I will move on that issue, and see what we can do in the area of protecting promised medical benefits in the manner in which we do also with pensions.

I think you have raised an issue that needs work. I will tackle that.

Bear in mind that the health care plan that we are talking about here for the moment is separate and apart from the contractual relationship entered into with a private company for health care benefits for retirees.

We are designing this program and envisioning this program to cover every last person in this country. I am talking about a standard list of health care benefits and coverage items, including preventive care.

In my view, when you use the word immoral—and, I think, it is the proper word to use—I think there is a moral imperative that says everyone in this country is important enough and deserving enough to be able to get the health care they need, and not at the last possible minute when they have to go into a hospital emergency room and maybe be too sick to even actually be able to recover because of the perverse nature of the way the system works.

We should see this as something that is fundamental in a decent society. I mean, we are not living in the stone age. This is 1992.

We are spending far more on health care. A lot of it is wasted, as has been cited by our witnesses today, with a lot of things that have gotten into our system that need to be cleaned out of the system.

We just cannot have a situation where we are walking away from our own people. Others have said, "If we can have in America a system where we provide a lawyer as a matter of right to someone

who is charged with a criminal offense, we have to be willing to step forward and make sure that doctor services and medical services are there as a matter of right for someone who has a medical problem."

It is just that basic. It is just that fundamental. [Applause]

Let me now ask that Lisa Lidke come up. If Lisa is here, we would like to now have you come up. You just want to tell your story.

STATEMENT OF LISA LIDKE, MUSKEGON, MI

Ms. LIDKE. Elizabeth Gertz from Senator Riegle's office called me about 2 weeks ago to ask me about the cost of health care that my husband and I have faced.

We were owners of a small, janitorial and carpet cleaning business from August of 1989 until March of 1992.

We had 8 to 17 part-time employees, depending on how much work was available, none of which were covered by health care through us, including ourselves.

In October 1989, our daughter was born a month early with respiratory distress syndrome. She spent 10 days in Butterworth Hospital. The bill was about $24,000.

Luckily at that time, we were in a low-income bracket. We did qualify for Medicaid. I cannot imagine what would have happened to us if we were in a different financial state and what kind of predicament we would be in now.

We did purchase health insurance in October of 1990 through a small business insurance company. The cost for my husband, my daughter, and myself was $160 a month without maternity care, and $275 a month including maternity care.

I was denied coverage because I suffer from severe and frequent migraine headaches which I take prescription medication for.

In turn, the cost was $77 a month for my husband and my daughter. This was an 80/20 coverage with a $1,000 deductible. Emergency services were covered 80/20.

Luckily during that time, we had insurance coverage from October of 1990 until about August 1991. During that time, we had only one emergency when my daughter fell and broke her arm.

We made several attempts to have the insurance pay for that bill. By the time we canceled the insurance in August, that bill was never paid.

When Elizabeth called me to tell me about HealthAmerica, I cannot stress how important health care is for the American people.

I was amazed to learn that we are the last industrialized country not to have medical care.

We are thrilled to see you working so hard for this. We thank you a lot.

Senator RIEGLE. Well, thank you for coming tonight. [Applause]

One of the things that we do in our health care plan is say that no one can be excluded from health insurance coverage by insurers.

In other words, what we find now is that in case after case that as soon as you develop a health problem, the insurance company wants to get rid of you.

Or if somebody in your family has a health problem, the very first thing they want to do is get that person off the policy when obviously that is the person who needs to be on the policy.

So the proposal that we are putting forward does not allow the insurance companies to exclude anybody. They have to take everybody.

Our view on that is that you should have the insurance pool spread out widely enough, that is the way the insurance system ought to work. That is how it ought to be structured.

More than that, we do not want this situation where people who are cut out of the system are the ones who are most in need of having the health insurance coverage.

So we address that directly. That is one of the problems that we will fix in this legislation.

Let me now invite anyone in the audience who has a story to tell to come over to the microphone. Please come one at a time. You may want to get in line. Depending upon your time constraints, let me invite you to come up.

As you are doing that, I want to introduce to you three other people. I want to introduce Bill Moffitt over here who is transcribing the hearing for us. Bill is the gentleman up at the front of the table.

I want to also introduce Debbie Chang, a health care legislative aide, and Elizabeth Gertz, a health care specialist.

They are two members of my staff who have been working diligently for years in the health care area on these very complicated subjects. I want to introduce them to you and let you know they are here.

Everyone will need to speak into the microphone. As you leave the microphone, you will need to say to my staff the spelling of your name and your address so that we can put it in the hearing record. That is a requirement of the hearing record that we do that.

I do not necessarily need to have you to do that at the beginning unless you want to, but I will need to have that for the sake of the record.

Elizabeth Gertz who is seated with a yellow pad will write down the names and the addresses of those who will speak. So we will have that for the sake of the record.

Let me invite the first woman who is at the microphone to go ahead and speak or ask questions or make a point, as you wish.

You can give your name and go right ahead.

STATEMENT OF MARIANNA NELSON, MUSKEGON, MI

Ms. NELSON. Senator Riegle, my name is Marianna Nelson. I would like to talk about the medical malpractice problem.

I do not pretend to have any answers, but I hope that when your committee takes a look at HealthAmerica, they will look to the side of the victims as well as to the side of the physicians.

Senator RIEGLE. All right.

Ms. NELSON. I am a grandmother of a 6 year-old, totally brain damaged and blind granddaughter. She has been this way since the age of 17 months as a result of medical malpractice. [Pause]

I heard Dr. Harris indicate that in his judgment, he can make a good judgment about whether he needs to call in another specialist, order tests, etcetera.

In the case of our granddaughter, the doctor was treating her in the emergency room where she arrived within 10 minutes of beginning seizures with a fever of 106 degrees.

The doctor made the decision not to call in a pediatric specialist for 80 minutes. In the emergency room, there was no one available or qualified to perform an intubation.

The doctor made the decision based on my granddaughter's skin color that she was receiving oxygen to the brain. She was not receiving oxygen to the brain and did not for 80 minutes.

Because of my son and daughter-in-law's right to sue for medical malpractice, they eventually settled the claim and possibly have enough money to take care of her. Her life expectancy is a normal life expectancy.

What I want to know is, whose responsibility is it to care for victims like my granddaughter?

My son and daughter-in-law were of the ages of 24 and 25, respectively, when this happened. My daughter-in-law had to quit her job to take care of this child on a 24-hour a day basis.

My son does not make anywhere near enough to provide for the medical needs of this child.

Is it the taxpayers' responsibility?

I listened to people talking about putting caps on medical malpractice. If there were $250,000 caps or a $1 million cap, this would not have provided care for her for 5 years, much less for 65 years which is her life expectancy at this point.

I just would like for you to be aware that there is another side to the story. I think that it has to be addressed in some manner.

Senator RIEGLE. Well, I thank you for bringing that story to us. I think what it illustrates is that there are a lot of occasions where there is a malpractice that occurs.

I want to make sure that everyone knows that you were not talking about Dr. Harris in this situation.

Ms. NELSON. Correct.

Senator RIEGLE. Let's just make sure that everyone is clear on that.

In this instance, there was not only a situation where the role of care was given, but it had a terrible outcome that will last now for a lifetime and which is causing enormous heartache and grief and tremendous financial expense.

And the question is, what could be done in those cases and how is the protection to be afforded to any of us who might have that happen if we are going to change the system from the way it is now?

Now, I take it that in your situation, the insurance company, in fact, did enter into a settlement to provide a sum of money that one hopes will be sufficient to carry this little girl out through her lifetime in terms of the special care that she needs.

I think part of the question that you posed is one that each of us has to think about and decide what answer is the answer because somewhere that has to be covered.

If it is not going to be covered through a private insurance system, then, as you say, is the government going to provide for it because clearly, it is beyond the capacity of an individual family to do that in a situation such as that when the wrong care is given.

So this is one of the issues where we are going to have to craft an answer that the collective judgment of all of us is the best answer.

I think your illustration is sort of a perfect illustration of a problem that does occur. We want to make sure that we anticipate it and that we have a proper answer for it.

I thank you for that.

Ms. NELSON. Thank you very much.

Senator RIEGLE. Everyone is welcome to comment on that, too.

I want you to speak right into that microphone because it works best if you do that.

STATEMENT OF TONI PARKER, MUSKEGON, MI

Ms. PARKER. My name is Toni Parker.

Senator, I did read the entire bill, S. 1227, all 14 pages of it. I find it to be rather repetitious. There are many, many loopholes in it. If this is going to pass, I suggest that we do some refining.

I did have the privilege of listening to the other witnesses that spoke. I agree with much of what was said.

There are some issues that I do not find covered in this. I do not know if they can be. I think they should be addressed in the future. Many of our young are going to bed at night hungry.

I was happy to find that of all of our States, Hawaii is the one advanced State that has been the forerunner in some very good health care that after 25 years has proven to be very successful in the final outcome.

The other is the middle American or the working poor. There are so many of them that are not covered, the underemployed, part-time workers, who have no insurance whatsoever.

I know your bill says that you want to cover them all. I hope that is what it means.

The senior populations of our community in our country are better cared for than some of our younger children today.

If we do not start this preventive medicine, there is no way, that I can foresee, that we will ever get to the core of good health care for Americans.

Many of the diseases, many of the illnesses that are afflicted upon seniors are because of poor health care from the Depression era.

The other problem I see facing us immediately is the downsizing and the trickle-down system that has taken out the young people of today, 45 to 55 years old.

Who is going to hire them? Who is going to give them insurance? Who is going to secure their futures? Who is going to take care of their children because many of them have young children?

I am one of the fortunate persons in this room. I feel, indeed, very lucky. Number one, I do have health coverage from the place where I work. Also, I am covered by Medicare.

My most important piece of the rock is my doctor and my husband's doctor.

These are just the bills that have been brought to us from the first of this year. This is for 1992 for his care alone: 3 or 4 heart attacks, 7 strokes, 4 strokes in 3 days, many, many TIAs.

Do you know where we would be today if we did not have any hospitalization?

I put myself in that category with those folks who do not have it. And I can tell you right now that my heart bleeds for them because I do not know what we would do.

Senator RIEGLE. Yes.

Ms. PARKER. We would not have a car. We would not have anything. We would be completely devastated.

The part that gets to me about this is that even after my insurance paid, I still owed a big pile of money to doctors that do not accept the coverage that is offered by Medicare and Blue Cross/Blue Shield.

I feel embarrassed. I feel humiliated not to be able to pay my bills. I am a proud person. I have worked all of my life. I have a 45-year work record.

I want to pay my bills. But what about bills that never even had that much of a chance? What about them?

I hope you mean everything you say. I hope the other Senators that are working with you are going to boil this bill down, make it understandable, and get it passed and take the loopholes out of it so that our people in America can have coverage that they so well deserve.

And I thank you for your time.

Senator RIEGLE. Thank you for yours. [Applause]

STATEMENT OF KEN CHESTER, GRAND RAPIDS, MI

Mr. CHESTER. Hello, my name is Ken Chester. I am a self-employed head hunter out of Grand Rapids. I have to buy my own insurance.

Why I have come here today is to lay out some criticisms of what I have seen in the bill because I, too, looked at. I, too, collect a lot of information on health insurance besides some other things.

There are some disturbing problems with the current bill that you have. Number one, it will cost jobs.

If you do not believe that it will cost jobs, ladies and gentlemen, take a look at two systems out there that now show that they do.

Canada and Germany, both of these are high-tech countries. You are seeing the Germans move over to sort of the American plans because of their of high-tech. And second, you are seeing the Canadian's plight over free trade.

So it will cost jobs. What it will cost jobs most on is the people who are making them, the small and medium-sized manufacturers. They are the ones who are going to get hurt the most by this particular program.

Basically, that will leave them with three things to do. One, they can cut employees. Two, they can shift to temporary employees who are paid puny wages. Three, they can raise prices. Raising prices will have the end result of less jobs.

So you can have physical health, but I will tell you now that mental health and physical health go hand in hand.

If you cannot get a job, your mental health is going to go bad and along with it will go your physical health.

Second, I think the costs that you have put out here are grossly underestimated. Today, I called the Congressional Budget Office which, if I am correct, these cost estimates are in bills that are going through Congress.

These people have not done any cost estimates on S. 1227 or the other bill that has been out there.

The gentleman that I talked to made two interesting comments to me. He said that there is no bill that can provide universal health access for $6 billion.

His other comment was, "To cover everybody who is now not covered by insurance will cost $30 to $50 billion annually in new spending."

Some of the costs will be offset, but you still have to be able to fund it year in and year out.

Now, there is a phrase to use in there. It is called outcomes research. Outcomes research is going to be a great thing once it is properly implemented.

I agree that if government was really into outcomes research, it would have solved the Medicare and Medicaid problems and fraud.

All it had to do was mandate that health insurers would go after one form, they would give you "x" amount of days to get that form in place or otherwise you cannot provide health care in America.

If I am correct, the cost estimate savings on that would be $130 billion annually. God, that could provide a lot of extra health care for the people who do not have it now.

So there are two things that are wrong with it. The other thing that I am a little concerned with is that it does increase the size of government.

On the Federal level, under this program, we will have four new Federal agencies. On the State level, we will have two new agencies per State.

On the Federal level with those four new agencies, three of the Federal agencies are going to be independent and yet the one that is not going to be independent is responsible for giving money out for medical research.

Pork barrelling does not get out of the system. What happens is political influence directs where the medical research funds go rather than what is best for society.

There was an interesting statistic in the Medical Forum magazine that I read just this month.

The gentleman who is the president has mentioned that, "According to the Bureau of Labor Statistics, it is the first time in history that there are more government jobs and that is Federal, State, and local than there are manufacturing jobs in the United States."

We first crossed this line back in October of 1991. We looked at the statistics again in June. The gap has gotten wider. So here we go with another bureaucracy.

Senator RIEGLE. Let me interrupt for a second. I think that figure is true, but the reason it is true is not only was there some increase in government jobs, but there is a huge loss of manufacturing jobs.

There is a huge loss because there is no economic strategy to keep our manufacturing base in place. So that is the reason for the crossover in those lines.

I think I should note that for the record.

Mr. CHESTER. Yes. We are in a global economy. I think that is also part of the reason, too.

Now, for the other thing that I am a little concerned with that this does not address is the living directories.

The unfortunate thing of life is taxes and death. Eighty-five percent of our health expenditures in the last 2 years seem to happen in the last 2 years of life. Plus, a lot of this involves long-term care.

The thing you have to remember is that, "Yes. We can provide medical care, but will it improve the quality of life or will it just prolong it?" So people have to be able to face this issue and set up living directories.

Second, the doctor over here had mentioned that there is an undersupply of primary care doctors and an oversupply of specialists.

If you look at all the other countries that have these health care programs on a national level, theirs is a 50/50 breakdown.

We, according to C. Everett Koop, could not reach that level until the year 2010, I think, he quoted or 2030, if we started tomorrow forcing all medical schools to put out primary care doctors.

So if there is an oversupply of demand, people will want to go to the doctor. If there is an undersupply of doctors, prices will have to rise.

If we put in our price controls, anybody who has been around long enough to remember the early 1970's and the Nixon freeze on prices realize that once they were released, prices went back up.

The other thing that came out that I noticed is, it does not address the frivolous doctor visits, the hypochondriacs.

And third, it does not really address unhealthy lifestyles. People smoke, drink, and sit on the couch and drink a six-pack and eat a bag of potato chips every night.

What happens is, I feel if I stay healthy and I exercise and I do all of the good things, I am subsidizing their bad habits. I just do not think that is fair for the system.

Lastly, one other thing, as the doctor had mentioned, it does not address the cost of medical education which runs so expensive, which is partly responsible for these people going in to be specialists rather than being primary care doctors.

So these are the things that have to be done. I believe there are some other plans out there. Maybe we could do this in incremental steps, like mandatory forms, like making Medicaid run like a true HMO and using the extra savings to provide more health care to people.

There is a program called Managed Care by Richard Praddock. That is a very good system out there.

I just think that if we are going with this particular system, the end loser—and we have proof of that in Canada and Germany—will be us.

I think it is atrocious that we do have so many people, and it is 35 million according to what I read in the paper tonight, that do not have medical care.

I do believe that if we can squeeze out over $250 billion in better practices that we would not have to implement all the controls that you state.

Thank you for your time.

Senator RIEGLE. Thank you very much. [Applause]

Let me just make one observation with respect to a final thought on the manufacturing job issue because it is as relevant to Muskegon as it is to my home in the City of Flint, which is very similar in terms of the history of both areas.

With respect to the loss of manufacturing jobs, we are not here tonight to talk about that as such. We are here to talk about health care.

I gave a talk to the Rotary Club today. In the course of those remarks, I pointed out that in Germany today, which is an advanced country like ourselves, 32 percent of their workers work in manufacturing.

Therefore, they are making things. They have high levels of income. They, of course, have health insurance and other things that go along with that.

In Japan, the percentage of workers in that very advanced and successful economy that are in manufacturing is about 27 percent.

Here in the United States, now, it is down to about 15 percent and dropping.

Now, those differences are so significant that every time you see another plant close—we have seen a lot of plant closings around here, plants closing and plants shrinking in size—I would say to you that this is a whole separate discussion.

For every single manufacturing job that we are losing to other countries because we are not taking care of the trade laws and a lot of other things and keeping our own manufacturing base state-of-the-art, we are losing economic strength.

It causes grave difficulties. It is right at the heart of our unemployment problem with the difficulty in finding enough good jobs for our people.

I know the gentleman who just spoke was making a different set of points. I think it is important for everyone here to understand that the less we have of a national economic strategy, the things that fuel the manufacturing base of this country, we are not going to be able to continue to enjoy the living standards that we would like to have because we are just not going to have the national income and the wealth with which to be able to do all those kinds of things.

So that is another issue for another day. It is a critical issue. It is an urgent issue. It is something that has to be dealt with also in the way that health care is being addressed.

Let me go on to the next witness.

Do you want to state your name? Let's hear from you now.

STATEMENT OF LINDA SANES, SPRING LAKE, MI

Ms. SANES. Good evening, Senator Riegle. Welcome to Muskegon.

My name is Linda Sanes. In November of 1991, I left my home of 25 years in San Diego. I came to Michigan to start a new life.

I immediately sought and obtained gainful employment as a staff member at a local foster care home, taking care of incapacitated people.

I found out that my job had no medical benefits at all. My boss informed me that it would be $210 a month to have me added to her Blue Cross and Blue Shield. And as I had a preexisting condition, this was not feasible.

My doctor ordered surgery to eliminate the possibility of cancer. I am a very high risk. I am a fifth generation cancer patient. I am a 24-year cancer survivor. I have already had seven cancer surgeries.

I have been bleeding for over a year now. My surgery was scheduled back in March. I was in the hospital admitting office, signing the admitting papers.

The insurance secretary in the doctor's office called me and said what little, tiny bit of coverage that the State had given me did not cover any of the surgery and for me to go home, which I did.

And near the same time, my disability application and that little bit of medical coverage was completely canceled because I was employed.

I was employed for my room and board. I earn no salary. My only income was $150 a month alimony.

Four months later on July 17 of 1992, still very ill, still bleeding, still exhausted, I lost that job.

I did not know a soul in Muskegon outside of family members and the case workers of the people I had been taking care of.

I lived in my car for 5 days. I am one of the homeless people you were talking about a few minutes ago.

I was scared to death. I was broke. I did not get my final pay. I collected my wits and I went to County Mental Health to talk to a case worker there that I had established a rapport with who dealt with one of my residents.

She referred me to Every Woman's Place, a shelter for battered women. My counselor immediately helped me realize that disability and medical care, as I was no longer employed, was the reason for my previous denial. That lady is here tonight, Cathy Johnson.

The shelter provided my prescribed medication. As I soon found out, my alimony had been stopped. I could not even pay for that anymore.

A few days ago, I received a second notice of denial for State medical care. This time the reason being I could not produce the papers that my alimony had been canceled.

I am still very ill. And I am still very angry that I am being denied medical care in this prosperous country of ours while we spend billions of dollars putting men in space.

We supply food, weapons, and medical care to foreign countries in need. The Navy spends $300 on a hammer.

I am a 30-year ex-military wife.

The taxpayers' money goes out to some of the most ludicrous outrages of scientific experiments I have ever seen done in the Point Lohman Navy Science Lab.

And yet we, the common, ordinary citizen, has to still grovel and beg and do without. Granted, I was spoiled with the Navy paying for my medical care for 30 years.

This is appalling. It behooves me to understand how an injured dog laying out in the street can be picked up by the humane society and receive free medical care and I cannot.

