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HEALTH POLICY BULLETIN

FOCUS: CHAMBER OF COMMERCE ACTIVISM

After years of futile handwringing over health care costs, the Michigan Chamber of Commerce put together a health policy committee in August 1990. The committee is composed of several representatives of various size businesses and is geographically diverse; for example, Randall Health Foods, Lansing, with eight employees, and the Upjohn Company, Kalamazoo, with thousands of employees, are both members. The committee's chairperson, Robert McDonough, is the manager of public policy planning at Upjohn.

Why did the Chamber get involved? Nancy McKeague, Director of Government Relations, Michigan Chamber of Commerce, says the involvement is in "response to the interest and concerns of our members about the costs of employee health benefits." Although McKeague is careful to point out that the group does not have a formalized legislative program, it is very interested in some areas of the legislative process. According to McKeague, the Chamber is concerned about putting more flexibility into benefit plan designs; that is, employers would like to be able to offer plans more closely tied to the needs of employees and different areas of the state.

"Given our state's unique history," comments McKeague, "the provision of health care benefits is an extremely important part of the relationship between employers and employees." Current state-mandated benefits, in the opinion of the Chamber, limit flexibility for both employers and employees by forcing both groups to accept benefits they may not want.

Medical liability, physician licensure and discipline, and access to care are concerns that led to the Chamber's involvement in the Michigan Coalition for Liability Reform (MCLR), a group put together by the Michigan Association of Osteopathic Physicians and Surgeons, the Michigan Hospital Association, and the Michigan State Medical Society. The MCLR is working to convince the legislature of the need to change the tort system in a direction more favorable to providers. Historically, the Chamber of Commerce has not been involved in medical liability reform but has taken a limited role in discussions of product liability reform. This time around, the provider groups convinced the Chamber that it was in its best interest to become involved early in the discussion of the issues because of the effect these issues are perceived to have on health care costs. The physician licensure and discipline bills in the Senate health care package (which are virtually identical to the House bills that, with one exception, have languished in the Senate Committee on Health Policy for almost a year) and the medical liability bills are viewed as a step in the right direction by the Chamber. To that end the group also is supporting the Senate Republicans' "affordable health care" package.

Committee members and McKeague have testified before various legislative committees on health care issues. "Both sides of the aisle," points out McKeague, "have given us an equally cordial reception. I think it makes a difference to legislators to have someone besides health care providers testifying on legislation and telling them what is needed. We are having a positive impact on the discussion."

Beverley McDonald, Executive Director, Michigan League for Human Services, a group that is often philosophically opposed to the Chamber's position on many issues, is not surprised that it has finally joined the health care fray. "Given that health care absorbs private resources as well as public resources, I'm surprised that they had not done it before now. Health care costs are a killer for their members," she observed.

Kevin Kelly, Associate Manager, Michigan State Medical Society, thinks "it's a natural for them to be involved. Most health care issues are bipartisan." In his view, the Chamber's entrance into the health care discussion means it has recognized the issues as a top priority for employers and employees and is going to be a key part of the health insurance reform debate. He pointed out that "they have taken the lead on scope of practice issues [the Chamber opposes SB 305, which expands the scope of practice for chiropractors] as well as medical liability."

Why has the committee been successful? "Because it is a dedicated committee that is putting a lot of time and effort into analyzing legislative proposals. It is not an overtly political committee—there are virtually no partisan splits on issues. It is a group of people who are genuinely interested in getting to the bottom of the issue and putting forth the best possible solution," McKeague concluded.

FOCUS: DEMOCRATIC INITIATIVE

House Democrats have jumped into the state's legislative health care battle. Sore over the preemption of the bipartisan House package on physician discipline and licensure by the Senate Republicans, the Democrats have now come up with their own package, which they claim tackles more issues in a systematic fashion than does the Senate package.

