Gerald Faverman, Ph.D. • *Chairman of the Board*
Craig Ruff • *President*
September 1987

Public Sector Reports

HEALTH POLICY BULLETIN

FOCUS: HEALTH CARE PACS

Money is the mother's milk of politics, and a good portion of Michigan's political funds come from health care political action committees (PACs). During the 1985-86 election cycle, health care PACs contributed $883,616.91--about 9 percent of total Michigan PAC expenditures ($9.7 million)--to state legislative candidates and political parties. Health insurer PACs (Delta Dental and Blue Cross/Blue Shield) spent an additional $143,000. Only Democratic, Republican, and labor union PACs contributed more as groups than health care PACs. Auto/transportation, banking/finance, construction/real estate, utilities/energy, legal, and other business PACs each spent no more than half the amount health care PACs contributed.

The largest health care PAC is the Michigan Doctors PAC, which spent $194,215. Next largest is the Hospital Association PAC ($122,188), followed by Physicians for Fairness ($92,055), Dental PAC of Michigan ($74,530), and Michigan Chiropractic Council PAC ($72,855). Other large health care PACs are Pharmacy ($40,536), Health Care Association of Michigan--representing for-profit nursing homes ($50,375), Osteopathic ($47,180), Ophthalmology ($43,117), and Optometric ($32,617). The Blue Cross/Blue Shield PAC spent $119,915.

Where did the health care PAC funds go? Republicans received $502,000 and Democrats received $382,000. Almost two-thirds of the funds went to incumbent legislators, 3 percent to candidates challenging incumbents, 10 percent to candidates for open seats, and 23 percent to party committees. It is not unusual for PACs to favor incumbents, whose voting records and philosophies are known quantities and who stand about a 95 percent chance of getting reelected. The Blue Cross/Blue Shield PAC provides a good example of this type of fund distribution. Of the nearly $120,000 Blue Cross/Blue Shield distributed, only $600 went to challengers of incumbents.

Labor union PACs spent a total of $1.425 million, all but $26,600 of which went to Democrats. Business PACs (which include health care PACs) spent a total of $2.5 million, 51 percent of which went to Democrats and 49 percent to Republicans. In total, PACs spent more dollars in 1985-86 than there are people living in Michigan.

In the future, PACs will continue to mushroom in number and in dollars raised and spent. Courts have ruled consistently that they have a necessary place in American politics and that to restrict or eliminate PAC spending would infringe on free speech. Costs of waging campaigns are skyrocketing, and traditional sources of campaign funds (individual donors and the political parties) are not keeping pace with election-year budgets. Power continues to become more diffuse, with larger numbers of narrower special interests emerging as influences on government--all arming themselves with PAC funds.

Health care providers, like unions, businesses, and other interests, realize the importance of maintaining access to state legislators, and--in Lansing as in Washington--campaign funds keep the doors open.

Public Sector Consultants, Inc.
Knapp's Centre • 300 S. Washington Square
Suite 401 • Lansing, MI 48933 • (517) 484-4954

FOCUS: TASK FORCE ON ACCESS TO HEALTH CARE

Governor Blanchard has appointed forty members to the Task Force on Access to Health Care. Co-chaired by Department of Social Services Director Pat Babcock and Chrysler Corporation Director of Employee Benefits Walter Maher, the task force will concentrate on Michigan residents without health insurance. The governor has charged the task force to develop policy recommendations to improve access to health care that involve both the public and private sectors.

While the governor's executive order of July 7 asked the task force to identify and assess financial barriers to health care for Michigan residents, it may well explore other barriers. "The task force must first define the problems with access," says Patience Drake, director of the state's Office of Health and Medical Affairs in the Department of Management and Budget. "Less quantifiable geographical and cultural barriers may need to be considered." Ms. Drake also noted that the focus of the task force is "guaranteeing access to health care for all state citizens, not uncompensated care. Uncompensated care is an institutional problem; access to health care is a people problem."

The governor's executive order calls for the task force to recommend "an overall plan for state initiatives dealing with access to health care." The Health Care Access Project--pilot programs in Marquette and Genesee counties set up by the Michigan League for Human Services and other private and public groups with a grant from the Robert Wood Johnson Foundation--promises to provide the task force with important indications of how joint public-private strategies to improve health care for the uninsured work.

Because the goal is practical solutions that necessitate cooperation among the public sector, the private sector, and health care providers, the task force membership is broadly representative. Businesspersons, union members, academics, state agency staff, Michigan legislators, health insurers, health care providers and advocates, consumers, and local government leaders are included.

In an age of shrinking resources, the broad representation of the task force is a promising sign, as compromise and not niche carving will be needed if the best interests of the uninsured are to be served. The task force report is due to the governor on September 30, 1989. Staffing will be based in the Office of Health and Medical Affairs.

OF INTEREST

The legislature and governor face a September 30 deadline to agree on a new Medicaid budget for hospital care, after Blanchard's veto of the line item. The governor objected to the 3 percent increase in reimbursement rates for hospitals and wants it trimmed back to .75 percent (a $5.8 million general fund savings). The hospital industry and Senate Republicans argue that 3 percent--the increase in physician fees and welfare grant levels--is only fair. If the House, Senate and governor cannot agree by October 1, the first day of the new fiscal year, sources say there is only enough money to reimburse hospitals for two to three weeks thereafter. Anything could happen in September. One scenario: the legislature gives hospitals the 3 percent, but delays implementation of all provider fee increases until December or January. Another: a continuation appropriation is passed to provide for hospital payments through December or January, allowing the parties more time to reach agreement.

--Peter Pratt and Craig Ruff