On a local radio station, I recently heard a political logo that they have saying, "If you do not vote, you do not count."

I would like for someone in this room to tell me why I have been made to feel like I do not count in the State of Michigan this last year.

Thank you. [Applause]

Senator RIEGLE. First, let's have the next person come forward.

I just want to make a comment. When we have these health care forums like this and we invite everyone who wants to speak to speak, I think in the course of all the comments that are made, we really find out what is happening to people. If we do not do this, very often we do not know what is happening to people.

The power of the story that we have just heard, I think, tells us everything that we need to know about what is wrong and what needs to change.

It is just almost inconceivable that our country with all of the resources that we have can be so indifferent and heartless to these medical emergencies facing people.

This is one story that we have just heard. I can cite stories until tomorrow morning about children in our State in the same situation. They do not have a penny of insurance. They are going through terrible, terrible suffering and difficulty.

We know how to deal with it, but we are not responding to it, just as we are not responding to this woman's problem.

We had a case the other day in a hearing about a woman who was discovered to have breast cancer. The doctor in this instance said she had two options. One was radiation therapy which is the one that the doctor recommended with further treatment. It was more expensive. She did not have the money.

The other treatment was to do a radical mastectomy and do a severe surgical procedure which was the cheaper of the two. That is what she was compelled to do because she could not afford and our country did not care enough in any organized way to help see to it that she got the alternative treatment which is the one the doctor thought was best for her, but she just did not have the money.

I want to just make sure that everyone understands that we do have the money. We do have the money in this country to see to it that these procedures are provided.

Just the other day, we had a request from the administration to spend on new B–2 bombers, if you could believe this, $42 billion.

They are not able to tell us where these B–2 bombers are going to be used, now with the Soviet Union flat on its back. There is really no need for these kinds of aircraft. Just for that alone, $42 billion.

So whenever someone stands up and says to you, "There is not any money to meet the medical needs of our people," first of all we know that we can save a lot of money from the waste. That has been outlined here tonight so many different times.

We are spending tons and tons and tons of money to help other countries, as you pointed out. The United States today has an economic program for every country in the world except this one.

There is a program for Mexico, the Fast Track Trade Program. I think it is a good program for Mexico. There is a program for Kuwait. There is a plan for the old Soviet Union. There is a plan for communist China.

You show me the plan for this country. There has been no plan. That is one of the reasons why we are in serious economic trouble. That is a whole different topic.

I want to do what needs to be done to help you with your problems. I do not want you to leave here tonight until we have figured out how we will help you to get the care that you need.

Do you want to identify yourself? We will take your testimony now.

STATEMENT OF RODNEY KILPATRICK, M.D., FRUITPORT, MI

Dr. KILPATRICK. My name is Rod Kilpatrick. I am a Michigan resident for the past 12 years, a taxpayer in Michigan, a parent of three teenage children, a husband, and an owner of a self-employed business in the State of Michigan.

I have found over the last 2 or 3 years that the operation of that business in this State is becoming more difficult.

I pay my own health insurance. I have reviewed aspects about health care. I chose the policies carefully, but I find that they are becoming more expensive and a burden.

I find that in running my self-employed business, I am strapped because overhead costs increase continuously, annually. The ability to recapture those costs is being stifled by managed health care systems.

I am a private practice physician. I have been in Spring Lake, Michigan for the last 10 years.

I echo the comments that Dr. Harris said tonight. I also feel sympathy for the patients' difficulties that they have explained tonight.

I think that the American people need to realize that the plan you have proposed is going to be very complex.

The capability of pulling it off in 100 days after election unfortunately is unrealistic I believe. I think it will take in excess of 4 or 5 years to even get something off the ground.

I do not know if you know off the top of your head how many people are under the Medicare system. Do you have that number roughly?

Senator RIEGLE. Yes. There are 33 million under Medicare at the present time.

Dr. KILPATRICK. If there are 33 to 35 million people under the Medicare system and that is an example of government-run medical care, it is a concern from the provider's standpoint and from a consumer's standpoint that the government can now institute a plan to cover 285 or 295 million people, the United States population.

Senator RIEGLE. Let me just say that we do not envision that the entire population of the United States is going to come through a government plan, such as Medicare is.

We do this in the private sector now. People debate as to whether that is the way to do it or not do it. We bring it through the private sector because we think that it is the way to approach it.

Since I have interrupted you, let me just say one other thing. Medicare is far from perfect, but I will tell you this, having seen it work for the people that are of the age to qualify for it who otherwise would not get medical care, if we did not have Medicare today, with its deficiencies—I am not here to defend the deficiencies—we would have a condition in this country that, I think, would be unimaginable in terms of seniors without the money to pay for care.

I do not know where they would be. I think you would have doctors getting a lot more calls from a lot more people because they would be so desperate about needing care that they could not get and could not pay for.

Again, I do not want to defend the deficiencies in Medicare, but I do not know anybody in the country that can come forward and say, "Let's get rid of Medicare," because that would be an absolute disaster.

I know that you are not saying that, but I think that it is important that that point be made.

Dr. KILPATRICK. I think I will kind of draw a line and make a point and allow the others to have their time.

I think the most important cost effective thing that our country can do is educate and train the primary care physicians who are on the firing line, such as myself and my colleagues so that we are prepared not only during the medical school years which are a trial in themselves, but we are prepared to handle the business decisions placed upon us and the medical rationale decisions based on the cost of care.

We hear nothing of that in our training when we come out. I have found that new physicians or physicians who do not know the patient have to be very expensive treating physicians.

It concerns me because I find myself in practice over 10 years now becoming bewildered and besieged and tired of trying to keep up with running the business, controlling the office overhead, seeing the patients, and being the kind of physician I wanted always to be, and still having to be responsible to make ends meet.

The malpractice situation has been adequately addressed. I think the things pointed out speak for themselves and should be implemented.

I myself pay around $11,400 a year. That is almost $3 per visit. My routine office visit is $32, raised recently from $29, which had been held there for 2 years.

If everyone is insured, it is $3. You have to bill insurance. It costs me, in my office with a computer, $3 to bill a claim if it goes through the first time clean. And that is postage and handling and employee expense and all the things that go along with that. The malpractice averages $3 a visit.

I think primary care physicians do not have overpaid employees. We are unable to pay them high wages, such as they might get in hospitals. Employee salaries average $10 of the visit.

The rest is for the facility, $2 for the visit. And I am basing this on seeing 100 patients a week. Some doctors see more; some see less.

There becomes a fine line where you can provide quality care. I think 100 per week on a 4½ or 5 day work week or whatever is

adequate. Unfortunately, my colleagues and I are forced to see more.

Taxes: Federal, State, unemployment, single business tax, FICA, and Social Security are roughly $10 per visit.

I just itemized $28 a visit. Those are factual numbers. I think they can be backed up. You have office supplies and other miscellaneous things in there plus a physician's salary. I have not included that in employee's salary.

Senator RIEGLE. Let me get the numbers straight. You said just those costs add up to about $28. You had been receiving about $29. You have just increased that to, I think, $32.

Dr. KILPATRICK. $32 is the fee at this point in time. I have outlined $28 for expenses.

Senator RIEGLE. What you are saying is that even in addition to paying yourself for your own efforts, you have other incidental costs in there beyond the ones that you have described and built up to the $28 worth per visit?

Dr. KILPATRICK. That is true.

Senator RIEGLE. So the point that you are making is that you feel you are spread-eagled to the edge just about as far as you can be given the fact that you see as many people as you can see? So you feel as if you do not have anyplace to turn?

Dr. KILPATRICK. And I think that the important thing of that whole issue is that the only way to get ahead further, to make those things work is to see more people, which I think is going to drive down the quality of health care.

Right now today, there is no incentive for medically-trained students to go into primary care, family practice, and general practice.

There has been talk for 5 years that reimbursement will be extended to the medical profession. Those things might benefit them for their extra training.

Medical students are spending 4 years in medical school plus 3 years in residency training after 4 or 5 years in college.

You have to understand that when they get out they are under all that debt. Then, they come out into a structured system of managed care which is what you propose in S. 1227.

Managed care increases the cost of health care because everyone who walks in the door at that point has to have their services billed for, etcetera.

A few years back when most of these people were talking about the lower cost of health care, they paid in cash. So it was a lot less office overhead. The malpractice situation only adds to it.

I am proud to be the type of physician I am. I want to continue doing that. When I see the numbers of students applying to medical schools on the decrease, when I see the numbers dip, not only in the State of Michigan, but nationwide, and there is a decrease in our residency program and a decrease in going into ancillary types of services or not going into public health care when they are done, it concerns me.

I think the American population will have to face in the very near future that there will be decreasing numbers. The incentives to practice are decreasing. The pressures to perform and be there increase.

I am not so sure that the proposed legislation as it stands today covers those issues. Dr. Harris made some recommendations. I think that they are all important.

We are the best health care providers in the world. Our people do want it. They deserve it. And they demand it.

I think the physicians need to offer it to them, but it is such a fine line to decide what is indicated and what is not and when are you going to make mistakes and when you are not, it puts us under a significant amount of pressure to perform every day.

I want to see my profession go on, but I think it is going to change. I think the American people have to realize that in order for medicine to become less expensive, there has to be a give and take situation.

It is going to bring about a significant revolution, a change from what we have had in the past.

My biggest concern at this point in time is the rising cost for me to provide the care, the cost in my office which you are talking about adding to, adding the cost of insuring employees which I have been unable to do.

The changes will be so slow to incur in tort law because unfortunately our medical malpractice situation and our representatives by and large are attorneys.

It is very difficult to get laws changed that involve that group. I feel the public and the physicians are strapped by that.

Senator RIEGLE. I appreciate very much what you have said. I have listened carefully. I think you have made a number of good points. There are some things that I want to see if we can do something about.

Would it be fair for me to include in addition tc the points that you have made that, I gather, that you are in this business because you want to take care of people?

You would not have gone through all this effort to be here tonight if you were not dedicated to be a doctor and to performing those services.

In listening to the story of the woman who spoke a few moments ago who needs the medical procedure and is not getting it, and as a doctor yourself, thinking about the close to 1 million people in Michigan tonight that have no insurance, would it be fair for me to conclude that you think that it is time for us to have some system of universal coverage so that everybody can get to a doctor like yourself when they really need one of these procedures to take care of a health problem?

Dr. KILPATRICK. Absolutely. In her situation, it is unique to her, but it is very commonplace to find those kinds of situations where they are uninsured.

Senator RIEGLE. You do not find those, by the way, in other advanced countries.

Dr. KILPATRICK. It does not sound like it.

Senator RIEGLE. No. You do not find that in Germany. You do not find it Japan. You do not find it in other places because they have decided that it is an important enough problem that they are going to solve it. They have found a way to do it.

We may or may not want to use precisely the way they have done it, but that is one of the terrible contradictions because it is

not as if we are the only ones on the planet facing these problems. Others with these problems have found a way to deal with them.

I am also struck by the fact that in terms of who is coming into the practice of medicine—it is just my observation—that fewer and fewer American students are doing this.

Aren't we getting more and more students from other countries coming to America to come into the medical system and become the physicians of the future?

Isn't that part of what is happening in relationship to the problems that you have described facing yourself here in this country?

Dr. KILPATRICK. I do not know the exact numbers obviously. I think there is an influx of that.

I find from my own personal standpoint that when I need to refer a patient to a specialist which I have done usually very carefully and have done my work-up first, unfortunately, language barriers are difficult.

Our own American way further causes conflicts with the patient and the specialist.

There seems like there is more in the specialty field from the non-American groups than probably in the primary care field. We run into some difficulties with that.

Senator RIEGLE. I want to correct an impression I made earlier. We developed this bill.

We have since made some modifications to it that are not printed that address some of the issues that you have raised because we were finding that constantly. And we are doing it off the process of having these hearings.

These hearings are for a very specific purpose and that is to figure out where the deficiencies are and how we can fix them because we are tailoring and re-tailoring it to try to strike the right balances.

It is a very difficult task. It is not unlike the problem that you describe in a different way of figuring out what an office visit should cost, what goes into it, and how you make the whole thing work. We are trying to do the same thing here.

What Governor Clinton has said is that he is going to send his plan to us within 100 days. He will present his formal plan.

Now, he is way down the track. This is not a new issue for him and a lot of others who have worked with him and done a lot of work on it, just as we have done work on this.

His plan is not exactly the same as ours. But it is fundamentally the same. There are few areas that are essentially similar.

So what our plan is is to have him present his plan, if he is elected, within the first 100 days.

We are going to take our latest version of what we are developing and what we are finding from comments like yours and we are going to focus the legislative machinery of moving it through, having the public hearings that are necessary, voting on it, drafting it, and enacting it.

I do not presume to say that we are going to get it exactly right the first time we do it. I do not know whether we have done that with any bill. This is a huge and complex area.

We are probably 20 years late in doing it. That is one of the reasons you are finding it very tough today to survive as a conscientious physician no matter how hard you try to work the puzzle.

So if we do this close to right—and I think we are going to be close to right, it is my intention that you are going to find that it is a help and not a hinderance.

It is designed to provide tax credits for small companies who provide health insurance for their workers.

A lot of the costs that you are having to absorb now, we think, we can squeeze them down. Other countries have done it.

In terms of the paper work and a lot of the other overhead costs that you have, we think that we can squeeze them down. I am not saying that we are going to make all of them disappear.

We are also going to make sure that everybody that shows up at the door has a method of payment. I do not know how much uncompensated care you find you give our hospitals.

Of course, for the most part, doctors are giving lots of uncompensated care because they have to handle whoever shows up and maybe would bleed to death on the doorstep.

Our plan is also to make sure that everyone who shows up for health care has a method of payment because they are in an insurance system where you can be absolutely certain that they are going to be able to have those bills paid and you can perform the service.

I think doing that in a uniform system with one standard billing form is going to make your life somewhat less complicated.

Indeed, a lot of doctors have told us that they think that would be a big help. The outside analysts have told us that there are tens of billions of dollars in savings in that area if we could get rid of this multiplicity of forms that are out there.

So we are trying to take the best of what we have seen and that has worked in other systems and apply it here.

We are not admitting ideas that are just sort of off the wall. I mean, we are trying to take the best things that can work in other places and those that have been recommended to us as things that will work.

I do not mean to take more time. We have more people waiting in line to speak.

I appreciate what you have said. It has been very helpful.

Dr. KILPATRICK. There is one final point that I really like to see perfected as you go forward in the process and that is I cherish the relationship that I have with my patients.

I know them better than anyone else. I think when you do that, when you can maintain that relationship and you can know them and know what kinds of illnesses and complaints they give to you, you can evaluate them more economically and treat them more economically without the fear of making an error or causing an improper judgment.

I just want to caution you and, I think, Americans need to realize this when we are going to change the health care system.

In the German and Canadian systems, you have 9 to 5 doctors who switch calls and switch care. The patients have a very difficult time maintaining the same physician from day-to-day in a lot of those health care systems, especially after-hours care.

When you have a new physician that has not ever seen the patient, it is going to be very difficult for the patient to give a good history to them and for the physician to treat them in the most economical fashion that can be done.

I have had experience with one in my own office where my patients would confuse them and increase the cost of care because of the things that would not be prescribed or ordered.

So the idea is, if it is possible to maintain our front-line medical care system and not penalize it and let us be the deciding factor of where and who goes to which specialist, to try to do it in an economic fashion.

We know specialty care is expensive. It is big dollars. Mr. McCartney spoke of the University of Michigan and the cost of the University of Michigan and patients who demand to go to the University of Michigan.

We as physicians know that we can get the same care in Muskegon. It costs two times as much to go to Ann Arbor as it does to Muskegon. That is a fact.

Senator RIEGLE. Thank you very much. I appreciate your testimony. [Applause]

Hello. Please proceed.

STATEMENT OF JUDITH DOCTOR, JENISON, MI

Ms. DOCTOR. My name is Judith Doctor.

I have a son who is a doctor. He is a young, emergency room physician. Although this is not what I really want to speak about, I have to address this because I have heard what this young doctor has said.

My son is counting the years until he can get out of medicine.

My son is an emergency room physician. He has been out for 3 years working in a large city hospital. He has been tremendously abused by patients.

He says he is lacking something called thankfulness and trust from the patients that he treats. They jerk him around. They demand instant relief.

It seems like we have a society that wants instant cures. We do not want to pay the price of change.

He said, "Patients are looking for something from me that I cannot give them." He is not trained to give it to them.

I want to quote some things that I have read and studied myself. I think that 8 out of 10 people die because of our lifestyle-related diseases.

Sixty-five percent of all hospital admissions have psychosomatic groups. Yet we are not treating those groups. We are treating only the symptoms.

We have an acute care medical model that is designed as if you put your car in to treat its symptoms. A human being is more than a machine.

Hippocrates said, "Let me know the kind of person, then, I will know more about his disease."

Today, we have a breakdown in the therapeutic relationship between our doctors and our patients. Fifty years ago, the patients were helped only 10 percent of the time, but they were satisfied 90 percent of the time with their physician.

Today, I understand that they are helped 90 percent of the time, but they are satisfied 10 percent of the time. Only 10 percent are happy. Why?

I think we need to ask some other questions. We have an acute medical model that is in crisis, in serious crisis. It is multidimensional, multifaceted.

No one person has the answers. We may or may not need the kind of insurance that you are advocating.

We ourselves do not have health insurance at this moment. My husband left his high-tech career. I know what it is like to choose to be without it because of finances.

I am very much grateful for it. I had a son with an illness for 10 years, getting the finest care in the finest of medical hospitals in New England and California.

So I am there at both ends. I know what it is like. I am thankful for high-tech medicine. I am not saying that we do not need it, but we are much more than a machine. We have a soul and a spirit.

Why is it that a young doctor says, "Patients are looking for something from me that I do not know how to give them?"

Why do they say that? What is wrong with their training?

I watched my son go through his training and his evolution of change and his questions and his agony.

Now, I talked to him this week. He said that he wants to get out. He is overworked. He is overtired. He cannot cover the amount of patients he has to see. He cannot recover when he has 3 days off.

I talked to him last night. He said, "I cannot go back today, Mom, because I have not recovered yet."

It is the high acuity level that comes in plus the tremendous misuse of people coming in. He said there is a study that stated that if a welfare patient has to pay $1, they cut down their use of the ER.

They come in the middle of the night, jerk them around for a headache that could have waited until the morning. There is a lot of reeducation and rethinking that needs to be done.

I think you want to ask me something before I go on.

Senator RIEGLE. I want you to speak. I appreciate everything you have said. I just want to make sure that I understand. He is working in the emergency room?

Ms. DOCTOR. In a large city hospital in Michigan.

Senator RIEGLE. That is about the toughest medical duty there is.

Ms. DOCTOR. Yes.

Senator RIEGLE. Many of those are like MASH units.

Ms. DOCTOR. It is like being on the front line.

Senator RIEGLE. He is getting gunshot wounds. He is getting people on drugs.

Ms. DOCTOR. Absolutely. He is getting everything under the sun.

I am not here to tell you his story. I am here to say something more.

Senator RIEGLE. I understand.

Ms. DOCTOR. I went back to school. I am a former registered nurse. I am registered in this State. I went back to school a couple of years ago. I began to write some papers on health care and what was going on, as I watched my son.

Robert Marion came out with a book called Intern Blues 2 years ago. He is a physician. On the last page of this book, he said, "The intern years were the worst years of my life. I survived them, but I lost something of what it means to be human."

We are being human beings. We have a soul and a spirit. Yet we treat people in offices better than we do our doctors, those with whom we have a non-therapeutic relationship with.

And their precious doctors are talking about trying to hold onto this relationship, that it is far more important to know the person than just the immediate symptom.

We want to do acute care which means they come in and we give them a prescription.

This thing evolved when our number one killer was influenza and pneumonia in the early 1900's. We had antibodies, but we loved prescriptions because we could accept it as to why people died.

Today, people do not die because of those problems. We are dying from the lifestyle-related diseases in 8 out of 10 cases.

Yet we are using the same methods: give them a prescription and send them home in an acute care crisis. The underlying causes are psychosomatic groups, 65 percent. All the new research on the mind and body relationship is verifying this.

I do not want to bore you with all this.

Senator RIEGLE. No. I think it is a very important point.

Ms. DOCTOR. I am deeply concerned in patching up a problem when there is an underlying change in the way that we see health care.

We are not to throw out high-tech medicine. I know that and am thankful for it, but our research dollars are going to genetics and biochemical research.

We are not looking to provide psychological and neurology research. Yet the research is phenomenal. A man who is happy on the way to work has fewer car accidents than a man who is not.

The saliva, your immune system increases on your tongue just by watching a story of love.

