The Dukakis universal health care plan: misery for all

by Linda Everett

When Massachusetts Gov. Michael Dukakis signed his universal health care program last April, he simultaneously buoyed the hopes of that state's uninsured and threw out a campaign promise to impoverished voters nationally. But the campaign bait is beginning to smell. The governor's "health care for all" plan will ravage the state's medical system, from its hospitals to its doctor pools, and most directly, its patients. The only people actually to benefit will be the gnomes of the insurance cartel.

The Health Security Act mandates for basic insurance for every resident by 1992, either through their employers' use of new tax incentives or through the new Department of Medical Security. The uninsured would be required to pay about 25-30% of the cost of insurance on a sliding scale, according to what they earn. By 1992, companies will be required to pay a surcharge of about $1,680 a worker for the state's insurance plan, or deduct the cost of the company's insurance plan from the surcharge.

Most companies, already faced with premium hikes of 100% to 200% or more, are making drastic cuts in health benefits, and smaller businesses say they will be forced to fold if mandated to provide employee insurance. That means lost jobs. The unemployed, those above the federal poverty line and therefore not eligible for Medicaid, are also promised coverage.

Those are the promises, here are the facts.

Dukakis signed the Health Security Act in April, committing $8.5 million in funds to reimburse hospitals for the costs of treating the uninsured. By July, Dukakis had axed over $7.5 million out of the state budget earmarked for the uncompensated care fund and refused to authorize $1 million for uncompensated care to community health centers. Another $50 million promised to hospitals for their shortfall due to Medicare's underpayment, never even made it into the budget. By September, the "health care for all" program that promised coverage for the state's 600,000 uninsured, had enrolled just 6,000 people.

The aim of the plan, dubbed the "Massachusetts Experiments," is cost and care containment. As such, it is no experiment at all, given the disastrous impact of cost-effective "medicine" nationally. As written, the state's plan is to "enroll individuals in managed health care plans wherever practicable," and "establish phase-in initiatives . . . designed to test . . . *alternative* methods of providing health insurance plans, particularly managed health care plans, to persons lacking health insurance."

The key here is "managed care." Instead, of traditional fee-for-service health care, the poor will be assigned a "gatekeeper" who controls their care. The state will broker for the cheapest deals possible, using health maintenance organizations (HMO), preferred provider organizations, and managed health care plans. Fierce competition for the shrinking patient pool will force hospitals and doctors to accept lower rates, to chisel and cut corners, eventually closing—despite Lloyd Bentsen's promise to save rural hospitals.

This "shake-out" is intended and planned. While Medicare, Medicaid, and Blue Cross/Blue Shield control costs by underpaying hospitals and physicians for patient care, Dukakis's plan, like the national health programs of Britain, Canada, and Sweden, hinges on controlling costs by *restricting access* to health care. Your medical care is "managed" by a physician who acts as a gatekeeper, deciding if you need a specialist or test, while intent on saving money, not you.

The aim here differs only in method from Dukakis's self-described meat-ax approach to gutting mental health and related social welfare services during his first administration.

His second administration had thousands of unprepared mental patients deinstitutionalized or dumped into what has been described as rat- and roach-infested "resident homes" complete with exposed plaster board and little furniture. An untrained and uncertified staff worked 100-hour weeks for 40 hours of pay and were expected to administer medicine, hunt down retarded patients who turned to alcohol or to the streets, and stay up all night with physically ill or violent patients. The staff was told: No matter what the crisis, the patient will not be returned to the facility.

Now, not only is the governor holding up funds for a five-year plan to overhaul the state's mental institutions—where nine patients died last year because of lack of care—but his universal health plan bodes similar horrors for the tens of thousands of other state residents who have emotional disorders or psychological problems severe enough to warrant

professional attention.

The new Department of Medical Security was "to provide, on a basis calculated to reduce or contain the costs of the program, a program of insurance coverage for health care for persons in the Commonwealth." The only way you can reduce costs of health care for the currently uninsured who already get some charity care in Massachusetts hospitals is to block *access* to that care. "Managed care" programs do this so successfully with mental care services that attorneys, therapists, and psychiatrists nationally are protesting against HMO and managed care restraints on mental health benefits.

