110th Congress Health-Care Policy: End HMOs; Rebuild Hospitals

by Mary Jane Freeman

The 110th Congress must seize the initiative to restore the FDR legacy of accessible and affordable health care for all, by reestablishing the only valid metric for health-care investment: the cost in human lives lost if health care is denied. It is providing for the general welfare, a promise of the Constitution, that defines what must be the nation's priorities. To have a productive and growing economy, we need a healthy population. The costs of health care must be so framed.

Bold initiatives are required. Congress must end HMO/business-model practices of profit-making, and restore caregiving practices. With the exception of Rep. John Conyers' bills H.R. 676 and H.R. 5770 (see boxes in this section), other legislative initiatives are directed at trying to fix a broken system which has been taken over by Enron-like health-care sharks. Band-aids won't work. The health of the population requires a health-care infrastructure of public community hospitals, doctors, nurses, technicians, and staff committed to that mission. Health care is a national security issue.

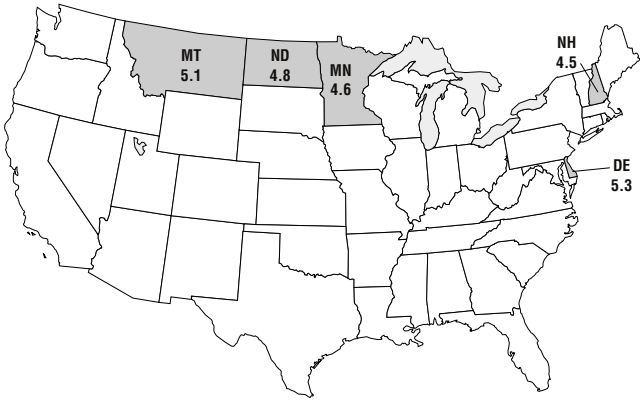
Over two decades, America's health-care system, providing county-by-county access to hospitals and trained professionals, has been systematically looted and shut down. The Nixon-era creation of health maintenance organizations, and follow-on managed care polices, ushered in "shareholder" profits as the driver of health-care policy. "Cost containment" became the metric, not health and well-being. As *EIR* Founding Editor Lyndon LaRouche wrote in a 2002 Special Report, "Science and Infrastructure" (*EIR,* Sept. 27, 2002), "HMO law is not merely an inevitable failure, now becoming a national catastrophe; it is a predatory medical malpractice performed by shareholder value. We must reverse this presently continuing, disastrous course."

Hospital infrastructure has been taken down, and limits put on the number of new doctors and nurses that would be educated and trained. The nation's health-care infrastructure and citizens' health-care needs fell prey to de facto cartels looking for new revenues to bleed for financial loot. Now this cannibalizing of the human and physical infrastructure has led to a crisis in health-care delivery, as shortages of hospitals, doctors, and nurses exist. Were a pandemic flu or domestic terror incident to occur, America's health infrastructure would fail.

Nearly every newly elected Representative to Congress campaigned for improving access to medical care. The question now is: Will they go outside the broken box to pose a comprehensive rebuilding of a national health-care system, with an emphasis on building the infrastructure needed? Legislating to lower drug costs will not fix the system, nor will another desperate effort being proposed—a national version of Massaachusetts' much touted legislation, which abolishes the uninsured by mandating that all citizens of the state purchase health insurance, supposedly made possible by a hodgepodge of government subsidies.

FIGURE 1a

1958: Over a Decade After Hill-Burton Act Passed; Five States Had Federally Mandated Minimum Hospital Beds per 1,000



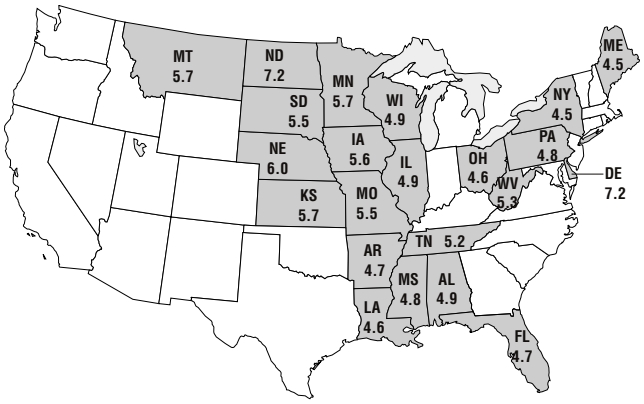
Sources: U.S. Statistical Abstracts; *EIR.*