The bible talks about a happy heart is good medicine. I did a report on social research 2 years ago on a good sample from the United States. The professor was so impressed with the findings because it shows why one person is healthier than another. That is what I was working with.

In all my notes, we saw that people who had trust had better health than people who did not. People who were raised with one or more of their parents before the age of 16 had better health than those who did not.

Senator RIEGLE. Right.

Ms. DOCTOR. People who have satisfaction with hobbies have better health. And on and on it went. We know that.

We are finding over and over that there is a tremendous link. This is one of my health assurances, too, but yet that is not the real problem.

Senator RIEGLE. It is a piece of it.

Ms. DOCTOR. It is a piece of it but it is not going to the real heart of it. We want better health today.

Why aren't we healthier today with all the money we are spending? It is because we are not getting to the root.

We are spending money for the symptoms. You have been referring to Germany over and over. I worked last year in Germany for 6 months.

I spent 6 months working in a model psychosomatic clinic. I was there 6 months. I was there in 1987 and 1988. Someone has pioneered a model there. The patients come for 12 weeks.

I have done a tremendous amount of study in this whole area. What I propose is that we need to look at other alternative models and give people choices of health care treatment, a model that is longer in term and uses more of a lay approach. This works for many, many problems.

We need to let the establishment know. The medical world needs to approach some of these other models. The lobbyists that are keeping out non-medical models need to be challenged.

That is all.

Senator RIEGLE. Well, thank you very much. I appreciate what you have said. I value what you have said. I want to think further about it.

I want to say at the same time, in addition to that, because I do not think that you mean not to say this in what you did say that the woman sitting behind you with the red hair who was up here before who needs a surgical procedure because she is bleeding and is not getting the help she needs, you obviously want a model to get that problem taken care of at the same time.

Ms. DOCTOR. My son has told me that most people who want to get treated do get treated in his hospital. No one is turned away.

I do not understand all of that. Now, it is not my area of knowledge really.

Senator RIEGLE. Well, we have people who have identified health problems that need treatment. It could be a child with asthma. That is not a mind problem. It happens to be what the physical problem is.

Ms. DOCTOR. There is a relationship.

Senator RIEGLE. I am sure there is, but the point is that if the child is going to stop breathing if he or she does not get the medicine that is needed, I want them to get the medicines.

Ms. DOCTOR. I am not saying that.

Senator RIEGLE. No. I know that you are not. I want to make sure that no one misunderstands.

Ms. DOCTOR. I am not saying that we do not need that.

Senator RIEGLE. I do not want to see this country let one more child in that situation who needs medicine going without them.

Ms. DOCTOR. I know this because I have a son, but yet there is another hand. That is all I am trying to bring to your attention.

I know that they are going to that kind of research. They are going to biochemical research.

Thank you.

Senator RIEGLE. Thank you very much. [Applause]

Let me now acknowledge our next speaker who is John Miltner, a candidate for Congress in the 2nd District of western Michigan.

John, we are pleased to have you. We are pleased that you are running for office.

Here is someone that if elected, he can do something about this health ca.e thing.

So why don't you sit down and take the microphone and make your comments.

STATEMENT OF JOHN MILTNER, CADILLAC, MI

Mr. MILTNER. Thank you, Senator.

I have spent half of my working career as a military professional where I received regular health care under essentially a single-payor system.

Then, I had 2½ years of unemployment in which I had no health care. During that time, my wife and I had a child. So I am very familiar with those areas.

Then, I was reemployed and put under a group plan. It was a good plan.

Presently, my mother is legally blind. Due to a mix up a few years ago after paying her Blue Cross premium for some 40 or 50 years, she was abruptly canceled because she missed a payment.

She is in good health now, but when she does fail in health, she will be in another Medicare position which may be different from Blue Cross.

It certainly was a shock to witness the cavalier approach that the insurance companies take at the slightest provocation or the opportunity to just eject people from the system.

So I have broad experience just at my own personal level. Also, I have traveled widely in the Far East and Europe. I have experienced health care in Norway which is definitely a single-payor system.

It is interesting that in a skiing accident, I was taken to the hospital. No one asked for an insurance card. They were interested in the care.

The first question here when you go to the hospital is a session with the typewriter where you verify everything first before a doctor will even come near you.

Anyway, I got an x-ray and a session with the doctor. He read the x-ray and gave me a prescription. The cost of the doctor is included in the prescription. So when you pay for the prescription, the doctor visit essentially is covered there.

The cost for the x-ray and the professional part of the visit is invoiced. You take the invoice to the post office and pay it. In my case, I probably could have left the country without paying it, but normally the security will catch up with you. I just wanted to share with you that experience.

There is another thing that I can comment on in my testimony this evening. It is fear of the unknown.

This is true of the doctor's testimony. It is also true of the politician's testimony that we hear about this system.

Since I have experienced these environments in European countries where people are secure in having health care, people are arguing here whether it is a right or it should not be a right.

That meaning is beside the point. The point is when one is comfortable with that status, they have less stress.

This goes in a few ways to the comments of the previous speaker, the comments she made in the last half of her testimony, almost

every situation that she was identifying about how things were better. I forget all of her examples.

The point is what she was really addressing is when there is less stress in the system, people are healthier. People are healthier when they all have health care.

So I commend your approach. I commend the fact that you are keeping this on a front burner. I am keeping it on a front burner.

I am appalled at some of the rhetoric that is coming from people who want to sort of avoid the real issues.

I lived for a number of years in Hawaii. I would like to commend your mention of that system. I would also like to comment for a few moments because many people do not really understand this whole idea of what happens when people are covered.

In the State of Hawaii everyone is healthier basically than they are in Michigan. Again, in the testimony of the previous witness, most of her son's problems, I am sure, involve people who are not appreciative or people that are too demanding because they basically are not served by our system.

They just do not have any health care. They go there as a last resort. And even the hypochondriacs, if they come here for a headache or a cold, it is also because that is the only thing they can do. They just do not have any other system.

In the State of Hawaii because everyone is covered, everyone gets vaccinations. They do not need a special indemnity clause in their State Constitution or State law to protect doctors from people who go to them for their shots because everyone has vaccinations. Everyone has their shots.

Everyone gets their physical examinations. They have premium care. They get mammograms, cholesterol tests. It does two things. It is preventive medicine and early intervention.

I am sure that any doctor or any medical practitioner can very this fact, if you start on things early or especially with prenatal care when you plan ahead, you avoid tremendous cost later.

Senator RIEGLE. Yes. If I can just interrupt you there. Right now we are caught in a cycle where we are paying the tremendous cost later. So we are spending money anyway.

We are having all the human suffering. If we can just alter this system so that we catch these problems or prevent them in the first place.

Someone might say, "Well, you are going to spend some money."

You are going to spend some money to keep from spending a lot more money. That is what Hawaii has proven.

Now, they are 25 years down the road. If you do not change the system and change direction, you never start getting the savings that start to accrue over time.

In fact, you can come out ahead. I mean, you have healthier people and you spend less money. You do not do it on the first day.

You have to change the system and start getting the benefits as they accrue over time. Then, you start bringing your costs down.

I mean, it is so basic that we should not have to torture ourselves about it because we have a 25-year model in Hawaii, which works like a charm. We need it here.

Mr. MILTNER. This is my analogy about the fear of the unknown where the doctor is concerned about any cost controls or other fac-

tors, business and doctors, assuming that doctors are also in business, will have an input upon how it will cost so many jobs.

It does not really cost jobs. We should think about this like electricity or driving a car, fuel costs. It is essentially a necessity. We should look at it in that way.

It is even more than a basic utility. It is like the computer inventory system. Most small businesses in the country that have an old system would say, "I am not going to get a computer system because it is too expensive and it is going to cost jobs."

No business is going to say that. They all want to get out there and get their computer system because they know that it is going to improve the efficiency and reduce cost in the long run.

That is the way the doctors and the businessmen should think about health care. I am appalled at the lack of insight and perception in that area.

Just so the people in the audience can understand this. The Hawaii system mandates a variety of coverages that is better than 80 percent of the group plans in the United States.

Senator RIEGLE. That is right.

Mr. MILTNER. It is a Cadillac of systems. This cost, the premium payment that an employer pays is half or less than the premiums that Michigan employers pay. So it is not going to be a 9 or 10 percent tax.

Senator RIEGLE. I want to ask everyone to hear this because if you do not hear and if you do not look at it, you will be inclined to say that it is not possible, except it is possible and it shows you how if you let something go too long and it gets so out of control, it finally overwhelms you and you get sort of paralyzed by the way things are and think that they cannot be changed when, in fact, we have this model in our own country.

I will not interrupt you any longer, except to say that it works. And the fact of the matter is you get better health and it costs less money.

Now, someone says, "You cannot do that." Most of the people who say that—I am not talking about people in this room tonight—are the big insurance companies that are in this business and making plenty of money off the system the way it is and a lot of people that supply health care supplies which are very, very expensive. They say, "You cannot change it. Do not tamper with it."

That is in part because they have an interest in keeping the system the way it is. I think we ought to be smart enough now to not only put an end to the suffering of our own people, but to figure out that we can come out ahead financially.

I mean, that is the wonderful truth of it all. We can get this job done for far less money than we are now spending and not sacrifice advanced science where that is needed, as it is in some incidents, or trying out some new therapies in preventive health care and getting all the bad habits.

We have more people right now dying of emphysema from cigarettes than we can count. That is a self-administered problem. We know how to deal with that. We even have things like smoking patches that can help.

There are a lot of ways to solve a lot of health problems by changing our behavior and our conduct. And we should do it with our children as well, who really need to get that.

John, why don't you finish. Then, we will go to the next person.

Mr. MILTNER. Very quickly, the savings involved in early intervention in total health care are evident. I mean, you do not have to go to Hawaii to figure this out.

In any hospital in any community in Michigan, any doctor, especially the doctor who testified because he is in this area, $200 to $400 in preventive care will prevent low-birth rate or premature babies.

If they do not get that attention, it will cost us about $300,000 in special care during the first month or two of life.

Now, that is a pretty good savings if you can eliminate a lot of those incubator problems.

Senator RIEGLE. Yes.

Mr. MILTNER. It is a savings in hundreds of thousands of dollars for the cost of only a few hundred dollars.

I would like to address for a minute some of the fear systems especially evident with the politicians who keep saying that this is going to be a 9 or 10 percent tax. They are again playing on people's fears.

Another thing is my friend said, "If you have a system like Canada has, you will have all the love and compassion of the KGB and all the efficiency of the IRS."

Well, I am familiar with the health system in the Soviet Union also. Although they have some terrible medicine and their doctors may not be as well trained as ours are, they still have a sense of security that comes with knowing that if they get sick, they can go and get taken care of.

There is much less stress even in those relatively poor or terribly administered countries than we have right here in the United States.

It appalls me to listen to these doctors always saying that we have the best health care in the world. That is pure poppycock.

A lot of our citizens have good health care. Hundreds of thousands of Americans do not have any health care at all. And literally millions of them have questionable health care.

And Mr. Bush's argument about economic rationing because some wealthy person wants noncritical elective surgery in Canada and has to go to Detroit to get it, therefore, that is some sort of economic rationing, that is also poppycock.

What does he think of the people in America who have no health care at all have? They do not have economic rationing.

By the way, I am in favor of a mandated private-sector system like Hawaii has on a national basis.

We may have to exempt certain types of companies, a company with a very, very low profit margin. It involves thousands and thousands of minimum-wage employees of such companies. I am not certain that it does.

It is clear that not one employer, only one owner and manager could bear the cost of all those individual premiums.

So there could be exceptions, but in general, small businesses embrace the plan in Hawaii. It did not kill small business.

I would like to address the smoking province being disseminated by my opponent in my election and also the Republication advocates in general who are just simply avoiding the problem, access for all and active cost containment while preserving the kind of choice and quality that we already have.

That is this, the argument that the economic environment in Hawaii is so different, either because it is an island—which does not make any sense at all—or because they have a higher level of service industry and tourism than we do which is more industrial, in the first place, anyone who knows economics knows that service industries and tourism have a much lower profit margin than most major industries.

And even small businesses like taxicab companies or machine shops or garages or restaurants are essentially the same in both communities except for this fact.

Almost everything in Hawaii is more expensive than it is on the mainland because of the distance away and the plane time involved. That is a very dramatic point because it really means that their premiums would probably be lower again if they are on an equal basis with the State next door.

I could go on.

Senator RIEGLE. You have made a very forceful presentation. You have my vote. I just wish I could vote here because I would like to vote for you.

Mr. MILTNER. Thank you very much.

Senator RIEGLE. Thank you very much. [Applause]

Of the members in the Congress, I have never heard one of them talk about it more knowledgeably or sensibly as a candidate than the man who just spoke.

Yes, sir.

STATEMENT OF GEORGE HARTMAN, HOLLAND, MI

Mr. HARTMAN. My name is George Hartman.

Senator RIEGLE. Hello, George.

Mr. HARTMAN. I want to find out if I can get some help. I can create 4 new jobs in this country and put some of these people back to work. If we need anything, we need that involvement.

Senator RIEGLE. We do indeed.

Mr. HARTMAN. I will be 86 on my next birthday. About the only time I will be in the hospital is to visit a friend. [Applause]

Senator RIEGLE. Thank you.

Hello. How are you?

STATEMENT OF GLORIA GARDNER, MUSKEGON, MI

Ms. GARDNER. I am fine, Senator. How are you?

Senator RIEGLE. Good. Thank you.

Ms. GARDNER. Thank you for coming to Muskegon. Thank you for sponsoring affordable health care for America.

I am recovering from a cervical vertebrae surgery. I have been out of work for the past 5 months, but thank goodness, I have health care insurance.

As an agency director here in Muskegon, I see many, many families that have little or no health care coverage.

From 1990 to 1992, the Urban League provided 3,200 families with some type of health services: sickle cell trait counseling, HIV AIDS counseling, and also hypertension screening.

The State of Michigan Public Health Department has stopped funding the Community Hypertension Identification Program.

So as of this month, we just closed 13 clinics that provided services to 3,200 families for hypertension. Many of those 3,200 families have little or no health care coverage.

I am disturbed that in Muskegon there has been little attention given or limited attention given and little funding given to those with HIV AIDS.

We have an HIV AIDS Resource Center, but that center is a one-man operation. We have a small HIV AIDS peer counseling program funded by the Department of Public Health to the tune of $3,500 a year. Here again, that is little to the need.

I am concerned that we had 150 HIV-AIDS related deaths in Muskegon County this year.

Senator RIEGLE. 150?

Ms. GARDNER. Yes.

But still Muskegon asks, "Is there an AIDS problem?"

So again, I just thank you for being here tonight.

Senator RIEGLE. Thank you very much for being here. [Applause]

I want to thank everyone for their patience in waiting. I know it takes awhile.

We use this format because it is the only way that I know to make democracy work is to just let it work. That is why we are all here.

Thank you for being so patient.

STATEMENT OF BEA LAMB, MUSKEGON, MI

Ms. LAMB. Hello, my name is Bea Lamb. I am a registered nurse working in Muskegon. I work in home health care.

Every day I go into homes where people are making decisions between buying their medication and buying their food or paying their heating bill.

I guess just because we assume that people have insurance does not necessarily mean that their needs are met with the way that our insurance system works in this country.

Most of these people that I see do have Medicare. So if they are in the hospital and they need to see the doctor, they are covered.

Senator RIEGLE. Right.

Ms. LAMB. Their medicine though is another story. They go without these medications. And lo and behold, they end up in the hospital.

Senator RIEGLE. Yes.

Ms. LAMB. And here Medicare is picking up those bills. So there is almost an incentive to be sick and need the hospital care because that is covered.

Senator RIEGLE. Now, if I could just stop you for a minute. That is another example of, if we spend a small amount of money for home health care and we kept someone out of the hospital, we avoid spending a whole lot of money to have that person go to the hospital. We just talked about the money side of it.

Ms. LAMB. Exactly.

Senator RIEGLE. So it is another illustration of how our health care system is turned upside down.

Right now, instead of spending a small amount of money and avoid spending the big amount of money, we chisel that away, the small amount, and we end up spending the larger amount and putting the person through all the misery and the difficulty of getting sick enough to have to go to the hospital for a problem that could have been avoided if we spent a small amount of money.

Society is left having spent more rather than having spent less. I mean, it is exactly upside down.

That is what we want to try to change. That is another illustration of how we have it backwards the way it is today.

Ms. LAMB. Absolutely.

And the other issue is I consider myself lucky in that my husband and I are both employed and we have insurance that is supposed to be very comprehensive.

My experience in the last year with this insurance company is that there is nothing that gets paid for without a fight.

They have thrown so many technicalities and responsibilities on the insured to make sure that everything is just so that it seems like they are just looking for ways to deny care.

As an example, my daughter who is 5 years old had her tonsils out in June. And being a nurse and having worked in emergency rooms and having seen the kind of abuses that people go through, we called the insurance company and said, "Is everything okay?"

This all started when our pediatrician referred us to NENT. The insurance company said, "We will not tell them anything until you give us the name and the date and time of an appointment with this physician."

We went through all that to be told that we had been referred to the wrong physician. Now, I had to go and cancel the first appointment and make a second appointment with the second physician. We thought everything was wonderful.

We went through all of that. We called the insurance company the day she went in for pre-op testing. They said, "Everything was fine."

I get home about 5:30 to find a message on my machine that it is urgent that I call my insurance company.

In the meantime, my 5 year old has been through pre-op testing, has had blood drawn, I have taken a day off of work, we have been to the hospital, all to be told that they may not cover it because they are not sure that the doctor has adequately explained to them the need for this tonsillectomy.

So here we are insured and we think that we are very lucky to have everything paid for, but we are being raked across the coals for every dime that is coming out of their pocket.

Senator RIEGLE. If I can stop you again, think of all the money that is being spent for the insurance company to figure out how not to cover you.

Ms. LAMB. Yes.

Senator RIEGLE. In other words, all of that cost of that person who is figuring out a way to avoid seeing that your bills are paid, there is a cost of all of that. That is all getting loaded in on your insurance premium.

Ms. LAMB. I think the hospital or the home health care agency or whomever has to hire an expert to fight the denials.

Senator RIEGLE. Exactly. So there is another whole cost.

Ms. LAMB. There is another whole cost.

Senator RIEGLE. An unnecessary cost.

Ms. LAMB. On the provider's side of the situation, when you deal with private insurance companies and you call and say, "I have a patient who has such and such a situation, are they covered under your program?", we frequently get told, "Well, that area is sometimes covered. So it might be covered. When you send your bill, send all of your records. Then," after the fact, "we will decide whether or not it is covered."

Well, how do you tell a patient of yours, "You might or you might not be covered. It depends on whether we are making the call right." What do you do?

So I think that the primary responsibility is to get everyone covered.

Senator RIEGLE. This bill fixes that.

Ms. LAMB. Does it?

Senator RIEGLE. You bet your life it does. In other words, we have a standard package of benefits. It is a good, solid package. Everybody gets it. And there are no ifs, ands, or buts about it.

You have a standardized form. We stop making ourselves sick worrying about what we do when we are sick or when we are trying to keep from getting sick.

We address that head-on. This would solve that problem.

Ms. LAMB. The only other comment, in answer to Dr. Harris' comment about not having enough primary care physicians out in the field, I just want to mention the fact that most practitioners are very good at providing primary care as well. [Applause]

Senator RIEGLE. Thank you. And thank you for coming.

STATEMENT OF LISA HARRISON, MUSKEGON, MI

Ms. HARRISON. My name is Lisa Harrison. As I sit here and listen, I am sort of appalled how cost is always the bottom line. It is not, do people get covered, do they get cared for?

Really, the bottom line is, can we cover this and can we care for these people cost effectively?

I am just sort of boiling inside as I listen to this and yet the comment I want to make is about cost.

Senator RIEGLE. All right.

Ms. HARRISON. I am not very concerned about who is going to be covered, but what they are going to be covered for.

I will give you an example. In this country, we rank number 22 in the combination of infant morality and traumatic birth outcome. I think we are number 17 in infant mortality, which is deplorable.

Senator RIEGLE. In other words, 17 being a bad ranking. Whoever is first, has the best success record?

Ms. HARRISON. There are 16 more Nations better than we are. And I think in the industrialized world, as I remember, it is like only Ireland is below us. I mean, everybody else is above us.

The World Health Organization has made an official recommendation to the Government of the United States stating, and

I will paraphrase this obviously, that is deplorable and has to change.

It will not change until, one, we cover everyone with health care; two, until we take prenatal care and childbirth out of the hands of our present medical system, out of the hands of obstetricians. This is from the World Health Organization, not from me.