Dukakis's Health Security Act specifically states that HMOs and insurers "shall include any mandated benefits . . . *required by law*." HMOs only offer federally required mental health benefits, which include 20 therapist visits per year and 30 days hospitalization per year. If the HMO says the visits are not useful, or the condition is chronic, they are cut. In lieu of hospital care, families must watch a suicidal relative around the clock, taking all night walks to calm hysterical patients, and then go to work in the morning.

Last year, 20 professional mental health groups issued a warning against exactly this HMO policy. Psychiatrists have spent hours on the phone trying to convince social workers who admit no knowledge of the field that treatment for a certain patient is needed. Ultimately, the frustrated psychiatrist is unable to deliver care and the vulnerable patient, too intimidated to fight for his treatment, regresses. Cost-cutting is achieved.

Similar duplicity is evident in another facit of the Dukakis plan, the "Healthy Start" program. In September, the Duke trotted out his pregnant daughter-in-law and promised to give every child in America "a healthy start in life, and a fair shot at the American dream" via his $100 million program to ensure medical and nutritional care for expectant mothers. Behind the hoopla lay reality: During Dukakis's second term, Massachusetts experienced a massive 46% increase in black infant mortality rates. According to the Washington, D.C.-based Children's Defense Fund, in 1985, Boston's black infant mortality rate rose by 73%, while the black neonatal mortality rate for the state increased by 59%!

Putting physicians in a vice

Beyond Dukakis's promises, not even his staff can say what the plan will deliver. But the governor's own track record reveals why voters, especially physicians, are incredulous at the presidential candidate's promises. The Duke used "consumer" advocacy and the venomous cost-containment policies of Massachusetts' Blue Cross/Blue Shield to "take out the knives" against the state's medical profession in general. For the last decade, he mandated that Medicare, Blue Cross/Blue Shield, and workmen's compensation reimburse physicians at only 70%-75% of what doctors normally charge. Blue Shield demanded that physicians accept their underpayment as payment in full. Dukakis made this policy state law and applied it to Medicare payments as well. Doctors could not, in turn, bill patients for the balance of the charge which Blue Shield did not cover.

A Massachusetts court ruled Blue Shield's ban on "balance billing" illegal, but Dukakis's legislature ignored the court, and made the balance billing ban state law—the only one of its kind in the country. Using a "locked-in" agreement, Blue Shield would only pay for treatment their subscribers received from physicians affiliated with Blue Cross/Blue Shield. Physicians not affliated with Blue Cross/Blue Shield lost many patients, while doctors wanting to quit the insurer must wait a full year after announcing their intentions. Recently, State Attorney General James Shannon indicted a number of Massachusetts physicians for discussing their decision to quit Blue Shield among themselves. This, says Shannon, who gives campaign speeches for Dukakis, constitutes a conspiracy.

The other arm of the vice squeezing physicians and hospitals is state-condoned increases in malpractice insurance premiums. When commercial carriers of the medical malpractice insurance left Massachusetts en masse in 1975, the Dukakis-led legislature created the Joint Underwriting Association (JUA), a semi-independent state agency making insurance available via a pool of physicians' premiums. In 1986, the JUA approved 50% and 60% back-to-back retroactive liability rate increases for 1983, 1984, and 1985. The legislature allowed physicians to defer these sizable payments at an 11% interest rate. Blue Shield and Medicaid promised physicians tiny increases in reimbursements to offset the new premium rates. For 1987-88, the Insurance Commission raised the rates again. Obstetricians-gynecologists, for instance, paid a 155% increase for that year alone.

For 1989, the JUA wants yet another 45% increase, retroactive from 1975 to 1982. The secretive agency, which produces no annual reports, bases its rates on the number and size of malpractice suits *initiated,* not on those actually awarded. So, it has a huge pool of reserves available for investment—and makes millions in interest.

The result is that physicians are either eliminating or limiting their surgical services, accepting no new patients, moving out of state, or taking early retirements. Although the Duke's pet consumerist, Paula Gold, claims the state has a glut of doctors, 90% of hospitals are having difficulty recruiting them. One hospital has 30 vacancies. Of the state's orthopedic graduates this year, only one will practice there next year—and only one neurological resident will remain next year, and then, only to work in an academic position.

The massive premium increases also affect those hospitals that pay for their physicians' insurance. The increases are built into the hospital charges, which must be generated or the Department of Medical Security, headed by James Hooley, better known as "that Jack Ass Hooley" from his days at the Department of Public Health, will move in to shut the hospital down.