In a speech to the Partnership for Michigan Health Care, a group organized by the Sisters of Mercy, Rep. Michael Bennane, Chairman of the House Committee on Public Health, outlined the Democratic House health care package. The

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package is composed of eight initiatives: Physician licensure and discipline, limitations on smoking, reduction of infant mortality, nursing home reform, control of infectious diseases, patients' rights, facilities reform, and access to care. (See our *Health Legislation Analysis Service* for detailed analysis of those measures that have been introduced.) At this writing three of the eight initiatives are not complete, and the introduction of some of the remaining bills may not occur until January.

The three incomplete initiatives are patients' rights, facilities reform, and access to health care. Approximately 17 bills remain to be introduced in these areas. The emphasis in the patients' rights initiative is on empowering patients by providing more information to them about practitioners, giving patients access to their medical records, and streamlining insurance claims forms (a step that many argue would reduce the administrative costs of health care considerably). Of greatest importance to hospitals are the bills that will, in Rep. Bennane's words, "clarify the tax exempt status of hospitals... and reward certain hospitals for meeting their moral obligation to their communities by way of uncompensated care." Of advantage to hospitals is a bill that would streamline and ease the state's licensure process.

Bennane noted that most of the access legislation in his committee will emphasize encouraging businesses to offer health prevention education, help children gain access to health care, and give physicians some relief from the cost of medical liability insurance premiums through the reimbursement of part of that premium. His committee will deal with neither the insurance coverage issues, which are in the House Committee on Insurance, nor the overall plans for access that are being studied by the House Special Committee on Access to Health Care in the State of Michigan. The special committee, appointed in June 1991, is charged with examining various proposals to address the problems of access to health care and recommending any necessary legislation to improve access; it should not be confused with the Democratic Leadership Task Force on Comprehensive Health Care recently appointed by House Speaker Lewis Dodak.

OF INTEREST

The House Committee on Public Health will meet on November 14; that meeting will be devoted to technical clean-up on the bills on smoking that are before the committee. The Senate Committee on Health Policy will meet on November 12, when it will take up SB 305, the chiropractic scope of practice bill. No agenda has been set for its November 19 meeting.

The Senate and the House will recess for Thanksgiving after session on November 21 and return on December 3.

FOCUS: MEDICAID EXPENDITURES

The following conclusions can be drawn from the table below on Medicaid expenditures in the Great Lakes region:

- Michigan's rate of increase in Medicaid expenditures from 1988 to 1990 (40.7 percent) was second only to Indiana's (42.0 percent); both states exceeded the average rate of increase for the region (28.6 percent) and for the nation (31.5 percent) by a considerable amount.
- Within the Great Lakes region, Michigan (13.5 percent) and Indiana (15.8 percent) have the highest percentages of state Medicaid dollars as a percentage of state expenditures; both exceed the regional average of 13 percent.
- In the Great Lakes region, Medicaid costs from 1988 to 1990 rose 28.6 percent, almost three full percentage points below the national rate of increase (31.5 percent).

—Frances L. Faverman, Editor

State Medicaid Expenditures, FY 1988 to FY 1990
(millions)

Region and State	Total 1988	Total 1989	Total 1990	Percentage Increase, 1988 to 1990	As a Percentage of State Expenditures 1988	1989	1990
United States	$46,968	$52,289	$61,749	31.5%	10.8%	11.2%	12.0%
Great Lakes	7,949	8,350	10,224	28.6	11.4	11.5	13.0
Illinois	1,850	2,100	2,318	25.3	10.7	11.3	12.0
Indiana	1,017	1,137	1,444	42.0	13.2	13.8	15.8
Michigan	1,677	1,593	2,359	40.7	10.8	10.0	13.5
Ohio	2,250	2,269	2,745	22.0	11.7	11.6	12.8
Wisconsin	1,155	1,251	1,358	17.6	11.7	12.2	12.3

SOURCE: Advisory Commission on Intergovernmental Relations, 1991.