They get that from studying other countries who have better statistics than we do. What those countries have is a system of midwifery care.

I am concerned that we will not see alternatives like midwifery care and other things, as the other lady was talking about, available or covered under this act and be very cost effective.

I had midwifery care. I had a 3-month old baby at home. I had a midwife. I had premiere prenatal care. I mean, it was absolutely top of the line.

I am working. My husband is working. So we paid the top payment. $1,000 was the total bill. If I had gone to the hospital, the bill in Muskegon, if there had been no complications and there were none, without the prenatal, just the hospital stay and delivery, the average is $4,500.

Now, my insurance right now will not pay that $1,000 even though I saved them $3,500.

Senator RIEGLE. As an example, we change that in this bill, by the way. We change that. That is another illustration.

Ms. HARRISON. Right. They will not pay for it because it was an alternative even though it was cost effective, even though statistically, it is shown to be safer than going to the hospital.

Every major study that has ever been done states that it is actually safer, a well-attended, home birth with a midwife rather than hospital birth. I mean, there is not anything to dispute it.

In England and places where they tried to dispute it, the studies turned around and showed the opposite, that it actually was safer to have midwifery care at home than to be in the hospital.

We totally ignore that. We are so steeped in the system that we are not offering these alternatives. People do not know that they have viable choices. And they do not have viable choices because the insurance will not pay for them.

I am worried about this body that is going to determine what is covered. Do you understand what I am saying?

Senator RIEGLE. Yes. I do. That is why we are here to listen and to make sure that we are considering everything.

Ms. HARRISON. Other countries do it all the time, but our medical system says: Oh, no. That is child abuse if you have a midwife. That is child abuse if you have a home birth.

Yet the statistics do not back that up at all. We do not build that into our system. I think the time has come that we are going to have to build those things in.

Even the World Health Organization has said, "If you do not build that in, you are not going to change your prenatal statistics."

I wonder how are we going to address this?

Senator RIEGLE. Well, one way that we address it is in our bill. We reimburse for a range of providers. We include midwives. We include nurse practitioners. We specifically address that issue.

Now, I do not think that the pattern of work has gone as far down that track as your comments suggest. So that opens my mind up to doing additional work in that area.

But we clearly deal directly with the problem that you speak about in terms of being able to, in fact, authorize and sanction the payment for that service specifically as opposed to the alternative high-cost option. So that is anticipated. It is in our bill.

Ms. HARRISON. Will it be this National board though that will make the determination? Where will the determination be made?

Senator RIEGLE. Not on this because we have written that into the legislation.

Ms. HARRISON. I mean, like for other alternatives, like if someone wants to seek chiropractic care or ecclesiastical care?

Ms. CHANG. We cover chiropractic care, but you are raising a different point. The Senator has said that we are going to take your comments and revisit this issue in the bill.

We do have in our bill a standard package which at this time includes chiropractors and midwives. Maybe it should include more things. You are suggesting more things, too. We are going to look at that. We will revisit that issue.

Ms. HARRISON. All right. That is my concern.

Senator RIEGLE. That is the main reason we are here tonight. I mean, I want to make sure that we are hearing and considering everything. That is why I am not hurrying this tonight.

I want to get this right. I want to put an end to the nonsense that our people have been putting up with.

I mean, this is one outrage that if we work at it and if we sort of band together, we can change. I am determined to change it.

It took me 10 years to get on this committee. And it has taken me the rest of this period of time to get this subcommittee and get to the point where we finally have this thing ready to happen.

This is sort of a side comment, but if the country is of a mind to elect a new President that wants to do it, that is the other thing that we need.

We have passed 31 bills in the last year, all of which have been vetoed. They are in different areas and so forth.

So if we can have someone sitting in the White House so that when we get this done, he is going to sign it. Otherwise, it is a big exercise in futility.

We are week and a half away from perhaps accomplishing that goal of getting someone into that job who wants to do it.

Through all of the work that you have contributed tonight and everyone else has, in over 34 hearings like this now, we now have a body of information and input that helps us see how we can do this.

We are going to draw, by the way, quite heavily off this Hawaiian model because that is not guess work. That is 25 years of day-in and day-out practice. They have healthier people. And they are paying less money for it.

It includes the kinds of things that you have just spoken about which we intend to include in this bill.

Ms. HARRISON. Thank you.

Senator RIEGLE. Thank you very much. [Applause]

I think we have three more people or we do have a fourth? All right. Four more people.

Go ahead, please.

STATEMENT OF LORI PEARL, GRAND RAPIDS, MI

Ms. PEARL. My name is Lori Pearl. And I am a critical neurospecialist in neuroscience medicine. I am board certified. I am a member of our Health Policy Committee on the National American Association of Neuroscience Medicine.

I have several health care concerns. I will try to be succinct. If you want to ask me questions, please go ahead.

Senator RIEGLE. All right.

Ms. PEARL. I have worked in neuroscience medicine for the last 13 years. I am from Grand Rapids. I have had the privilege of working with two top-notch neurosurgeons, one of which is Paul Henry.

I have heard several comments here about cost. It has to be discussed because as much as we all want health care, high-quality, cost-effective health care for every person in this country, we have to face the fact of all the waste that we have had. We still have limited resources here no matter how it is allocated.

I really feel health care people who have been very dedicated to providing high-quality care to their patients are being very maligned. It is a two-way contract between health care provider and health care recipient. That is one of the positions mentioned here.

There is a great problem with compliance on the part of patients. And there is nothing that delights a health care provider more than to go to their clinic and have a patient come in and have them be compliant with care.

It is an absolute delight because you know that they are willing to work with you. You can really make a big difference in the quality of their care and you can do it in a cost-effective manner. You are not set up with a patient to have an adversarial relationship.

Unfortunately, we do need health care reform as far as the medical issue is concerned because the way that the system is right now, it sets you up in an adversarial relationship.

In Grand Rapids, we are lucky. We certainly have a malpractice and legal problem, but not as bad as what it is in your major cities, like in Washington, D.C. and Detroit where people are practicing a high amount of defensive medicine.

Thank God, we have physicians and health care providers that will stand up and still practice health care the way they know with good medical decision-making. It is the best way to practice.

They will be tormented, but they will not be ridden roughshod by these lawyers who are going after you with these frivolous law suits.

I have seen that many, many times. To me, the American Bar Association needs to develop stricter canon. There needs to be better sanctioning among some of these lawyers that are ambulance chasers in going after these people.

Senator RIEGLE. Well, let me just ask you here, on that point——

Ms. PEARL. I am not against lawyers.

Senator RIEGLE. No. I understand. I am trying to judge in my own mind. Let me just accept for the moment that you have some

lawyers that are going to pursue frivolous suits and create this problem.

Let's say at the same time that you have some doctors who practice bad medicine and are not disciplined by their profession.

Ms. PEARL. They should be.

Senator RIEGLE. I know. We have to put the two issues side by side because they are really opposite sides of the same coin.

Ms. PEARL. Absolutely.

Senator RIEGLE. We have heard from a woman here earlier where there was such a case and there was a terrible outcome. It is a lifelong situation for the child who is brain damaged and so forth.

One of the concerns that I have is whether the professional group providing the kind of oversight of the profession is really bringing the hammer down and, in effect, putting someone out of the business that does not deserve to be in it.

Ms. PEARL. I agree with you 100 percent. That problem exists in all groups involving this from the recipient of care to the health care provider to the lawyer.

Our problem with the medical/legal aspect of health care could be eliminated if you would eliminate greed on the part of all parties.

Senator RIEGLE. I do not know how we would do that.

Ms. PEARL. No. Because we are all humans. But that is what it boils down to. And that is why this problem is so expensive.

Along that line, I would also like to address, within the State of Michigan and in other States that have workmen's compensation and medical coverage with automobile-related accidents, that is the major problem.

For 13 years, I have seen this. If patients do not have any insurance at all and they were a victim of an automobile accident, well, the sky is the limit. Go after the automobile people because they know that they can get good medical reimbursement there. That is greatly abused.

So we are, in the State of Michigan, looking at making some type of automobile insurance premium fund. I am not saying that it is a good policy and that I totally agree with it. Maybe this is an area that needs to be addressed.

Also, the same should be done along the lines of workmen's compensation. In my specialty of neuroscience, we see a lot of spine-related problems and a lot of head-related problems.

I have seen that system abused. I want to tell you this because in May of this year, we had seen a patient on May 28, a 43 year-old woman, divorced, and a single parent who had gone through the complete medical work-up that any competent health care provider would have done above and beyond. There was nothing wrong with this woman.

She came to us. She wanted to be disabled. I did a history of this patient. The physician came in and he also, after a few more questions and the physical was done, said, "There is no reason that I can disable you."

She left our office. A couple of hours later, she called back and talked to our secretary and called her every name in the book that would make your hair curl.

I made the secretary repeat that to the physician. He wrote a letter to the referring physician stating that a positive patient/physician relationship could not be established and that she should seek health care elsewhere.

A few weeks passed. The patient called again, wanting to know who I was because even though I am a professional, I do not wear a white uniform.

The secretary told her who I was. That proceeded to her lashing out at the physician again because he would not disable her and using language that would make most people's hair curl.

She said, "You can tell him he is going to have a hole in his back."

Well, I am also the manager of a group surgical practice that we are involved in. For the sake of that staff, I had to call the security people. I had to go through this formality, which I did.

Then, I called the Grand Rapids Police Department. They said, "Lady, there is nothing that we can do to help you, but we will take the name. Tell us who this patient is." I did.

The police also said, "There is a report. If anyone gets hurt, then, we will have a prime suspect."

I said, "Thank you very much. I can only hope that no one is killed or seriously maimed."

Then, I proceeded to call a detective on the Grand Rapids police force. He quickly did a search on this patient. There was an open warrant for the arrest of that patient for threatening several other health care providers who would not disable her.

We had no subsequent threats or acts of violence from that particular patient.

Less than a week later, a friend of mine contacted me who I had been in nursing school with to tell me that a good friend of ours had been murdered by a patient.

He was an internationally renown neurosurgeon from this area and left behind a wife and two small children.

Now, you ask, what is one of our greatest fears about health care reform? This is one of my greatest fears.

I say that not for myself. I see patients being jerked around by the system so badly. I know it needs reform. I am more than 100 percent behind this.

I am fearful of how this system that you are going to use to implement this reform is going to be brought about and the chaos that it is going to create.

I want people to think very hard and very seriously about this because I am a strong advocate of great government, but we all know the bureaucracy and the red tape that happens.

Patients get so frustrated by the system now. And, yes, they are being treated unfairly, but they do not realize how many people are out there working for them.

People within the health care system are being victimized as well. This is a problem that is going to be a major problem in the future.

There are a couple of other issues that I want to address. I think I will go into providing access to care. It is one thing to say that everyone is going to have access to health care.

You have to look at the complexity of the illnesses that you are treating. There are not easy answers to a lot of these things.

The systems that we have to put in place are very complex and have to be well thought out to be able to give good health care to everyone in this country in a cost-effective manner.

Senator RIEGLE. Let me just say on that point that I quite agree with you. That is why we want to have good primary care from the beginning to get people on a path toward good health practice, finding problems early, and preventing problems.

I mean, a health care system is not just designed to find a person who has a terminal illness and deal with it.

Ms. PEARL. Absolutely.

Senator RIEGLE. It is obviously a situation where we want to try to change health patterns. That is what comes out of health care systems.

What we see around the world and even in Hawaii, as we have cited several times, is once you structure a system in a more intelligent way, you get all kinds of good outcomes, including better health.

Ms. PEARL. I agree with you 100 percent. My graduate work was on a primary care basis even though I am specialty trained which I think enhances the care that I give to my patients because I always look at that from a primary care aspect as well as a specialty.

I make sure that my patients get in contact with a primary care doctor. You would be surprised that the vast majority of these patients do not have a family care doctor. Most women regard their family doctor as their OB/GYN.

Let me tell you, their OB/GYNs are not primary care doctors. They are not getting the best of care. Not that there are not great OB/GYN doctors out there, there are, but they are not primary care doctors.

So I think while the general public is hearing all of these things, they do not realize truly the complexity that is involved in being able to access everyone to good quality care.

I also think one thing that we have to strongly consider is looking at the Food and Drug Administration and our requirements of getting new drugs in the market.

The cost of putting new drugs through all the testing that they have to go through can take years from the time that drug is formulated to getting it in the market.

It is millions and millions of dollars. People cannot afford these drugs, absolutely not. When you look at European countries that have good standards for the evaluation of new medicine, they are in the market much sooner.

The costs are much less, whether they have a national health care plan or not. They are much less than what we pay to get that same drug years later in America. That is an area that we can save billions of dollars. There is no doubt about that.

And the other thing that I want to emphasize again is the emphasis on health care promotion and prevention practices and getting those insured. I was at a lecture in August while I was on vacation at the Chicago Institute.

I asked specifically for their health payor forum and listened to the president of the Health Insurance Corporation of America speak about health care reform.

I could not wait to go because I could not wait to nail him because I have seen my patients be put through so much to get good health care——

Senator RIEGLE. Debbie just whispered in my ear that he is resigning.

Ms. PEARL. He could not defend himself when it came to commercial insurance providing coverage for preventive and health care promotion practices. That is truly what needs to be addressed.

It is proven, not only with prenatal care, diabetics——

Senator RIEGLE. Child immunizations, mammograms, just right across the board.

Ms. PEARL. It is all there in the research.

Senator RIEGLE. Let me say one other thing. We have passed a new bill to expedite the Food and Drug Administration process.

Ms. PEARL. Right.

Senator RIEGLE. It is at the White House right now. We think Bush is going to sign it. We do not know the date. They will announce the decision one way or the other, but it is designed to speed this up.

Ms. PEARL. And another thing that I know, Bush has vetoed this, but this is something that needs to be addressed by the new Congress, it is family leave because more and more emphasis is being placed on bringing these people out of the hospital.

Senator RIEGLE. I know.

Ms. PEARL. And these families are not prepared to take care of these people.

Senator RIEGLE. I could not agree with you more.

Ms. PEARL. Even health care nurses are not adequately trained to do that.

Senator RIEGLE. I agree. That is part of this whole collapse of the health care system where it is more advantageous to create this effort to push people out the door.

I mean, the effort to save money is coming in the wrong place. There are all these places that we have identified tonight where we can save tons of money than by leaving someone out of the hospital door a day early.

Some insurance plans now only will give a mother and new-born child 24 hours. That is it.

It means that if you get there just before midnight or after midnight, you may hit it at the wrong time. It is crazy how the thing works.

Ms. PEARL. What happens to that mother who winds up getting pulmonary anabolism and dies?

Senator RIEGLE. Absolutely.

Ms. PEARL. Because she was not watched carefully.

Senator RIEGLE. Well, I will tell you one thing. I wear a pin that says that I am for Clinton and Gore. So I make no bones about that.

Ms. PEARL. You were once a Republican?

Senator RIEGLE. Yes. I was once a Republican. I will tell you this, I have talked to Bill Clinton. One of the first things that we

are going to do is send the Family Leave bill back through. He will sign it.

That is one reason why we need a President who knows how to sign these bills. [Applause]

Ms. PEARL. I also want to ask you a question with respect to this National Expenditure Board.

Senator RIEGLE. Yes.

Ms. PEARL. What is the number of people that are going to be on that? How is that going to be distributed? Is that going to be rotated?

What is going to be their term limitation so that if you get someone who is bad you can have the chance of ameliorating that by getting someone good on the board maybe in a couple of years or something?

Ms. CHANG. The way it is in the bill right now is that there are 11 members. They would be appointed by the President and confirmed by the Senate. So they have to go through a pretty strenuous process to get to be on the board and must be top-notch.

Then, they would come from a variety of different areas: the hospital, doctors, consumers, nurses, businesses.

Senator RIEGLE. Labor.

Ms. CHANG. Labor. Right.

Senator RIEGLE. What we want to do is put around the table an accurate cross-section of the parties of interest when you really have to get the various points of view and you have to force them out into the open.

The beauty of a system like this, as long as it takes and how it goes, is that it is sort of democracy in action. It is the same thing if you have 11 well-chosen people around the table with different points of view.

We have to fraction out. I mean, we are one country. We have to give and take and figure what constitutes the best blend and the best balance.

Now, if you believe in democracy, as I do, even with the 10 professions, you start to say, "This is probably the best way to get to the best answer that we can get to unless we want to go to a system where we have some benevolent dictator who tries to make the decisions for everyone."

I do not think we want to do that. So we think this can work. That is what other countries are doing. It seems to work in other places.

Ms. PEARL. It will rotate how often?

Ms. CHANG. It will rotate every 6 years.

Senator RIEGLE. I am open on that. As we get down to enacting this thing, we may decide we want to stagger the terms and have them for different lengths of time so that we will have some rollover.

We sort of envision this being a board that will have the stature on its own like the Federal Reserve Board. I mean, this is a very, very important place. It is not a place for hacks or for political appointments.

This is a place for absolutely the top-notch people that we can find in the country because our health as a Nation is riding on these decisions.

We have three more speakers. I am a little mindful of the time now because we are getting a little late into the evening.

Ms. PEARL. There is one comment I would like to make about managed care. My experience has been in the Grand Rapids community that there are several managed care plans there. I will say that they are only as good as the participants that are involved in that.

Many times we have come across people who tell us what to do with our patients that have no medical knowledge. They are just looking at something in black and white.

It is very hard to work around them and be able to provide good care to those patients. Also, they request a second opinion, driving up health care costs many times in neurosurgery.

We have had to send our patients with spinal cord tumors for a second opinion to someone who may be a neurosurgeon or a neurologist, but who is not regarded within his community as doing good medical care. That is how they support their practice.

Or they will send them to someone who does not even do the procedure. A patient has to wait. It is a lot of pain and suffering. That is what is driving health care costs as well.

I favor second opinions, but it needs to be a good second opinion. I think that is another area.

I thank you for your time.

Senator RIEGLE. Well, thank you for coming and taking the time to lay those points out for us. It is very helpful. [Applause]

The next gentleman, please.

STATEMENT OF AL MC CULLOCH, MUSKEGON, MI

Mr. MCCULLOCH. Well, Senator, I think that you deserve a lot of credit for sitting through all these conversations. [Applause]

A lot of it is rather repetitious.

When I was a child, I went through the Great Depression. I have seen a lot of government regulation and a lot of deregulation.

I believe there are certain areas that we need to have government regulation, especially when it affects a majority of the people in this country.

You look at some of the deregulation that is taking place in the petroleum industry, diesel fuel. The cost of moving automobile products by rail or truck went up. Sure, we had some of inflation, but I believe that we could have had deflation.

On the same token, when they deregulated the telephone industry, it winded up with us paying higher telephone bills.

I feel that this National health care is something that should be regulated by the government. I have talked to a lot of my Canadian friends who are quite happy with their system.

Now, you will hear the opponents of that in this country say that they are not happy with it and that they have to wait and so on and so forth.

From my experience in talking to them, this is not true. If they have a problem, they go into the hospital or to the doctor and they are taken care of.

The only complaint that I have heard is for elected surgery. They are put on a schedule and they must wait until they can find a place to put them in.

I am not in favor of continuing with the insurance companies for several reasons. Primarily, if we want to keep the cost down, we would be much better off without the multitude of insurance companies handling all of the administration.

It has been proven that the Medicare cost of administration is 3 percent. Canada, I believe, is in the same area. The insurance companies run from 13 to 16 percent.

When you look at the billions of dollars that are spent in this country for health insurance and, then, look at the difference in the administration cost, we could provide a lot of people with health care for that difference in administrative cost alone.

And I do not believe the scare talks about taxes going up so dramatically if we went to a national health system.

When you do take into consideration the billions of dollars that are being paid for health care insurance and the cost of administering it, I do not see how the taxes are going to go up that much.

I feel assured that they will go up some. When you figure what the average person is paying for health care today, it would be a great deal more I feel, than any increase in taxes.

Senator RIEGLE. What they would save you mean?

Mr. MCCULLOCH. Yes.

This has been covered before, but I think there should be something done to help the attorneys and the medical profession clean their own house.

Whenever one of their own is brought up on charges in front of their grievance committee, they immediately close ranks around him.

While he may be thrown out of Michigan or Ohio or some other State, he pops up in another State and continues with his poor medical service.

I feel this is something that the government should definitely address.

The other thing on the medical field is we have too many specialists and not enough GPs. I feel that the government should do something to provide an incentive to get the general practitioners into the field because this is really where our preventive health care maintenance should take place.

If you have a good core of these people out there, our health costs have to go down.

I just briefly scanned through your provision here. I did not see anything in there about long-term health care. What have you done about that?

