

# National Shift Is Under Way Toward Abolishing, Not Accommodating to HMOs

by Marcia Merry Baker

On May 22, the City Council of Cleveland, Ohio unanimously passed an emergency resolution on health care, described in its introduction as “urging the Cleveland area Congressional delegation to investigate the provision of health-care services by health maintenance organizations [HMOs] and managed-care organizations, and, if necessary, to abolish such organizations.” The measure was introduced by Councilmember Joe Jones, and the approved resolution has been signed by Cleveland Mayor Michael White (see box).

This City Council action is part of a growing shift in thinking across the United States. Instead of rear-guard actions to try to curb notorious HMO harmful practices, to get restitution, or to otherwise fiddle with lessening the damage of “managed care,” initiatives are under way to dump the policy altogether.

The HMO authorizing legislation was enacted on Dec. 29, 1973, in the Health Maintenance Organization and Resources Development Act. It was part of a shift during the Nixon years, into all kinds of destructive domestic and international economic policies. Dumping the 1973 HMO law can restore the traditional medical policy which built up the U.S. national hospital and health-care delivery system in the first place—the 1946 Hill-Burton Act (Hospital Construction Act).

Excerpts of that law, plus an exposé of the rise of the HMOs, and other essential material, were put into a 16-page mass circulation pamphlet, “Ban HMOs Now!” issued in May by the Lyndon LaRouche’s Democratic Presidential-nomination campaign. Federal lawmakers who have been accommodating to HMOs and managed-care groups are already feeling the heat, and face being dumped from office in November.

## Cleveland City Council Takes Action Against HMOs

*This resolution, No. 961-2000, introduced by Councilmember Joe Jones, passed on May 22, 2000.*

### An Emergency Resolution

Urging the Cleveland area Congressional delegation to investigate the provision of health-care services by health maintenance organizations and managed-care organizations, and, if necessary, to abolish such organizations.

**Whereas**, this Council of the City of Cleveland believes that comprehensive, high-quality health-care insurance coverage should be available to every resident of the City of Cleveland; and

**Whereas**, this Council, through the hospital closure issues surrounding Mt. Sinai and St. Michael Hospitals, has become keenly aware of the health-care crisis that exists in the City of Cleveland; and

**Whereas**, the financial practices of certain health maintenance organizations and managed-care organizations often serve to limit quality health-care services to

those in need of medical treatment; and

**Whereas**, the matter of the provision of health insurance coverage is of great importance to the health, safety, and welfare of the citizens of the City of Cleveland; now, therefore

**Be it resolved by the Council of the City of Cleveland:**

*Section 1.* That the Council of the City of Cleveland urges the Congressional delegation of the City of Cleveland to review and investigate the level of health care provided by health maintenance organizations and managed-care organizations to those in need of medical treatment and if necessary, to legislate the abolition of such groups if they fail to provide adequate health care services.

*Section 2.* That the Clerk is hereby requested to forward a copy of this resolution to the Cleveland area Congressional delegation.

*Section 3.* That this resolution is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to the Council, it shall take effect and be in force immediately upon its adoption and approval by the Mayor; otherwise it shall take effect and be in full force from and after the earliest period allowed by law.

## Six States Considering Action

In just the last month, lawmakers in six states have prepared legislative actions calling the question on HMOs, raising the issue of the growing medical emergency, and backing a return to the traditional serve-the-people approach. Plans are being developed in Michigan, Pennsylvania, Louisiana, Mississippi, and Nevada.

The first state to consider legislation was Alabama, where State Rep. Thomas Jackson (D-Thomasville) introduced Resolution 466 in May. The resolution begins, "Whereas, due to the financial practices of health maintenance organizations and managed-care organizations, there is a current crisis in health-care conditions in this country and state." The full resolution passed in the House, but died in the Senate when the session ended. Jackson plans to reintroduce it into next year's session.

This approach is far different from the pattern in the late 1990s, when states attempted to outlaw specific HMO practices one by one, such as disallowing HMO-ordered "drive-by" mastectomies, out-patient childbirth, etc. States also moved to place a stay on for-profit hospital chains raiding non-profit community hospitals. Other such measures were taken.

In the latest high-profile state action on May 25, the California Medical Association filed a class action Racketeering Influenced and Corrupt Organizations suit against Blue Cross, WellPoint Health Networks, and PacifiCare, for abusive tactics to dominate the physician-patient relationship.

In the interview below, Nevada State Sen. Joseph M. Neal describes his change of thinking since he first took office in 1973, when HMOs were started up, and today. In the second interview, Tennessean Dr. John Bigelow describes his personal experiences with providing community input into improving health care in his state, and why he supports what he calls the Hill-Burton "happy medium" approach.

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### Interview: Joseph M. Neal, Jr.

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## Nevada Black Caucus Chair: Ban Managed Care

*State Sen. Joseph M. Neal, Jr. (D-N. Las Vegas) is chairman of the Nevada Legislative Black Caucus. He was interviewed by Marianna Wertz on May 19.*

**EIR:** I understand that you have opposed managed care for some years in Nevada.

**Neal:** Oh, yes. I've been opposed to managed care, even though I originally supported the HMOs [health maintenance

organizations] when they first came out, as a means of cutting health costs. Following that, we found out that health costs were not being cut, and then, we noticed what managed care was: the insertion of individuals between the doctors and the patients.

**EIR:** Right, putting the insurance companies between the doctors and patients.

**Neal:** Yes. So we have been fighting that since the mid-1980s, when we had Sam Donaldson out here to do a speech on hospital costs.

**EIR:** Sam Donaldson, the media personality, who was fighting cancer himself?

**Neal:** Yes, Sam Donaldson came out here to do an interview.

**EIR:** Managed care was first introduced in about 1973.

**Neal:** Yes. That was my first session of the legislature. I supported it then, because at that particular time, it was the doctors who were being accused of raising the costs, and we saw that as a means of curtailing the costs.

Then we found out later that this was not the case, and that people were not being served. When I discovered that they had the third-party administrators, who went along with that whole package, to determine whether or not a person would be receiving care, then that just blew my mind, that they would be making that determination, rather than the doctors. So, I began to oppose that whole operation.

**EIR:** You've seen Lyndon LaRouche's proposal to ban managed care and replace it with the kind of system we had under the Hill-Burton Act after World War II. Do you agree with that?

**Neal:** Yes. I agree with that. I think managed care is an idea that did not pan out like most of us originally thought it would. We looked at it in terms of cutting health costs, and not bettering health services. It turns out to be gutting health services and did not do much in terms of cutting costs. If you look at cutting costs by denying certain benefits to individuals, because these people are paid on a per-capita basis, that arrangement encourages that. I've found that to be a despicable and unnecessary evil against not only treating people for illness, but against advancement of health services.

**EIR:** It also seems to be particularly impacting poor people and senior citizens.

**Neal:** Yes, people who do not understand the powers that be and cannot seek the necessary services, yes, that is the case. I oppose it for those reasons also.

**EIR:** I understand that you are preparing to raise this issue with the Democratic Party in Nevada, for the platform.

**Neal:** I will be not only raising it there, I will be introducing a bill in the legislature in the next session, in February, to get rid of managed care and HMOs.