HMO Policies Target Hill-Burton Standard

The 1960s "post-industrial" paradigm-shift from a producer to a consumer society decimated the physical infrastructure and workforce upon which we rely for our existence. In the case of health care, it was Nixon's signing into law of the 1973 Health Maintenance Organization and Resources Development Act, which altered the mission of health care to "cost containment" and profits, first and foremost. These HMO/managed care policies maximized profits for health insurance and pharmaceutical companies, while making health care unaffordable and less accessible to most. "Over

FIGURE 1b

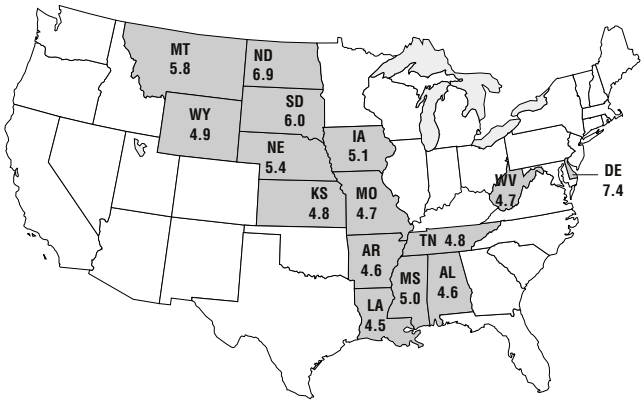
1980: Build-Out of Hospitals and Bed Capacity Peaked; 22 States Had Federally Mandated Minimum Hospital Beds per 1,000



Sources: U.S. Statistical Abstracts; *EIR*.

FIGURE 1c

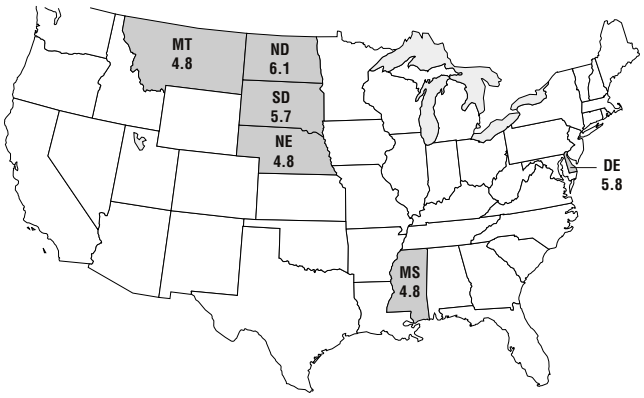
1990: The Impact of the HMO and Deindustrial Policies Hit; Only 15 States Had Federally Mandated Minimum Hospital Beds per 1,000



Sources: U.S. Statistical Abstracts; *EIR*.

FIGURE 1d

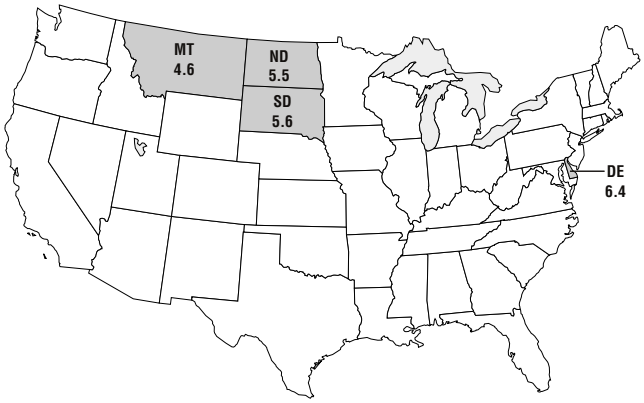
2000: A Decade of Mergers and More Takedown; Only Six States Had Federally Mandated Minimum Hospital Beds per 1,000



Sources: U.S. Statistical Abstracts; *EIR*.