Senator RIEGLE. What we have done is, when we put our original health care bill together because of the question of how are we going to pay for it and how are we going to phase it in and all of the economies that we thought that we could accomplish, we did not include long-term health care as such.

What we have done is we have written another piece of legislation to cover long-term health care. So we may, in fact, fold these together in this legislation that we pass.

My preference would be to do that because I think long-term health care is a part of the medical continuum.

I think if we do not deal with it directly that what is going to happen is, like the illustration we were talking about a minute ago, the way the system is now, it is wired the wrong way.

And so if you do not go ahead and provide appropriate home health care, you end up in a sense forcing and tipping people over into the acute care system which costs an arm and a leg and which is exactly the wrong way to do it.

There are 10 good reasons why you should not do it that way and, in fact, deal with the long-term aspects of it. So we have actually developed a proposal.

I think she is giving you a summary of it. Take a look at it. See what you think abut it. Let me have your reactions. That is the approach that we have mapped out in that area.

Mr. MCCULLOCH. Well, I have high hopes that with 150 to 180 new faces coming in Congress that maybe we will get something done this time.

Senator RIEGLE. Well, let me tell you about that. I hope so, too, but getting new faces does not necessarily mean that they are the right faces or this is why they are coming.

I mean, if I had 150 new Members in Congress that were on the dotted line right now for a national health insurance plan and no ifs, ands, or buts about it, I would feel a lot more confident about getting 150 new ones.

My suggestion would be to take a look at the 150 new ones and take a look at where a lot of their campaign contributions are coming from.

There was a show last night on public television of how some of the major lobbies that are involved here, making tons of money off the existing system, they are not only in there supporting candidates that they think are going to win, but if they support a candidate that does not win, then, they turn right around to the guy who they did not support but who did win, or the woman, and they end up contributing to that person right after the campaign.

So if they got on the wrong train, then, they get on the other train even after the election. It is such a problem.

It is one that I am thoroughly disgusted with myself, so much so that I have established my own rule which I put in place just as a self-imposed standard that I will not accept any campaign contribution from any organization that is in the health field that comes before this subcommittee or any organization that comes under the jurisdiction of the Senate Banking Committee where I also serve as Chairman where what we do comes under their jurisdiction because I do not want there to be any question, any appearance issue, any anything.

In other words, it is out of balance. I do not even want a hint of a notion of it. And I do not want any of that pressure being applied in any fashion whatsoever.

I think we need public financing of campaigns as a way to really treat that problem in its broad-based way. It is almost like national health care.

If we had a system of public financing in campaigns, we would solve a lot of that problem. I am for that. We tried to enact it. We have not succeeded in getting it done.

I guess what I wanted to say in winding through that and coming back to it is the fact that we are going to have 150 new people. Unless I know where they are on this issue, it does not necessarily mean we are going to have 150 people that are going to be of a mind to get this done.

John Miltner who was here before, I know he not only wants to get it done, but competently understands the problem.

He would be a great help if he were one of the 150. But I can guarantee you as I am sitting here that there will be some of that crowd that comes in which you could not get to be for national health insurance with a crowbar.

Mr. MCCULLOCH. I could sit here and discuss and tax and so on and so forth for quite some length of time.

However, I do feel that one of the biggest improvements we could have in our electoral process in this country would be to limit the campaign to about 6 weeks before the election so that we do not have to listen to all this garbage for 2 years. [Laughter]

Senator RIEGLE. I would be for that. [Applause]

Although just on that point, I think, what challengers would say, people who are running for the first time, is that unless they have enough funding and free television time or some way to get their message out in six weeks, they would have a very hard time mounting a challenge against an entrenched incumbent in such a short timeframe.

I think that is a legitimate point that they raise. I ran as a challenger. I knocked out an incumbent. I needed a lot of months to do it. I do not know if I could have done it in six weeks.

Just in terms of thinking of how do you keep a fair and open process, I would like to have more people running. I think the more, the merrier.

It is so difficult to get the resources to run. John was here tonight. I have one of his little cards here. They are not very big because I do not think he has very much money to run with.

I worry about that. I do not like the way it works today. I do not think that it is helping us much in this country.

It is part of this problem. One of the reasons we have not been able to change this health care system is related to this.

Mr. MCCULLOCH. Well, we could go to 12 weeks. [Laughter]

Senator RIEGLE. Well, I am for the concept of narrowing it down. I also like the idea of getting all the garbage out of the process, if we could figure out a way to do that.

Mr. MCCULLOCH. This has been one of the saddest campaigns that I have seen in the years that I have been kicking around this country. A negative campaign is really sickening.

Senator RIEGLE. There is an interesting note on that second debate. One fellow stood up in the audience and said, "Hey, let's put an end to that nonsense. Let's talk about issues."

For the rest of the hour and a half, there was a lot of discussion of issues. Everybody that I talked to seemed to like that.

Mr. MCCULLOCH. One other question on this health care program, are the members of Congress, the Administration, and so on and so forth going to be covered under this? Or we going to continue with the present system?

Senator RIEGLE. Well, the way it works now is that everybody has their health insurance today through the private health system.

What this would do is continue to operate through the private health insurance system. By standardizing it and putting the other reforms in place, the other changes, and also have available a public program for everybody who does not have insurance through their place of work, that is the track that we are trying to go down.

Anyone in government would still maintain their health care employer relationship, just like someone who works for a private company somewhere else that has a health care relationship.

Now, that approach with the cost controls and the universal access that we have talked about is different from the kind of national Canadian model that you described earlier in which you have heard a lot of good feedback about.

There is a real debate and a real question as to those two models which are sort of the two that are out there about which is best.

We have had proposals for an American style, Canadian-type model on the table for 20 years in this country. We have never been able to build enough of a consensus for it to be able to move to legislation.

One of the original sponsors of that, of course, was Ted Kennedy. He is a co-author with me on the bill that we have written here which after all the work that we have done, we have decided that the way to get this done and to get enough of a consensus to break this and to break this status quo and all this pressure to preserve things the way they are was to go with this system that we have laid out.

Where we will be 5 or 10 years down the line, only time will tell. After we take the steps that we propose to take now, which are really quite sweeping—they are going to have a lot of impact—as we go down through this as a country, as we debate these issues, we want to continue to make modifications.

We may decide at some point that we take the private insurance companies out of the picture. I think, by the way, in order to do that, you have to have an experience with a length of time with government working well and effectively, that government performance has the confidence, again, of the American people.

I will just say to you very bluntly. I have been in both parties. I have been in Congress, the House and Senate a long time. I have seen it work and I have seen it not work.

There are a lot of frustrations with it, but I can say to you as I sit here, I think, you have people running the executive branch of government which administers all of these things since 1980 who do not believe in government and do not want it to work well.

And so the model of government in the administrative branch of government for the last 12 years, I think, has helped to create a lot of justifiable public cynicism about whether government can or cannot be made to work well.

If you have people running it that do not believe in government, in effect, do not want it to work well, they can make darn sure that it does not work very well.

If it does not work very well, you are going to end up with a lot of people in the country frustrated about it and believing that any-

thing that government touches is automatically going to be done the wrong way.

I do not buy that. I think it is sort of a misuse of power to create an impression that government cannot function competently.

It functions competently in a lot of other countries. It has here in the past under both Democratic presidents and Republican presidents.

So it does not have to be, I think, an operation that ends up leaving people very dissatisfied because of the very way it should be managed.

You can take even a straight-forward operation and if you stuff it enough with resources, it will work right.

I will give you one example. In our MESE offices right now in Michigan, I have been in those offices. We can do a lot more counseling and help, to try to help people who are unemployed find what few jobs are available if we were spending enough money to hire the people who could actually do the work.

But the workloads are so vast. And you look at that. We squeeze money down in that area to go to that so that our problem is now worse rather than better.

So if you ask people how they feel about it, they are going to feel very frustrated about it because the people in charge have made sure that it is not going to work well.

So we are going to have to demonstrate that people with good motives and competence can run the government efficiently for a long enough period of time to reinstall confidence in our people that believe in the notion that government can be made to function properly and in the public interest and not the other way.

I do not know how to do that overnight quite frankly.

Mr. MCCULLOCH. Well, just one observation. What you are saying is quite true. In this country we have a controversial approach between government, management, and labor. This is sad.

We take a look at the Japanese. I know a lot of us look down on the Japanese. Over there, all three of those branches work together. When they go on strike, they put a button in their lapel and keep right on working.

So hopefully, we are going to get more respect for the government because it is quite low.

I thank you for the program that you are working on. I will sum up by saying this. On the one side you have the people that need something. On the other side, you have people who are looking out for their own pocketbooks.

So I think your program might be summed up as saying it is for the needy, not the greedy.

Senator RIEGLE. Thank you. [Applause]

Welcome. Thank you for being so patient.

STATEMENT OF TAFFIE DOLLAWAY, TWIN LAKE, MI

Ms. DOLLAWAY. My name is Taffie Dollaway. I, too, am a registered nurse. I work in home care.

I just have a couple of questions. First of all, one of my questions was, where does home care fall within your plan that establishes long-term care? I see that a lot of that is addressed in there.

Our agency had 175 active patients this month. We do approximately 1,100 visits a month.

Our physicians are not reimbursed at all for the time-consuming paper work that we have to do because of Medicare and Medicaid regulations.

We spend a lot of time filling out forms and reading forms. They are giving orders and phone calls that they are not reimbursed for at all.

I do not think people realize that. Every time a doctor refers a patient to home health, he is also investing time in managing that care. He is not getting anything for that.

I think that ought to be incorporated somewhere into home care costs.

Also, I am wondering how home care and other things will be reviewed? I know that there is a need to provide for abuse and overuse. How is that going to be evaluated?

And then, it goes to the random sampling which can destroy an agency by sampling only a very small fraction and basing your whole reimbursement on that issue.

Senator RIEGLE. Let me have Debbie comment on those two. And then, you can go to your next one.

Ms. CHANG. Medicare and Medicaid would also fall under what the Senator was talking about in terms of one billing form, one standard claims processing procedure.

The other issue about sampling, Senator Riegle did write a letter on behalf of William Wood who uses home health services. He did write a letter to the Administrator of HCFA about the sampling issue.

They have since backed off of their original proposal to do those random samples and base reimbursement on that. We are going to keep a watch on that to make sure they do not decide to do it again.

Ms. DOLLAWAY. All right. Another thing I was concerned about was the reimbursement. Would it be the same for the public HealthAmerica plan as it would be for the private insurance?

Right now there is such a social stigma attached to being on Medicaid. People do not want to care for patients on Medicaid because you get less for that.

Ms. CHANG. Our goal is to get rid of that differential.

Senator RIEGLE. We want AmeriCare, as we call our public program which would replace Medicaid, to be a fully-funded program so there is none of this second-class citizen status that is associated with it.

The providers of service would not be getting underpaid because the government chisels on all of these things, which has been the practice, especially over the last 12 years.

They have sort of chiseled down these things because of a fake way of creating savings to spend on other things in other areas of the budget.

We have designed this to try to meet and solve that very problem because I am tired of people being in the second-class status. I am tired of the people who think they deserve to be in a first-class status and keep someone else in a second-class status.

I have had enough of that in this country. I have fought against it for 26 years in the Congress and I am fighting it against it here.

I will do everything I possibly can not to permit any of that in anything that we legislate in this area. I have had it with that.

Frankly, the people who do not want to do health care for everybody else are normally people who have it for themselves.

Some in government are the worst offenders of the people who have the best health care and are the ones who are often the most selfish about seeing that other people who do not have it get it.

Ms. DOLLAWAY. Another question I had was would there still be DRGs to regulate lengths of stays in the hospital or would it depend on your medical condition which is what it should be?

Ms. CHANG. The DRG is supposed to be based on your medical condition. It is supposed to be an average.

We would still utilize that as a kind of a base upon which to determine rates, but there could be adjustments made based on severity of need and adjustments made by region because Detroit is more expensive than maybe Muskegon, those kinds of things.

Ms. DOLLAWAY. I agree that DRGs do have a place, but it is not fair to set every hip in four days because not everybody heals the same.

Senator RIEGLE. No. I agree. I would like us to get to the point where we get this system changed. I mean, there are so many huge and sweeping fundamental changes that are needed.

Then, we would be able to get to the point where we have the system working properly and, then, develop the ability to be able to do the fine tuning which is very, very important.

I do not want a single mother in this country that has had a child to leave the hospital before that individual mother and child are ready to go.

I mean, it makes me angry just to think about it. I do not want it happening to my wife and child. I do not want it happening to you and your child or to anybody's child.

I mean, we ought to set a standard of what we want to achieve in this country. It ought to be a high-quality standard. We should aim for that and have that be the ethic around which we work.

It comes from valuing people. Our problem today in this country is that we have gotten off the track of valuing people in all areas of our society, including health care.

We heard some examples of it here tonight of people who, in effect, I think of as the walking wounded that society has decided in this very callous way are not important enough to get the care that someone else in our society who has tons of money is going to get.

I do not think that is the way God intended it. I do not think it is the way it should work in a society that is a democracy and a fair and decent country.

We do not have to tolerate that. I have had it with people like that. I do not care what party they are in or what office they are in.

In all of the lofty talk that we get, it does not mean anything if people are not committed to making the changes to see to it that the basic human needs of our people are met.

It is awfully hard for me to find something that is more basic than being able to avoid a health problem or solve one if you have it.

It is so fundamental for someone who is in the situation that is suffering or who is going to suffer.

It is beyond my comprehension that we would not act with the full force of this government to prevent that kind of problem from happening, especially if we are going to marshall all of our military and deploy them over to Kuwait and spend tens of millions of dollars to bail out that crowd and to have people here in our own community with urgent health needs that we cannot see because they are invisible because presumably they do not matter.

We cannot tolerate a government like that. We have to tolerate changing it even though it takes a long slow grinding effort, just like this meeting here tonight.

This is the only way that I know to make these changes happen. Everybody has to be as tough as nails and steadfast about it and press ahead.

In due course the insurance lobbies and elected officials who do not want to do it are going to find one by one that they get removed and pushed out of the way until we get it done. There is just no other way to do it that I know of.

I guess what I am saying is we have to sort of take strengths from one another in terms of sort of preserving until we get this done.

I can now see this happening. We have been at this a long time, but I can see the finish line up there in 1993, especially if we get a new President elected who wants to do it.

It is critical to getting it done.

Ms. DOLLAWAY. I agree.

That is all I have.

Senator RIEGLE. Thank you very much. [Applause]

We have one more person. Then, I think, it will close our hearing.

Come on down, please.

STATEMENT OF REGINA AHEARN, MUSKEGON, MI

Ms. AHEARN. My name is Regina Ahearn.

Senator RIEGLE. Take your time. You have waited a long time. We want to hear you.

[Pause]

Ms. AHEARN. My mother brought her kids up to work hard. I am the one that fell through the cracks.

When my boy turned 18, 5 years ago, my Medicaid was cut. I figured I would wait. I was helping someone else who needed help. This person warned me that I had better start looking out for my own condition, which I know that I should have done.

My main concern is my sight and my right leg. A year ago in August, I thought that I had stumped my toe. It swelled up pretty bad. I walked for a couple of weeks on this swollen toe, maybe for about a month.

And then, after the month was up, another toe swelled up on my left foot. I thought, "Well, I do not think I stumped my toe."

And then, 2 weeks later, a third toe on my right foot swelled up. So I was walking on three swollen toes for 2 months.

Then, a friend of mine had a few other problems and circumstances which interfered. My conditions and circumstances, I could write a book. It is very complex time-wise.

So I went down to social services to get assistance.

My boy works darn hard. He has two old cars. He drives one. And then, he drives the other to keep himself going. He works part-time at a job at low wages which Bush would not understand.

I had to go from SSI to social services, trying to get assistance so that we would not have to lean on my mother again.

My boy would take me from one place to the other. He would run out of gas on the highway.

People do not understand what you are doing. I go from one place to the other, run out of gas. I did not have the gas money for him.

He would not tell me and his friends would not tell me that he is running out of gas on the highway which is a dangerous spot because his car could have blown up.

I was going back and forth, trying to get paperwork. I went to the one place, the case workers told me that they would give me food stamps. She said that the best thing for me to do is go to the emergency room. So I did.

I go to the emergency room walking very slowly. I went because I thought that I could get help here. I waited in there.

My toes were swollen up real bad almost up to my ankle. The doctor treated me for 15 minutes. I do not blame the doctor.

I think they are real good doctors. My fault was in not going to the other doctor when I lost my Medicaid. That was my fault. I did not expect everything to go wrong.

I had a little bit of a skin condition, but that is not what I was there for. He said that my toes were not purple. They were red.

I do not blame him for that because there was a full-page article on budget cuts, a full page, once or twice for a week.

If I were a doctor, I would be scared for my family. I would have to have my wages because I work hard for my living.

So he treated me for a so-called skin condition. He referred me to another doctor because it was possibly a vein problem with my swollen legs.

I went to him. He did the same. He said, "I cannot treat you for your condition. I will treat you for 15 minutes."

I told him that I had no choice before this. These two doctors were of my choice. They had decided that I had to go to doctors that they prescribed, not the ones that I would prefer to go to by word of mouth referral.

He said, "My advice is to go back to the other doctor." He said that I had somewhat of a skin condition that older people can get. He gave me another prescription for dry skin. He said that he could not do anything about the other condition.

I also told him that I had a swelling on my right side which is a possible tumor because I had three tumor operations 18 years ago. This I held back on. So I am not sure of the condition or the situation or the circumstances or what is causing my problem.

So I went to the third doctor. My boy took me early in the morning. I was diagnosed. I actually found something that I think was wrong when I bent over, a condition that was there. I am not sure how to explain it.

I thought for sure that she put it on the report. I found out later that she did not put it in the report, but I thought she should have.

I had a urine test and an eye test. I went there for my swollen toes and my limp in my leg. I expected an x-ray.

This is also with the Social Security, the SSI. They pay $35 for the test. I did not know that. If the doctor wants $60 worth of work, I am only going to give him $35.

I did not get x-rays. That is one of the reasons why I waited to go because I am scared of it. I did not get blood tests or anything. They said that I was not eligible.

For 14 months, I have been living with the food stamps. I actually wanted to start helping other people with the computer, but I cannot do that until I find out what is wrong with me.

The fourth doctor I went to was out of town a month ago. They gave me the wrong form. The doctor could not accept it. But since this was a friend who knew this doctor is a good doctor, he said, "Go back and get another form."

So I waited 6 hours in the social services' office until I was told that I could get another form with a voucher. He filled out a voucher.

It was sent in a short time. I will not know for months, maybe from a week to 6 weeks, if they will turn me down. It is in review.

I do not feel that I should have to beg for a doctor. I do not think that is very good.

Like I said, these budget cuts are scaring the hell out of all these doctors. And it would scare me, too.

So I am stuck there in between the middle of it, not knowing what I should do or what anyone else should do.

There is really a lot more to this story when the paper work is done, but everybody has been here for two or three hours.

There is a lot going on in between here. I am not thinking about myself. My case worker told me when I got my bills to come down there and she would take care of them for me.

I went down there to give them to her and she gave me hell because I was there. I had come there on a bad day for her. She copied them for me. I did not go back. She got them all in one day.

Senator RIEGLE. Well, let me say to you that first of all, you are important. Second, whatever your problems are, we would like to try to help you get to the bottom of them and sort of end the runaround here back and forth.

I think what you are describing to us is similar to what a lot of other people have said tonight. People are finding that they have problems that they cannot get treated or they cannot get them treated and figured out properly.

Obviously, you need some help. You have not been able to get it. So let us do two things. I am going to have the staff talk with you tonight to see if there is something that we can do to help end the runaround here so we can sort of get you on a track where somebody can figure out what you need and help you to get it.

Also, I think you and a lot of other people in your kind of situation, until we have some kind of a national health insurance system where you fit into a system and where you become important within that system, you are going to continue to be on the outside looking in. It should not have to be that way.

I do not know what your family situation is with your brothers and sisters, but you are every bit as important as any brother and sister you have.

Do not ever let anyone convince you or don't you tell yourself that somehow or another you are not as good as someone else. That is just not true. Do not let anyone ever tell you that because it is just not so.

So let us see what we can do to help you.

Ms. AHEARN. I have one other thing that I want to say. It is important because when I went in there, I needed help. This one nurse told me, "To get to it quick or to get the hell out." She had no reason to say that to me.

I am just wondering if maybe she is under stress or maybe something is wrong. It would affect the other good nurses because it was not right.

Senator RIEGLE. Well, there are a lot of people under stress, I can tell you that. I mean, you are feeling the stress of your situation.

