



HEALTH POLICY BULLETIN

FOCUS:
SUBSTANCE
ABUSE

The Michigan Chemical Dependency Policy Study Group, with broad representation from public and private organizations, has released a report with recommendations that focus on ways the public and private sectors can cooperate to prevent abuse of drugs, treat those with dependencies, and target efforts to the highest risk populations. The report estimates that 750,000 Michigan residents need help for alcohol and other substance abuse problems. In addition to their human toll, the report notes, these problems place a \$3 billion annual burden on the state's economy due to absenteeism, health and welfare costs, and property damage.

Among its 22 recommendations, the study group urges the state legislature to adopt a statewide triplicate prescription system for schedule II drugs, to appropriate funds for a statewide public information campaign to increase awareness of the dangers of alcohol use, and to ask the state's congressional delegation to introduce federal legislation requiring warning labels on all alcoholic beverages. The group also recommends that the governor establish a broadly representative panel to study new reimbursement mechanisms that would assure low-income and indigent substance abusers the same access to prevention and treatment enjoyed by the insured.

Two of the study group's most controversial recommendations call for the legislature to (1) raise excise taxes on beer and wine to the level of taxes on distilled spirits by making the tax per ounce of alcohol content the same ("equalization") and (2) index excise taxes on all alcohol products to inflation. Michigan has not raised its beer tax since 1966, its wine tax since 1937.

Traditionally, increased "sin taxes" (a term for taxes on tobacco and alcoholic beverages) have been considered a means of generating higher revenues. Many current tax advocates, however, stress health promotion; their goal is to reduce consumption of alcohol and thus alcohol-related problems through higher prices. Earlier this year, the American Public Health Association--citing studies that show that changes in the price of alcohol lead to changes in the number of cirrhosis deaths, alcoholism levels, and the incidence of drunk driving and teenage drinking--issued a policy statement advocating higher taxes for alcohol. "This is not a revenue issue, it is a public health issue," says Dr. Robert Brook, administrator of the state's Office of Substance Abuse Services (OSAS). Brook cites evidence that alcohol is the leading cause of death--in car and boating accidents, homicides, and suicides--among people age one to 19. "A respected study estimates that a 10 percent increase in the price of beer would decrease alcohol-related traffic fatalities by 55 percent among 18-20 year old males," Dr. Brook notes.

Efforts to increase alcohol taxes always meet strong objections. Opponents argue that sin taxes place an unfair burden on low-income families. They also cite research that shows that higher alcohol prices would not affect heavy drinkers' consumption. Rod Brown, executive director of the Michigan Licensed Beverage Association, adds that "if you raise the price of alcohol too much, it may very well approach the cost of some illegal drugs. That's just not good public policy."

Federal legislation to increase taxes on beer and wine has been introduced to generate revenues and reduce the federal deficit. Prospects look good for passage,

but the amount of the tax increase remains in doubt. Although passage would probably hurt chances of increasing state excise taxes, OSAS supports the legislation because it would reduce consumption. In Michigan, the governor and the legislature appear cool to tax increases and few on either side of the issue think an increase in the state excise tax is likely this session. Substance abuse prevention advocates are not discouraged, however. "We're in it for the long haul. It will take time to educate people to the positive effects of a more equitable tax," says Mary Morin, executive director of the National Council on Alcoholism/Michigan.

FOCUS:
MEDICAL
LIABILITY

Though forty states enacted tort reforms in 1986, studies by the Rand Institute for Civil Justice and the U.S. General Accounting Office suggest that they may have minimal effect on insurance premiums. Florida's experience confirms these studies. St. Paul Fire and Marine Insurance Company, a major medical liability insurer in Florida, raised premiums 43 percent on July 1 in Dade and Broward counties. In protest, many physicians in these two most populous counties in south Florida have drastically limited their services. Emergency services and elective surgery have been most affected--at one point, only 2 of Broward County's 19 hospitals were providing full emergency medical service.

In Michigan, Senator Jack Faxon has reintroduced legislation, SBs 390 and 391, to create a state physicians' liability association to provide excess liability coverage beyond the first \$200,000 per occurrence. Membership would be required for all licensed physicians in the state. These bills aim only to cover excess liability costs for physicians; they do nothing to reduce base liability premiums.

Michigan may be fertile ground for alternatives to the tort system. The 1987 "Health Policy Agenda for the American People"--the work of a nationwide task force with representatives from health care, insurance, and consumer organizations--has recommended that a few states pilot no-fault programs, akin to workers' compensation, for the resolution of medical injury claims. Under such a system, a broadly representative panel would determine compensation for injuries arising from medical care according to a predetermined schedule. Fault would not be an issue. Attorney and former University of Michigan president Robben Fleming, who served as Governor Blanchard's independent fact-finder on the issue, sees little benefit from Michigan's 1986 tort reforms. In his second report, he calls on the governor to appoint a blue-ribbon panel to explore alternatives to the tort system.

OF INTEREST

The protracted efforts of Congress and the Reagan administration to arrive at a catastrophic insurance program for the elderly have obscured attempts to provide health coverage for the estimated 35 million uninsured Americans. Writing in the New York Times, Harry Schwartz, a respected medical writer, argues that we must help those--the uninsured and the poor--who need the most help. Schwartz proposes that Congress abolish Medicare and broaden Medicaid "so that it really covers all Americans who are too poor to pay for medical care." Medicare, in most cases, Schwartz says, "is simply welfare for the wealthy. By now we know that senior citizens, and I am one, are on the average wealthier than Americans under 65 [Most] senior citizens don't need to be subsidized by young people who, to a much larger extent, are poor." The billions of dollars saved by ending Medicare, Schwartz concludes, can be used to assure better health care for poor Americans, young and old, including those elderly who need expensive nursing home care.

--Peter Pratt
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