We had a woman here tonight who talked about her son is a doctor in the emergency room and the stress that he is under, so much so that he may even leave the practice of medicine after going through all the efforts to prepare himself for it.

So I think the system being out of kilter is creating pressures all around the place. You have heard other professionals here come tonight, wait all this time to speak, and go through these things because of the tremendous pressure that they feel in just trying to do a good job each day.

Ms. AHEARN. They are going in and out of that social services like flies, left and right, other women in my situation.

There was a boy with a cut arm. I said to the girl, "I hope you give him some help because he actually had his arm cut."

And he was going to go from one assistant to the other until someone could help him. I said, "I hope you get it." because I do not want to see him lose his arm.

The same thing in March, there was a boy standing next to me who thought he was going to lose his leg because he was cut a year and a half ago.

Senator RIEGLE. Well, thank you very much for coming. Let us have you talk right now with someone. [Applause]

Let me just say that we are about to finish. I want to thank everyone who has come tonight. I want to thank all of the stalwarts who were here at the end because we started at 7:00 and it is now 11:10. We have been at it non-stop.

I want to thank everyone who has come. Whether you have spoken or not, I think, your presence has been very important to the meaning of tonight's meeting and what we have been able to think about together.

I hope that if any of you have further thoughts on this, you will communicate them to me. I have an office in Grand Rapids that you are always welcome to come by.

I appreciate it. I thank we have had a good hearing. Again, thank you all. I thank the staff that has been so helpful tonight.

The committee stands in recess.

[Whereupon, the hearing was concluded at 11:11 p.m.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED

PREPARED STATEMENT OF W. RICHARD HARRIS

There are many ways of approaching solutions to problems in the health system. HEALTHAMERICA is one of them. Senate Bill 1227.

I would like to address one issue first, relative to Muskegon County in which providers are in a significant deficit position. We could use 10 more primary care physicians and still probably wouldn't be able to provide care to everyone who needs it. Somehow, we have to encourage young physicians to become involved in practicing primary care. Incentives for physicians to enter primary care have to be inovatively devised to encourage participation, such as helping pay for education, defer loans, or work in areas of need, in lieu of repayment or other imaginative perks, so to speak. Medicine currently is not attractive.

One of the primary problems with the system today is the use of the courts to settle alleged malpractice or maloccurrence claims which is addressed in HEALTHAMERICA. It is not unique to the medical profession, but has everyone frightened affecting their practice patterns and habits, thus increasing costs. Medical claims have no business being settled through the Tort system. Juries, composed of lay people, cannot make decisions relative to medical issues in which they are not well informed. Binding arbitration or mediation panels of experts would be much more effective. The entire Tort system has to be reformed in this country, because it continues to drive up costs. Some estimate that between 30% and 50% of the cost of medical care is related to defensive medicine.

When I started in medicine, it wasn't necessary to x-ray everything imaginable. It wasn't necessary to obtain CT scans or MRI scans for every head injury that

presented in the Emergency Room. We would do an examination and render our best judgement for

care. The relationships that existed then between us and our patients were one of mutual trust. Nowadays, it works in reverse. We x-ray, we do laboratory, we do everything imaginable which, of course, costs money, because we are afraid of the potential of being sued if we don't do it,and something goes wrong. One of the first things we are asked in a deposition, for instance, on a given case that might come to suit is "Doctor, why didn't you do an x-ray?", or "Doctor, why didn't you do a laboratory test?", or "Doctor, why didn't you obtain another consultation?", again increasing the cost. I can assure you that in many instances, hospitalized patients do not need to be seen by four or five or six different physicians while they are in the hospital, but in defense of the hospitals and ourselves, we obtain consultations from just about everyone we can think of to protect ourselves, our families, and our futures, in case something adverse should happen. The other problem with our litigious society is the fact we are losing many physicians to other businesses or enterprises because they are not comfortable remaining in it. Many well qualified physicians have retired because they no longer want to contend with that threat. Other physicians will avoid high risk patient problems because of the potential outcomes. We hear the excuse that the trial lawyers' activities keep tabs on bad physicians. Unfortunately, that is absolutely a fallacious claim. What we are actually doing is losing well qualified people, who in the past have been willing to take on risk situations, but will no longer do it, because of the risk of litigation. The contigency fee system for trial lawyers needs to be abolished. Something concrete needs to be included as part of the bill, not just recommendations to congress.

Another way we might contain costs is through improved administration. I think some of the systems right now Medicare, Medicaid and other third party paying systems have too many chiefs, too many forms, and too much book work, and could eliminate a substantial amount of cost of administration through streamlining of programs. This bill does propose elimination of unnecessary administrative costs.

RE: Common billing practices and comparable coding systems, dissemination of high tech research, collective electronic programming for data analysis and cost effectiveness and standardized forms for all insurance providers.

There is another concept of price and wage controls I've heard considered. There are programs controlling what we charge in our offices now through reimbursement and participation. In this bill, the Federal Health Expenditure Board will conduct negotiations on costs and expenditure goals, but it doesn't address our increasing overhead costs. I am talking about the cost of doing business, whether it be a new piece of equipment, wages for our employees, insurance escalation or whatever cost it might be. These costs have to be controlled if our prices and wages are controlled.

We could do business more effectively by eliminating duplication of services; RE: hospitals competing with each other, thus escalating costs. They need to (joint venture and cooperate whether their governing boards like it or not.) I think my own group practice is probably one of the most effectively run practices in Muskegon County, caring for 20-25 thousand people. We do our own negotiating with third party payors and HMO's and approach that phase of the practice just like any other businessman would approach it. We negotiate what our services are worth to the third party payor, hence the consumer. What value do people place upon services of a physician and in their-eyes and in the eyes of the public, what do they feel a physician is worth. Do they measure that relative to the number of people he takes care of, relative to the risk of care he renders, relative to the time he spent in school, having no income, paying back loans for years, or just how does the general public visualize what a physician is worth. Practice guidelines are incorporated in the HEALTHAMERICA plan as well as insurance consortia - so why not hospital consortia?

What about the consumer, the person who derives the service, whether it be an office visit, in hospital care for a medical or surgical problem, or emergency room services; which, in case you are not aware of, are abused to the point where the costs have escalated out of sight. People often use the emergency room as their office base for care, because theyt can't access the system. Bills run $150 to $175 just for a minor emergency room visit. We have to control overutilizing, re-abusing that service. Just because we have an insurance carrier or third party payor such as Medicare, Medicaid, or an HMO does not mean we can abuse it. This bill does address individual responsibility, but needs to enforce compliance.

Another bottom line issue is "Do patients do as we ask them to do?" A lot of them don't. They don't take their medicines properly and they don't ask enough questions. This breaks down the effectiveness of the system. We have to depend upon them to follow directions. We have to depend on them to take advice relative to things such as drinking, smoking, eating, weight reduction, exercise, and preventive measures so they themselves can have something to say about what happens to their destinies.

What it all comes down to is how do we cut the cost and how do we deliver care when the American public has become conditioned to a form of treatment and care that I call the Cadillac approach. It doesn't matter what it costs and doesn't seem to matter what it takes and doesn't matter how many times you have to be seen; "I want the best because this is part of my family and not only that, they deserve it." They were born into a society that has that right. Folks, I am sorry, but the future isn't going to be that way. This bill has a provision to mandate those standards through practice guidelines and through research.

What does the future hold? Does the future hold for our ever aging population mean the withholding of care, withholding of procedures such as heart surgery, kidney transplants, hip replacements, joint replacements or other expensive medical management, that could help contain the ever escalating costs. Should bills be passed and should legislation be enacted that would mandate allowing people to die, denying them of services or procedures that are available, just because it has become too expensive. It is possible these issues will be considered, some decisions made relative to them and whether we like it or not, may indeed be a legislation alternative in the future. There are no provisions relative to these issues in this bill - it is not intended to do that.

MODIFICATION SUGGESTIONS FOR S 1227

1) Malpractice issue proposal and Healthamerica plan. The problem with it is that it doesn't go far enough, nor does it address what the real issue is. The real issue being the runnaway filing of law suits without control on trial lawyers and the contingency fee system under which they function. I think there has to be absolute restrains invoked federally and/or

indemnification acts implemented that would assure safety while performing, from a provider's point of view, from the constant threat and fear of a law suit. I don't think this portion of the bill goes to the root of the problem.

2) Another thought is one of mandating compliance with the system in which an individual chooses or is assigned and that they have to comply with that system and not become one of the hundreds abusing, overutilizing individuals that currently flood our emergency rooms, walk-in centers, and offices. I think a mandated program issue has to be addressed as well, and possibly considered as part of this bill.

3) Another major issue to contain the cost escalation is elimination of duplication of services both in the hospital setting and in a given community setting. A community such as my own doesn't need the insatiable competition that goes on between our hospitals to obtain a specific share of the market when they both or all of them have a little bit of it. What they should do, is with blessings from the Feds, "joint venture", as opposed to being threatened with restraint of trade, and each one provide a specific special service, so that there aren't cancer centers at every hospital, that there aren't cardiac catheterization centers at every hospital.

One other provision of this bill, that of employers currently providing health care insurance to employees, has to prevent the employer from withdrawing from the private insurance and paying into the public plan as a cost saving device for the employer.

I heartily agree with the encouragement of managed care in this bill.

PREPARED STATEMENT OF STEVE LISON

My name is Steve Lison. I am a vice president of SPX Corporation and one of my responsibilities is to oversee my company's health care benefits program's for SPX employees and their families.

In addition, as a volunteer, I am currently chairman of the board of the Alliance for Health. The Alliance is, the successor of the prior health planning agency that used to receive much of it's financing from the Federal Government. Although we are a much smaller organization because of our loss of Government funding, today our downsized organization receives all of its financial support from individuals, labor organizations, businesses, county governments, health care organizations, and United Ways in the Western Michigan area and I like to think that West Michigan's success at keeping health care costs below national and State averages is at least in part attributable to the Alliance for Health.

I'm here tonight because of my concern for the health care system in the United States today. In my company, 10 years ago health care was a small part of our overall compensation cost. Today it is a major business expense, and it is growing out of control.

In 1987, SPX paid about $1,800 per year to provide health care coverage to each employee on the average. In 1992 this cost is twice the 1987 amount. *And,* during that time we have made changes to our plans to restrict benefits and to shift part of the responsibility of paying for health care to the employee. Today, our employees pay about 20% of the cost of their health care in premium payments deducted from their pay. In addition, they pay another 15% for health care in the form of up front deductibles, and copayments for costs incurred.

During the last five years we've made a number of changes to our health benefit program to try to slow down our cost increases. These include:

- Introducing a flexible benefits plan design.
- Requiring pre-certification for hospital admissions.
- Case management for large claim cases.
- Incentives for more economical treatment plans—outpatient surgery.
- Limits on certain coverages.
- Healthy lifestyle incentives.

Despite all this, our costs have doubled. Going into 1993 we are making a number of additional moves. The most important is changing our plan to a totally managed care—PPO—design. Today our carrier is negotiating with local physicians and hospitals to establish a Muskegon managed care network. With our changes in 1993, we hope to slow down our projected cost increases in the next 5 years by 50%. I'm pleased to note the HealthAmerica proposal includes managed care as an important ingredient.

One important factor in the SPX health care cost equation is local costs compared to national averages. In late July an article appeared in the Muskegon Chronicle based on a study done by the Alliance for Health. This study showed that in 1980 Muskegon hospital costs were 19% below national averages, while in 1990, we were about 11% below. As further contrast, in 1990 the average admission cost in Muskegon was $4,853 compared to Ann Arbor at $8,883, Kalamazoo at $6,975 and Grand Rapids a bit lower at $4,643.

Despite our relative good showing in West Michigan, costs are escalating at a frightening pace.

Why are health care costs exploding uncontrolled? Unlike other markets for goods and services which are influenced by supply and demand, the market for health care is dominated by providers. And customers who are reimbursed for most of their expenses by employer plans have neither the incentive nor the *information* to exert competitive pressures on suppliers.

Use is another issue—the number, frequency and technological level of services provided is a strong factor in cost increases—and it's primarily under control of physicians.

Over-utilization is another factor. This includes unnecessary testing, unnecessary surgery, the use of high tech treatments when low tech would do, and defensive medicine.

Under-utilization—not getting appropriate care in a timely manner is also a problem. The mother who does not receive proper pre-natal care leading to complications at birth is a good example. HealthAmerica specifically targets the under-utilization issue.

To the unemployed person with no health insurance, the cost numbers, and the related issues—the reasons why—are abstract at best. We all know the crises is

two-fold--cost and access. A number of solutions to these problems have been proposed. As a representative of business, I'd like to express some concerns.

—Solutions that raise costs for businesses will impact the U.S.'s ability to compete in this global economy. It is important for the HealthAmerica plan or any other proposed solution to show America how the recommended plan will control or even lower costs.
—Any solution that ignores quality is bound to fail. A national standard for measuring the quality of health care delivery is an important goal.
--A national program run from Washington is looked upon with suspicion by those of us in business. In my mind, the best solution will be national in scope but managed at the State level. If I understand it correctly, HealthAmerica attempts to make this happen.
—A good deal of wonderful work is being done today to develop and evolve "diagnostic standards and practice guidelines." Using such processes, physicians could avoid needless procedures to determine whats wrong and could discuss expected outcomes of procedures with their patients. Patients could make better informed decisions about their care and work with their physicians to choose the treatment plan to follow. The solution to our current crisis must include this concept as part of the plan. I am pleased that HealthAmerica addresses this issue.
—Clearly the current situation is critical. Agreements among insurers, providers, and suppliers to control cost increases must be worked out, perhaps along the lines that have been done in other countries such as Germany.

HealthAmerica proposes a Federal Health Expenditure Board. This is a step in the right direction. While the HealthAmerica plan appears to be a positive step forward, there are other plans and proposals still being developed and introduced. For example, on September 15, the 65 member conservative democratic forum introduced the Managed Competition Act of 1992 to Congress. During the presidential debates we heard more about President Bush and Governor Clinton's programs. It's time to get serious about this issue. Clearly, a non-partisan approach to solving this urgent problem is needed.

PREPARED STATEMENT OF SENATOR DONALD W. RIEGLE, JR.

Thank you all for coming this evening. We're here to discuss the massive health care crisis we face in America. The rising cost of private health insurance is more than most people can afford. Many are actually losing their coverage, or can't afford to cover all the members of their family. Many are paying higher and higher co-payments and deductibles. It's a back-breaking burden for families.

Today, nearly 40 million Americans have no health insurance at all. That includes 1,000,000 here in Michigan alone. Some 300,000 Michigan children have no health insurance this very night.

The worry over paying for health care, along with the growing fear of unemployment or underemployment are the two biggest problems facing people. Every modern nation has a comprehensive health care plan for their people, and we must have one here in America. We need a national plan that aggressively holds down costs, maintains high quality care and provides a way for everyone to be covered by insurance.

Some special interests who are cashing in on the current system don't want it changed. The opposition by those forces, the complexities of the problem, and weak national leadership have thus far prevented a breakthrough.

But there is a growing consensus that a new health care plan must be hammered-out and adopted—just as Social Security was, and Medicare later. It's time for a comprehensive national health insurance plan.

To develop that new consensus on health care reform I have held 33 public hearings and forums since 1987 to gather all the facts, consider our options, and build public support for a comprehensive overhaul of our system. Nineteen of these hearings have been in Michigan.

As Chairman of the Subcommittee on Health for Families and the Uninsured, I have now written a comprehensive national health care plan called HealthAmerica. Other Senators joined me in writing it—Senate Majority leader George Mitchell, along with Ted Kennedy and Jay Rockefeller. Seven other Senators have signed on.

We are continuing to refine this bill based on comments from citizens, such as those we will hear tonight, from families, the business community, health providers and others. In a democracy like ours we must achieve a high level of national agreement in order to change the status quo and move to a new system that's affordable

and provides the high quality coverage we all need That's why I am holding this official Finance Subcommittee hearing today.

Beyond standard health care protection we also face a growing crisis in providing, and paying for, long term health care for seniors and others who must receive regular, continuing long-term health care.

This growing problem also needs a new answer. A better, more affordable system of long-term care needs to be constructed that can enable people to receive necessary medical treatment at home whenever possible, without going to a high-cost facility they can't afford and often don't need. I've developed a long-term health care bill called the Long-Term Care Family Security Act which would provide a range of high quality long-term care services to all Americans.

HIGH COSTS AND IMPACT ON SYSTEM

We spend more than $800 billion on health care annually, or about $2.2 billion a day. A family's out-of-pocket costs were $1700 in 1980 and rose to $4300 in 1991. Companies that provide insurance to their employees also pay indirectly for the medical care of uninsured people who receive health services and can't pay for them and also for the costs of Medicare and Medicaid patients whose bills are only partially paid by the government. The cost of uncompensated health care is shifted to private payers—individuals and businesses—and sharply increases the cost of private health insurance.

The United States spends more on health care than any other country—over $2,000 per person—yet as few as 10% of Americans feel that our "system works well."

For U.S. automakers, the average cost per vehicle for providing health care benefits was about $1100 in 1990. These costs exceed our competitors by over $500 per vehicle and are having a devastating impact on our domestic auto industry.

HEALTH AMERICA (S. 1227)

HealthAmerica systematically overhauls this nation's health care system. The legislation builds on and preserves the strengths of the current private and public system of health care which generally provides high quality care, for those who can afford to get into the system.

HealthAmerica controls health care costs while, at the same time, broadening access to health care services by making basic health insurance available to every man, woman, and child in America.

HealthAmerica will cost about $6 billion in the first year, but that's a bargain. Six billion dollars is only one-half of 1% of our federal budget, which is now $1.4 trillion a year. Moreover, our cost reduction program will save about $90 billion during the next 5 years.

COST REDUCTION PROGRAM

HealthAmerica proposes a number of cost-cutting measures bringing new efficiencies to our health care system, making universal health care affordable. We accomplish this by reducing unnecessary care, decreasing administrative costs, and managing the spiralling growth in provider fees and services.

Our current health care system has no systematic national strategy to bring down costs. HealthAmerica creates an independent National Health Expenditure Board, with expert representatives selected by the President and confirmed by the Senate, including business people, physicians, hospital representatives, and consumers. The Board recommends spending targets and convenes negotiations between purchasers, like businesses, and health care providers to establish payment rates and efficient delivery of services.

As much as 30% of major medical procedures may, in fact, be unnecessary. HealthAmerica increases funding for evaluating the effectiveness of treatments and technology and determining what level of care is appropriate; and encourages the use of managed systems to promote provision of efficient, high quality care. Also, the National Board collects and analyzes data to assist consumers in making informed purchasing decisions.

We also reduce overall administrative costs by establishing a uniform single billing form and streamlining and computerizing the billing process. This would save time for providers and consumers that is now wasted on hundreds of different insurance forms.

Some health care providers pay so much in malpractice insurance premiums that they are forced to leave their field. Many doctors, concerned about possible legal suits, practice costly defensive medicine. Since states have the traditional role of

regulating insurance, HealthAmerica give states grants to cut malpractice insurance and make legal disputes less costly.

GUARANTEED COVERAGE FOR ALL AMERICANS

To guarantee coverage for all Americans, we build on the existing private and public health care system. Employers would provide a basic plan or contribute a portion of their payroll so their employees receive care under AmeriCare, the new public health insurance program.

Most people today receive high quality coverage through their employers, including 70% of all workers in small businesses (with less than 25 employees). Most businesses want to provide coverage to their employees, but find that it is not always affordable. The cost control provisions in HealthAmerica will make coverage more affordable, both for companies who already provide coverage and for businesses that will begin providing coverage.

Also, our bill has special provisions to ease the burden on small businesses including 25% tax credits and a 100% deduction for the self-employed for the costs of health insurance as well as reform of the private insurance market for small groups to spread the risk over more people and stabilize rates or bring them down.

PROTECTION FOR ALL AMERICANS

Under our current system, not only are millions uninsured, but many workers and their families fear losing coverage if they change jobs or become unemployed or because of a pre-existing illness which may not be covered by their insurance plan. These problems are solved in our plan.

HealthAmerica creates AmeriCare, a new system of health coverage which will replace Medicaid and also cover everyone not receiving coverage directly through their employer. AmeriCare will not be a welfare program. Its benefits will be similar to those in private insurance plans. And people pay a fee based on their ability to pay.

LEGISLATIVE PLANS FOR 103RD CONGRESS

A version of HealthAmerica was approved by the Senate Labor Committee early this year. I have been working with others to develop a consensus on national health care reform. Tonight's hearing will help move this issue to national action. We will be taking your comments and suggestions and using them to introduce a new and improved bill in the 103rd Congress.

National health care reform is a top priority of Governor Bill Clinton. Recently, I joined 40 of my Democratic colleagues in the Senate pledging to work with Governor Clinton, should he be elected Nov. 3, to move forward on comprehensive health care reform within the first 100 days of his Administration. I am confident we can achieve this goal, because the health care plan he recently announced is very compatible with the goals and objectives we have been working towards.

It is very important that health care reform be an issue during the upcoming Presidential and Congressional elections. Reform of our nation's health care system is critical for the future of our country and we need some leadership on this issue if we are to solve it. I will continue to do all that I can to guarantee that every American has access to affordable, high quality health care coverage.

U.S. SENATOR DON RIEGLE

COMPREHENSIVE CHILD HEALTH
IMMUNIZATION ACT (S. 2116)

Senator Riegle introduced The Comprehensive Child Health Immunization Act (S. 2116) to address the nationwide problem of inadequate immunization of children. Although most children are fully immunized by the time they begin school, there is evidence that only about two-thirds of children receive their full series of vaccinations, as recommended, by their second birthday. This bill would coordinate and strengthen efforts within existing public health and social service programs to increase immunizations and prevent outbreaks of preventable childhood diseases. The bill authorizes funding of $92.5 million for the first year of implementation, increasing to $120 million in the third year.

Practice Standards

The Centers for Disease Control (CDC) recently issued practice standards for providers who administer vaccines to eliminate barriers that restrict immunizations, such as requirements for advance appointments, physicals, and physician referrals. The standards make immunizations more accessible by reducing administrative obstacles.

My bill requires the Secretary of Health and Human Services (HHS) to implement these practice standards in federally-funded programs which provide immunizations. This includes programs which receive federal support for providing immunizations in the public sector, and private sector providers of immunization services which receive either Medicaid reimbursement for vaccines or vaccines purchased through grant funding from the CDC. This section authorizes funding to support additional resources that immunization sites will require as they come into compliance with these practice standards.

Coordination of Public Programs

Many preschool children come in contact with public assistance programs each month, yet these programs often do not incorporate routine screening of children's immunization status.

My bill requires the Secretary to develop model questions to determine a child's immunization status and medical history and model packets of information for parents about vaccinations. It requires that states provide this information to receipients of services in various public health, social service, and child care programs, such as Aid to Families with Dependent Children (AFDC), Medicaid, Women, Infants and Children (WIC), and Social Services block grant programs, as well as child care providers.

Increased Immunization Through Innovative Programs

Since 1991, HHS has provided grants to local areas for innovative plans to increase immunization rates. The plans contain innovative initiatives to increase access to immunizations, such as "express" vaccination lines in clinics and providing vaccinations in alternative locations.

The bill provides additional funding of $20,000,000 in FY 1993 (up to $30 million in FY 1995) for communities already receiving CDC funding to help them fully implement their plans. It also provides $30,000,000 (up to $50 million in FY 1995) to fund additional innovative programs.

Improved Outreach Under Medicaid

Medicaid's Early and Periodic Screening Diagnosis and Treatment (EPSDT) program requires that all state Medicaid agencies regularly monitor the health status of Medicaid eligible children. But the program does not explicitly require states to track the immunization status of enrolled children or contact these children's parents to urge them to have their children vaccinated.

My bill ensures that state Medicaid programs conduct aggressive outreach to boost immunization rates among these children and increase parental awareness of the need for immunization.

Nationwide Information System for Immunization St it· s

Computerized information systems are needed in each state to accurately monitor a child's immunization level each time he or she has a medical encounter. These state systems should be compatible nationwide to facilitate compiling national statistics on immunization levels.

This bill provides federal funding for states through the CDC to establish and evaluate demonstration projects using computerized data systems, and provides continued funding necessary to support implementation of tracking systems on a wider scale.

Medicaid Demonstration Projects to Improve Vaccine Delivery

Currently under Medicaid, not enough physicians are providing vaccines because of the high cost of vaccines and low reimbursement rates. States may be able to increase private physicians' participation in Medicaid immunizations by purchasing vaccines at lower government contract prices and giving them to private physicians to administer, or by increasing Medicaid reimbursement rates for immunizations.

This bill provides demonstration grants to states to: 1) Expand their purchase of vaccines under the CDC government contract price and distribute vaccines to private providers at no cost, and 2) Provide more adequate reimbursement to private providers for vaccinations under Medicaid. It requires grantees to report on the program's success in increasing immunization rates among Medicaid eligible children and cost savings to the Medicaid program that result from the projects.

Special Fund to Meet Emergency Vaccine Needs

During a disease outbreak, such as the recent measles outbreak or any other outbreak of a vaccine-preventable illness, timely emergency appropriations are needed so the CDC may purchase additional vaccines.

This bill creates a special fund so the CDC can immediately purchase more vaccines in the event of an outbreak without having to go through an emergency appropriations process.

Support for Developing New Vaccines

The bill directs the National Vaccine Program to encourage research into vaccines for younger infants, combined vaccines to reduce the number of injections and visits, and vaccines to prevent chicken pox and other diseases.

Report to Congress

This bill requires the HHS Secretary to report to Congress periodically on the immunization status of preschool and school-age children nationwide. The reports will describe the major barriers to attaining desired immunization rates and identify necessary programmatic, policy and legislative changes.

SUMMARY OF S. 1227 - HEALTHAMERICA: AFFORDABLE HEALTH CARE FOR ALL AMERICANS

Introduced by Senator Riegle with Senators Mitchell, Kennedy and Rockefeller

America's health care system is in crisis. We spend over $800 billion on health care every year, or $2.2 billion each day. At the same time, more than 35 million people in this country are without health care coverage, and many people who are covered fear they will lose their protection. High health care costs are crushing American families, workers, businesses, and our economy overall through higher out-of-pocket payments for health care services, reduced benefits, higher prices, lower wages, and less job opportunity. High costs hamper the ability of our companies and workers to compete domestically and globally.

HealthAmerica:

S.1227 will guarantee basic, high quality health care at an affordable price to all Americans. HealthAmerica establishes a comprehensive program to control health care costs. Every American would have basic coverage, either through a plan provided by an employer or through a new public insurance program called AmeriCare, that will replace Medicaid. This legislation also includes provisions to help businesses manage health care costs and adjust to the new requirements. HealthAmerica builds on the best of our current system by providing the highest quality care, but it makes it affordable to everyone.

Cost Containment Under HealthAmerica:

* Billions in health care costs are shifted every year from the uninsured, Medicaid, and Medicare patients to those with private coverage.

  HealthAmerica eliminates these extra costs paid by those who now have insurance by ensuring that everyone has coverage, and by bringing payment rates for services to a uniform, adequate level.

* Under our current system, excessive administrative costs result from the numerous claim forms and billing procedures that providers and consumers must manage.

  HealthAmerica requires a single, uniform claim form and standard billing processes for all insurance carriers. It also requires all insurers in a state with small market shares to work together in billing.

* The private insurance market sometimes discriminates against small employers, either by charging them higher premiums or not offering plans to them at all, since they have a smaller "risk pool" of employees to insure. This insurance underwriting for small employers makes it too expensive for them to purchase coverage.

  HealthAmerica reforms the insurance market reform to make insurance plan rates more affordable for small business by requiring insurers to spread their risk over a larger pool of people.

* The current U.S. health care system has no systematic, organized national strategy to bring down costs.

  HealthAmerica creates an independent National Health Expenditure Board, with expert representatives selected by the President and confirmed by the Senate, including business people, physicians, hospitals representatives, and consumers. The Board will recommend spending goals and convenes negotiations between purchasers and providers to establish reasonable payment rates and efficient mechanisms for the delivery of services.

* As much as 30% of major medical procedures may, in fact, be unnecessary and harmful to people who receive unnecessary surgery and other medical treatments.

  HealthAmerica uses practice guidelines, increases funding for outcomes research, and technology assessment to determine the appropriateness of care, and encourages the use of organized delivery systems to promote efficient, high quality care. In addition, the National Board will collect and analyze data to assist health care consumers in making informed purchasing decisions.

* Health care providers pay so much in liability insurance premiums that some are forced to leave their field or practice costly defensive medicine.

  HealthAmerica establishes a grant program to enable states to enact alternatives to the tort system for medical malpractice cases.

Universal Access to High Quality Health Care Under HealthAmerica:

* Most people now receive high quality coverage through their employer, including 70% of all workers in businesses with less than 25 employees. Most businesses want to provide coverage to their employees, but it is not always affordable.

  HealthAmerica requires all employers to provide a basic health plan or contribute a portion of their payroll so their employees receive coverage under AmeriCare. It provides tax incentives for small businesses to purchase private coverage, and it increases to 100% the tax deduction for the self-employed.

  HealthAmerica helps businesses take advantage of cost containment benefits by phasing in the coverage requirement for small businesses over time. The cost containment provisions in HealthAmerica will make coverage more affordable, both for companies who already provide coverage and for businesses who will begin providing coverage.

* Under our current system, not only are millions uninsured, but many workers fear losing coverage if they change jobs or become unemployed. Many also fear losing benefits for themselves or a family member because of a pre-existing illness which may not be covered by their insurance plan.

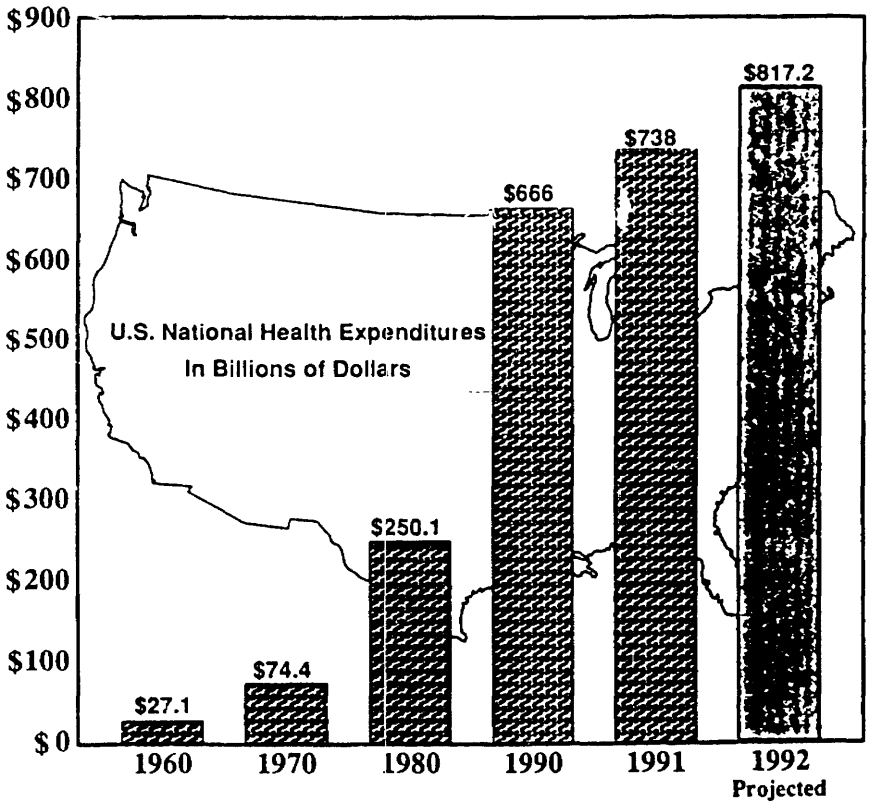
  HealthAmerica creates AmeriCare, which replaces the Medicaid program, to cover anyone not receiving coverage directly through their employer. AmeriCare is not a welfare program; its benefits would be similar to those in private insurance plans, with adequate payment rates and premiums that are adjusted for income.

  HealthAmerica prohibits private plans from excluding people from coverage because of pre-existing illnesses. Workers would be ensured "portability" of coverage - they would be protected from pre-existing condition requirements when and if they want to change jobs.

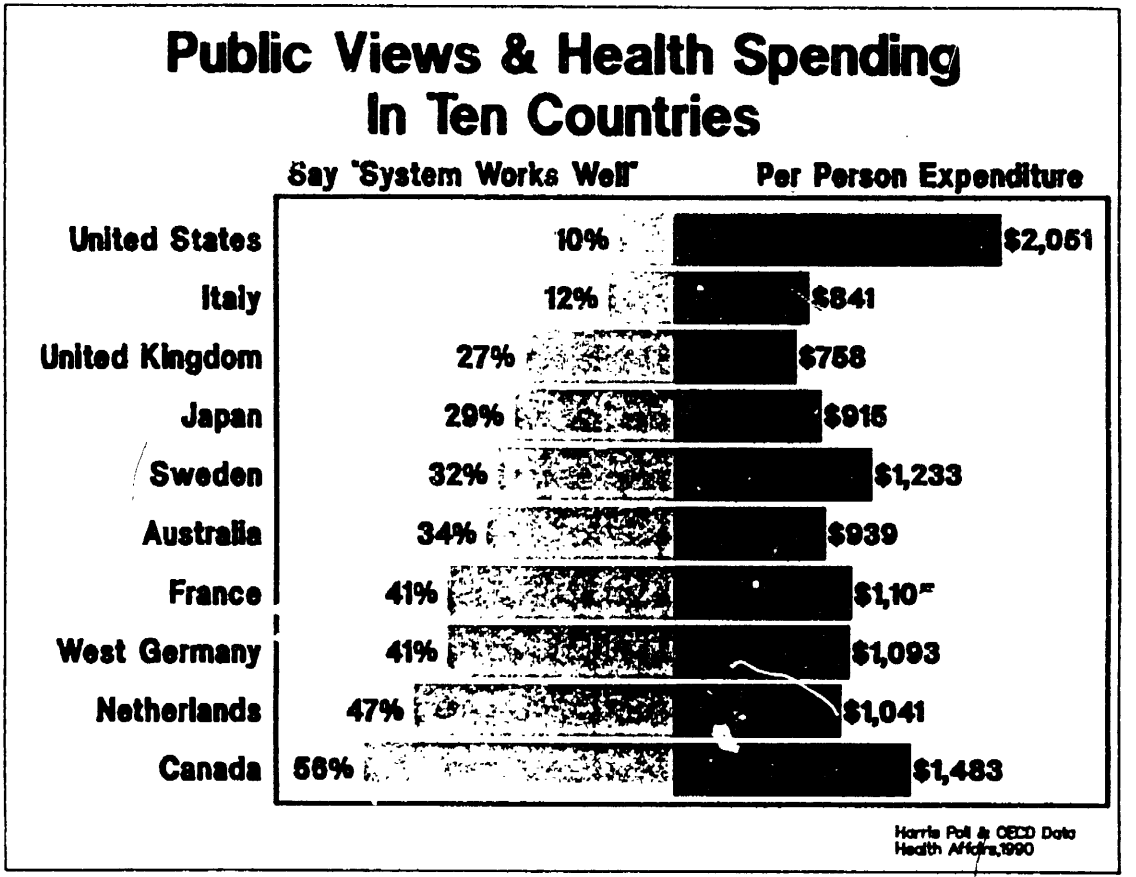
* Some health benefit policies do not include primary and preventive care.

  HealthAmerica creates a basic package of benefits, including primary and preventive care, which all insurance plans, public and private, must offer.

Rising Cost of Health Care For the United States

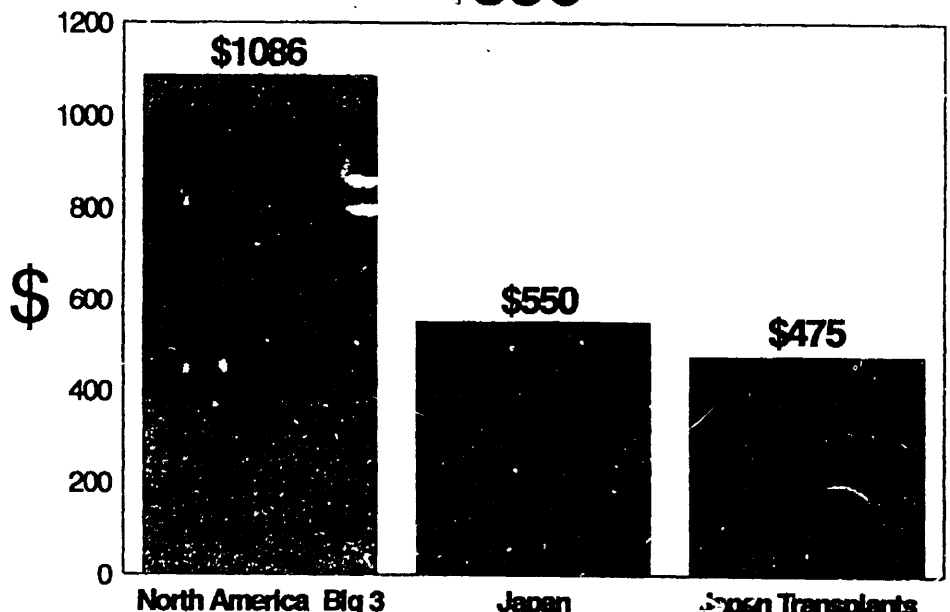


Source Health Care Financing Administration, Dept. of HHS Commerce Dept.


Public Views & Health Spending
In Ten Countries
Say "System Works Well"
Per Person Expenditure
United States
10%
$2,051
Italy
12%
$841
United Kingdom
27%
$758
Japan
29%
$915
Sweden
32%
$1,233
Australia
34%
$939
France
41%
$1,10
West Germany
41%
$1,093
Netherlands
47%
$1,041
Canada
56%
$1,483
Harris Poll & OECD Data
Health Affairs,1990

Health Care Costs Per Vehicle

1990



From information provided by the Office for the Study of Automotive Transportation, University of Michigan Transportation Research Institute

Health America: Affordable Health Care for All Americans

I. Private Coverage	Employers Required to Provide Coverage or Contribute to the Public Plan
II. Public Coverage	Federal-State Public Program ("AmeriCare") • Replaces Medicaid • Covers all Americans not covered by private insurance or Medicare
III. Comprehensive Cost Reduction Program	• Reduce Unnecessary Care • Cut Administrative Costs • Restrain Price Increases
IV. Small Business Assistance	• Tax Credits • Insurance Reform

MUSKEGON AREA HEALTH CARE PRESS BRIEFING

NATIONAL DATA

* United States spending on health care in 1992 is expected to reach $817 billion or 14% of our nation's GNP. That is $2.2 billion each day.

* A family's out-of-pocket costs for health care were $1700 in 1980 and rose to $4300 in 1991.

* More than 35 million Americans are without health insurance coverage--8.5 million are women of childbearing age (18-44 years old).

* At least 1 million more people will lose th eir coverage each year.

HOSPITAL STATISTICS

* The cost of uncompensated care for Hackley Hospital totaled over $6 million in 1992. Muskegon General Hospital recorded over $1.5 million for the year ending 3/31/92. Mercy Hospital provided approx. $2 million in uncompensated care in the past year.

* The total cost of uncompensated care for all three hospitals totaled over $10 million in the past year.

* The cost of uncompensated care for all Michigan hospitals grew from $92.5 million in 1980 to $400 million in 1990. The cost of uncompensated care to Michigan hospitals increased 330% over 10 years.

UNINSURED STATISTICS

* Currently, 1 million people in Michigan are without health insurance - 300,000 of them are children.

County	estimated number of uninsured(1990)	% of population
Muskegon	15,100	9.5%
Ottawa	16,700	8.9%
Oceana	2,900	12.9%
Newaygo	4,800	12.6%

PHYSICIAN-TO-PATIENT RATIOS

	Population	# of physicians per 1,000 population
Muskegon	158,983	1.44
Ottawa	187,768	.91
Oceana	22,454	.58
Newaygo	38,202	.70
Michigan	9,295,297	1.74

POPULATIONS AT RISK FOR MEDICAL UNDERSERVICE

Medically underserved populations lack adequate access to primary health care, such as prenatal care and health examinations. The National Association of Community Health Centers considers certain populations to be "at risk" for medical underservice because they have a high proportion of low-income individuals who are either uninsured or underinsured. These are people with incomes under 200 percent of the federal poverty level who are either completely uninsured, under 65 and Medicaid dependent, or over 65 and covered by Medicare. "At risk" populations based on 1990 data.

	Persons at risk	% of population
Muskegon	33,043	20.8%
Ottawa	27,167	14.5%
Oceana	5,177	23.1%
Newaygo	8,360	21.9%
Michigan	1,740,090	18.7%

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CHAIRMAN, SENATE FINANCE SUBCOMMITTEE
ON HEALTH FOR FAMILIES AND THE UNINSURED**

* * * * *

Sign in
Name: Regina Atean

Address: 4 2945 Roosevelt Rd

Muskegon, Mich. 49441

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? 0

Are you currently uninsured or underinsured? If yes, please explain: Because of current cuts (state)

Have you ever been denied or lost health care coverage due to a pre-existing condition? Yes in process trying now

What is your greatest fear regarding the current health care system in America? Losing in our American system it's falling hard

In your opinion, what is the biggest problem in the current health care system? Everyone losing in (a fee) America

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? I and others are hunting in process of getting it where in need or either [illegible] is [illegible]

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* * * * *

Sign in
Name: Dorothy J Berg

Address: 2701 Duzenga #36
Muskegon, Mi 49444

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?
Medicare & Policy with Ibomet Credit Union

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? No.

What is your greatest fear regarding the current health care system in America?
That we can't afford at some point & time.

In your opinion, what is the biggest problem in the current health care system? Pill Companies are in Cahoots with doctors. It's my idea the doctors are truly "screwing" patients & insurance Companies.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: Agnes BrisKorn

Address: 1205 Mears
Whitehall Mi 49461

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Yes
Thru company I'm retired from.

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? Lost a Dr. because I wouldn't agree to a complete physical every year when I didn't need it. It amounted to $1300 a station

What is your greatest fear regarding the current health care system in America? We will be loosing a large share of our health care in next negotions as has happened to many Retirees I involved with.

In your opinion, what is the biggest problem in the current health care system? It's only for very Rich and very poor

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? Yes About the good of 3 different physicians.

I will be happy when a [illegible] Health [illegible] is everyone receive [illegible] coverage.

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* * * * *

Sign in
Name: Dolores Brondyke

Address: 1231 Schuler St

Muskegon MI 49445

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Employment

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition?

What is your greatest fear regarding the current health care system in America? One of my fears as I approach retirement - that the coverage I enjoy now would be discontinued

In your opinion, what is the biggest problem in the current health care system? Access to care - lack of funds to have the money to pay for even the most elemental testing

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? I am a Pediatric Nurse Practitioner currently working in a Teen Health Center — We provide primary care to the teens of

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* * * * *

Sign in
Name: Barbara Carlson

Address: 905 Cadillac

Muskegon MI 49446

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?

Blue Care Network - a Blue Cross + Blue Shield H.M.O

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition?

No

What is your greatest fear regarding the current health care system in America? Continued lack of access to primary care for 37 million Americans

In your opinion, what is the biggest problem in the current health care system? Excessive proliferation of technology and duplication of services - supply and demand theory

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: J.B. COLLINGS

Address: P.O. BOX 1229
M/M 49443

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? "GROUP" MAJOR MED. POLICY W/ PRIVATE INS. (D)

Are you currently uninsured or underinsured? If yes, please explain: UNDERINSURED — HIGH DEDUCT — 80/20 LOW LIMIT

Have you ever been denied or lost health care coverage due to a pre-existing condition? YES; ALSO RATED; ALSO EXCLUDED

What is your greatest fear regarding the current health care system in America? COST

In your opinion, what is the biggest problem in the current health care system? DOCTORS & OTHER HEALTH CARE SUPPLIERS OVERWORKED AND/OR GOUGING

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? COSTS TOO HIGH

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* * * * *

Sign in
Name: DALE CORTÉS

Address: 273 N 160th AVE.

HOLLAND MI 49424

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Through employer

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? No

What is your greatest fear regarding the current health care system in America? No coverage for preventive care, including nutrition education/intervention

In your opinion, what is the biggest problem in the current health care system? LACK OF NEEDED TREATMENT FOR THE uninsured/underinsured

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? Yes. An insured diabetic refused to pay for nutrition education because his insurance Co would only pay for hospitalization. He decided to let his disease progress until he required hospitalization.

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* * * * *

Sign in
Name: Laurence G. Dikeman

Address: 2169 Arbor

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?

Private Company (Golden Rule) *

(* At the present rate of escalating costs of my insurance it will take nearly all of my S.S. if [illegible])

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition?

Yes

What is your greatest fear regarding the current health care system in America?

37 million uninsured Americans

In your opinion, what is the biggest problem in the current health care system?

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Administrator Pat Gacchina ew

Sign in
Name: Taffie Sue Dollaway

Address: 4491 Dalson Rd. Twin Lake MI

Continu-Care Home Health Services of Gerber Memorial Hosp
819 W. Main, Fremont, MI 49412 (616) 924-1330

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If (yes) by what means? through my employer

Are you currently uninsured or underinsured? If yes, please explain: I feel that I am underinsured, well child care is not covered I have to wait for them to become ill- also dentc I pay 50% my premium and still have to pay 50% to pror

Have you ever been denied or lost health care coverage due to a pre-existing condition? No

What is your greatest fear regarding the current health care system in America? Increasing costs, you put your home, car etc in jeopardy because you can't make payment because you have to pay for care; people don't receive care needed at DI cost

In your opinion, what is the biggest problem in the current health care system? costs are too much, Insurance Co's are managing patients care not their medical condition. The medical/medicare can randomly sample & deny payment - potentially ruin a provider But they (medicare & medicaid) can do anything)

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? Come to our Home Care Agency- Hear about our patients who can't afford medications, who have to be discharged even though they need services because they don't meet Insurance Co. Guidelines (esp. medicare)

MICHIGAN REGIONAL OFFICES

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* * * * *

Sign in Name: William J. Erickson

Address: 1440 W Norton #M-5

Muskegon MI 49441

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? MEDICARE + UNITED AMERICAN

Are you currently uninsured or underinsured? If yes, please explain: No

Have you ever been denied or lost health care coverage due to a pre-existing condition? No

What is your greatest fear regarding the current health care system in America? Cost or Cancellation

In your opinion, what is the biggest problem in the current health care system? Escalating Costs.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: ED FOX

Address: 1078 OAKGROVE MUSKEGON 49442

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? YES
EMPLOYER PROVIDED, STATE OF MICHIGAN

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition?

What is your greatest fear regarding the current health care system in America?

In your opinion, what is the biggest problem in the current health care system? COST RISING OUT OF CONTROL

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: Harry Haare

Address: 15266-2 Wovernook Dr
Grand Haven Mich 49417

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Bard Medgap

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? BONKRUPT

In your opinion, what is the biggest problem in the current health care system? TO MANY CUTS

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: Todd L. Helle

Address: 1001 Moulton Ave
North Muskegon MI 49445

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care cris's in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?
Yes - self-employed small group policy

Are you currently uninsured or underinsured? If yes, please explain:
NO

Have you ever been denied or lost health care coverage due to a pre-existing condition?
NO

What is your greatest fear regarding the current health care system in America?
loss of coverage

In your opinion, what is the biggest problem in the current health care system?
Unfair insurance companies - Malpractice

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in Name: Mary M Herrala

Address: 1116 W. Summit Rd
Muskegon, Mi 49441

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Medicare - La Hood (Medigap)

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? No
I have been in good health - until 2 1/2 yrs ago -

What is your greatest fear regarding the current health care system in America? It can bankrupt a person in a short time - (My hope (I'm 80) is that the Sick + Health Insurance now in force national: will one day be a reality)

In your opinion, what is the biggest problem in the current health care system? 1 - too much paperwork 2 - Too many doctors on the bills. My Medicare billed 3 times 3 - Sister at nursing home - went on Medicaid recently spent $100,000 in 3 yrs. She's broke on medicare

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? People are being pilled to ~~death~~ death + are all more expensive everytime!
My insurance pays for pills - my cost 5.00 per prescription

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* * * * *

Sign in Name: JACK JOSLYN

Address: 1310 SAUTER

MUSKEGON MI 49442

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? MEDICARE / EMPLOYER

Are you currently uninsured or underinsured? If yes, please explain: SUPPLEMENTAL COVERAGE NOT TOO COMPREHENSIVE.

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? ESCALATING COSTS MORE THAN WE CAN AFFORD / ALSO LONG TERM CARE

In your opinion, what is the biggest problem in the current health care system? COST + AVAILABILITY TO LOW INCOME OR UNEMPLOYED PERSONS

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: MRS. CLAUDIA LAHM

Address: 1354 FOREST PARK RD.

NORTON SHORES, MI. 49444

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?

MEDICARE + GENERAL TELEPHONE-TRAVELERS

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? WILL SYSTEMS FAIL

In your opinion, what is the biggest problem in the current health care system? HIGH COST TO MANY PEOPLE

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: Daniel J. Lasser

Address: 911 Ojibwa CT
Muskegon MI 49444

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Yes
Shop Blue Cross

Are you currently uninsured or underinsured? If yes, please explain: NO

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? Cost

In your opinion, what is the biggest problem in the current health care system? It dosent work. You don't get your monejes worth.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? yes
enclosed is a copy of an Emergency Room Treatment bill that was $500. for 3 hours of treatment.

United States Senate

WASHINGTON, DC 20510-2201

AREA FORUM ON HEALTH CARE
HOSTED BY
U.S. SENATOR DON RIEGLE, JR.
CHAIRMAN, SENATE FINANCE SUBCOMMITTEE
ON HEALTH FOR FAMILIES AND THE UNINSURED

* * * * *

Sign in Name: (Lori) Lorraine J. Peul, R.N., M.S.N., F.C.N.S., CNRN

Address: 4212 Oak Forest Ct., S.E.; #K9
Grand Rapids, Michigan 49546

*I would be willing to contribute my expertise + assistance in any way towards helping this work towards a better health care system for our nation

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

(1) Do you have health care coverage? If yes, by what means? Through Employer.

(2) Are you currently uninsured or underinsured? If yes, please explain: Probably underinsured with respect to long-term care/disability coverage.

(3) Have you ever been denied or lost health care coverage due to a pre-existing condition? NO - but I think many patients hold back accurate health care information in order to prevent being denied health care coverage (as a health care provider I know).

(4) What is your greatest fear regarding the current health care system in America? (1) The chaos that may (this is) be created by too rapidly trying to implement change if systems are not well thought out & organized before being implemented. (2) Refer to #5

(5) In your opinion, what is the biggest problem in the current health care system? (1) High cost of health care and making a high-caliber, cost-effective, efficient health care system accessible to general public regardless of socioeconomic class. (2) Setting + maintaining high standards.

(6) Do you have a particularly interesting or unique health care — medical care practices story that you would like Senator Riegle to know? Yes. Problems encountered by families of traumatically brain-injured patients especially those living in rural areas, who I interviewed while conducting research on this patient population while pursuing my graduate degree in nursing

Medicolegal tort reform — great factor needs to be eliminated by all parties — care deliverers, recipients, + administrators!!!

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* * * * *

Sign in
Name: William A. Richards

Address: 1429 Joslyn Rd.
Muskegon Mi. 49445 (616) 744-2511

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means?
Employer

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? No

What is your greatest fear regarding the current health care system in America? That we will not be able to afford Health Care

In your opinion, what is the biggest problem in the current health care system? Cost

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: THOMAS W. SCHAEFER

Address: 3695 WATSON

MUSKEGON MI 49441

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? EMPLOYER SPONSORED

Are you currently uninsured or underinsured? If yes, please explain: NO. IN FACT I AM OVER INSURED. MY HEALTH CARE BENEFITS ARE SO "RICH" I HAVE NO INCENTIVE TO SPEND HEALTH CARE DOLLARS WISELY

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? THAT THE CURRENT TREND WILL RAISE THE COST OF PRODUCING GOODS & SERVICES SO HIGH THAT AMERICA LOSES IT'S COMPETINENESS & OUR STANDARD OF LIVING TAKES A COMPARATIVE "NOSE DIVE"

In your opinion, what is the biggest problem in the current health care system? PATIENTS DO NOT HAVE AN INCENTIVE TO SHOP WISELY. HEALTH CARE DECISIONS ARE DRIVEN BY PROVIDERS.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: Rebecca Sheffes

Address: 3809 Birchwood

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? yes
My father is insured by Blue-Cross, Blue Shield

Are you currently uninsured or underinsured? If yes, please explain: yes, we have such a high premium to pay before the insurance Company covers us.

Have you ever been denied or lost health care coverage due to a pre-existing condition? no

What is your greatest fear regarding the current health care system in America? Will I ever get to graduate and when I do, I will not be covered under my fosters insurance co.

In your opinion, what is the biggest problem in the current health care system? Medical care is so high & many people who needs care cannot get it cuz they can't afford it.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? no

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* * * * *

Sign in
Name: SINFORO SO PADILLA, JR., M.D.

Address: 217 LINCOLN ST., HART, MICH. 49420

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Blue Cross Blue Shield of Michigan

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? YES, INCLUDING OTHER FAMILY MEMBERS

What is your greatest fear regarding the current health care system in America? UNAFFORDABLE INSURANCE

CANCELLATION OF COVERAGES

In your opinion, what is the biggest problem in the current health care system? SPIRALLING COSTS. UNAVAILABLE INSURANCE FOR LOW INCOME BUT NOT LOW ENOUGH FOR MEDICAID
TOO MANY UNCONTROLLED PRIVATE COMPANIES

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in
Name: ALVERNA B. SMITH

Address: 3254 Southwood

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Medicare Medigap

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition?

What is your greatest fear regarding the current health care system in America?

In your opinion, what is the biggest problem in the current health care system? Cost

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? NO

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* * * * *

Sign in
Name: M. G SMITH

Address: _____

_____

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? MEDICARE TRAVELERS

_____

Are you currently uninsured or underinsured? If yes, please explain: No

_____

Have you ever been denied or lost health care coverage due to a pre-existing condition? N/A

_____

What is your greatest fear regarding the current health care system in America? _____

_____

In your opinion, what is the biggest problem in the current health care system? _____

_____

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? NO

_____

_____

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* * * * *

Sign in
Name: [illegible]

Address: 5912 E. Broadway

Muskegon, MI 49444

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? Yes. My father has insurance co., Lahood & Associates.

Are you currently uninsured or underinsured? If yes, please explain: No, I am

Have you ever been denied or lost health care coverage due to a pre-existing condition? No

What is your greatest fear regarding the current health care system in America? That one day my family won't be able to afford it because my father's job is in jeopardy

In your opinion, what is the biggest problem in the current health care system? It is too costly, because, most people cannot afford it.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? No.

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* * * * *

Sign in
Name: Kathy Thomas (Kate)

Address: 440 West St 777 3149
Muskegon, MI

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? No
Current Health Care ended 9-30-92 with loss of job.

Are you currently uninsured or underinsured? If yes, please explain: See above

Have you ever been denied or lost health care coverage due to a pre-existing condition? It is a distinct possibility if/when I can get insurance in the future

What is your greatest fear regarding the current health care system in America? That so many people are slipping through the cracks. Insurance is out of reach for too many.

In your opinion, what is the biggest problem in the current health care system? The lack of availability for the average person

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know? I would like Senator Riegle to know that I am angry, frustrated and scared to death that I am a single parent

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* * * * *

Sign in
Name: Felipe & Francisca Vasquez

Address: 2409 144th Ave.

Holland Michigan 49424

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? My Retirement from Nabisco Brands and Medicare

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? [redacted] by reducing Medicare.

In your opinion, what is the biggest problem in the current health care system? high cost NOT 100% covered Medicare Deductible TOO high.

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

there has to be more information on heelth care to hispanic people, Especially the Elderly. There is a gap for people who are widowed, sick but not old enough for Medicare.

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* * * * *

Sign in Name: STEVE WISNOSKI

Address: _____

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Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? From Employer

Are you currently uninsured or underinsured? If yes, please explain: NO

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America? FINANCING

In your opinion, what is the biggest problem in the current health care system? Increased Costs

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

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* * * * *

Sign in Name: S/HERWIN R. WOOCK

Address: 1869 N. ROBERTS RD
MUSKEGON MICH 49445

****

Please answer the following questions which will assist Senator Riegle in evaluating the current health care crisis in America. Thank you so much for your help.

Do you have health care coverage? If yes, by what means? MEDICARE
RETIRE HEALTH INSURANCE THRU TELEDYNE

Are you currently uninsured or underinsured? If yes, please explain:

Have you ever been denied or lost health care coverage due to a pre-existing condition? NO

What is your greatest fear regarding the current health care system in America?
LOS OF TELEDYNE INSURANCE

In your opinion, what is the biggest problem in the current health care system?
COST MUCH TO HIGH

Do you have a particularly interesting or unique health care story that you would like Senator Riegle to know?

PREPARED STATEMENT OF JIM SPARKS

Tonight, I would like to talk about a situation that is happening all too frequently across the country. Though the circumstances may differ, the end results are the same. To give background which led to the predicament I am in, I was let go from my position as a supervisor at Howmet in September of '91. I was employed there for 12½ years. During that period, Howmet paid for all or most of my health insurance.

On a positive note, very shortly after my dismissal, I did secure a job with another local manufacturer. Howmet provided two months of health insurance following my departure which covered me through November '91. On the negative side, I failed to understand the enrollment deadline at my new employer was October 1st. I was still eligible, though, to retain insurance through Howmet, but the premiums would have been about $400 monthly. Completely out of reach. And like so many other Americans, my wife also works to support our family. As a part-time teaching assistant in a local school system, she, too, is offered the chance to purchase health insurance. But the premiums would be about $400 a month. Again, unaffordable.

Now it becomes a gamble. As a husband and father of three very active and very sports orientated children, I gambled that everyone would be healthy and not injured until the following October. And we almost made it. But on August 10th, another negative happened. The rollercoaster ride never seems to end. One moment we were up, then down again. On the night of August 10th, myself, my wife and two of my children were injured during a savage attack at our home after I intervened in an assault of a young woman. The assailant I stopped returned later with 17 men and attacked us with a variety of weapons. On a positive note, I wasn't killed; my wife wasn't raped or tortured; and my children were not severely injured. But on the negative side, I did not have health insurance and was very reluctant to go to the hospital.

I finally agreed to go to the hospital where we enjoyed two positive—developments. First, nothing was broken and there were no major injuries. Second, after hearing of the incident, the entire community rallied behind us and raised enough money to pay the hospital and doctor expenses.

My family and I are most appreciative of the generosity shown to us by friends and strangers alike. However, this is not the way for anyone to meet their medical needs. To rely on the generosity of others is not how an employed couple should function. Gambling on your family's health is not a viable alternative, either. What is needed to help out families and businesses is a national health care program. Senator Riegle, along with Senators Mitchell, Kennedy, and Rockefeller, have adopted a comprehensive bill that addresses all areas of health care under an affordable national plan.

This bill combats one of the biggest problems facing employers today—overhead costs that are uncontrollable. Part of the problem is rising costs of health insurance to companies. This causes employers to do one of two things: First, layoff or dismiss its workforce to compensate for the price increases, which causes higher unemployment and less money in the economy to buy goods and services—thereby deepening the recession. Or secondly, companies charge higher prices to pay for the increase in their premiums, which causes less buying activity, less manufacturing activity, and ultimately less work, etc.

To lower these increases and stop them all together, Senator Riegle has attacked them straight on by a series of phased in plans. By giving the opportunity to business to choose whether to insure their employees on their own through insurance consortias or to contribute to the public plan, businesses have the opportunity to pass on those savings in the form of higher wages or lower, more competitive pricing. By standardizing claim forms, the national plan will greatly reduce the costs incurred by the growing number of duplicate forms that are needed now. This creates a savings to business *and* helps conserve our environment through the use of less paper. There must be much wasted duties by having administrative people chase down several different forms to pay one doctor or hospital.

I would like to touch on one last item, which is the main reason I'm here tonight. Earlier, I stated that under the guidelines of my employer I could not enroll in the company program until October 1st. As of now (Tonight?), I still do not have insurance. The only reason is affordability. Though my end is half of what it would have been through continuing Howmet's alternative, it is still more than I can afford at this time. It is not the fault of my employer. it's the simple fact that insurance costs are overbearing. Under HealthAmerica, individuals will be able to participate in either an employer plan by limiting the co-pay to employees to 20%, or by making available the public plan. Now through my employer, I would have to pay 50% of

the premium to have my family covered. This is the only way my company can remain competitive and maintain a health insurance program.

I understand that someone once asked me, "How can you afford *not* to have insurance?" My only answer is that I cannot afford it. It's high time that a program like this is enacted. Considering the United States is the only superpower left in the world and we are the only Western democracy that does *not* offer a national health care program, it is a sad example of the condition our country is in. With 70 million Americans either uninsured or underinsured, it is imperative that Congress quickly works to resolve this travesty in our nation. People need to be healthy and have the opportunity to have their injuries and illnesses treated. Fathers and mothers need to feel secure that their children will receive medical attention when needed. (I admire men like Senator Riegle who care about the average person and their personal plights.) The time has come to stop the skyrocketing costs and make health care affordable. HealthAmerica will do just that. Happy Birthday Jordan and thank you.

○