FIGURE 1e

2005: Bush-Cheney Years of Privatization Press the Shutdown; Only Four States Had Federally Mandated Minimum Hospital Beds per 1,000



Sources: U.S. Statistical Abstracts; *EIR*.

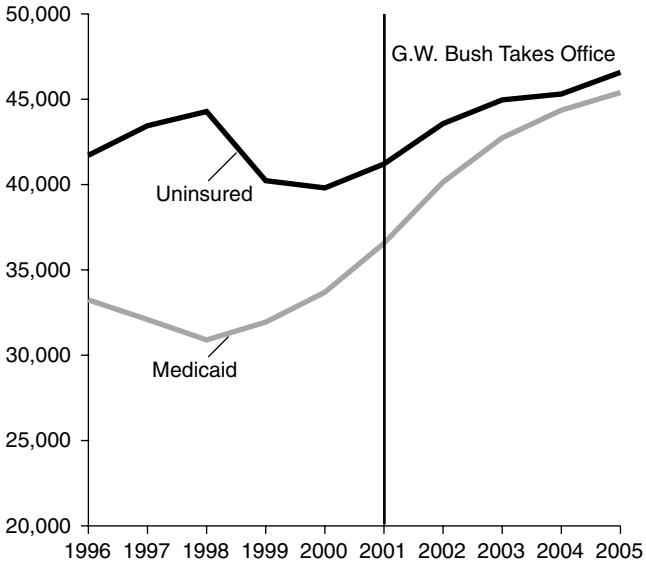
capacity" at hospitals and labor costs—salaries and benefits for nurses and staff—were deemed the culprits for rising costs. To curtail these profit-gougers, Wall Street demanded: hospitals and/or bed capacities be shut down or decommissioned; restriction on the number of people trained to become doctors and nurses; elimination or scaling back of teaching hospitals and college programs; and imposition of unrealistic, even deadly, workloads upon the dwindling number of doctors and nurses in the workforce.

To accomplish these profit-driven goals, HMO policies targetted, for dismantling, the health-care infrastructure built by the 1946 "Hospital Survey and Construction Act," introduced by Senators Lister Hill (D-Ala.) and Harold Burton (R-Ohio), today known as the Hill-Burton Act. The Act mandated the construction of hospitals and staffing of hospital beds based on a county-by-county survey of the population's health-care needs. It set a ratio of 4.5 to 5.5 beds per 1,000 population as a baseline to build an adequate national health-care system. From 1958 to 1980, under the Hill-Burton mandate, 583 community or general acute care hospitals, and 378,000 staffed community hospital beds were added, bringing the nation's total to over 5,000 community hospitals. But

FIGURE 2

People on Medicaid, Medically Uninsured Rise as Economy Collapses

(Number of People, in millions)



Source: U.S. Census Bureau; Centers for Medicare and Medicaid; *EIR.*

The Bush years saw a 20% increase in Medicaid recipients and 12% increase in uninsured.

and Pennsylvania 45. Five other states had larger or comparable 1980-2001 hospital losses to these three states: California 120; Illinois 49; Massachusetts 39; New York 59; and Texas 79. All but five states lost hospitals between 1980-2001.

Dump Privatization of Health Care

The Bush-Cheney Administration moves to further privatize health-care policies continued to erode hospital infrastructure. Under Bush-Cheney, from 2001-05, the five years for which data exist, bed capacity continued to plummet, while a slight up-tick in number of hospitals added occurred. In these years, 86 hospitals opened while 58 others closed, for a net gain of 28 hospitals built or restored. But, the closures, combined with the downsizing of hospitals as per the "cost containment" dictum, resulted in a net loss of 24,000 beds in these years. The modest gain in hospitals, many due to mergers, but with fewer beds, facilitated the ability of mega-hospital corporations to increase fees as bed supply shrank and demand grew.

Looking at the future for community hospitals, even the hidebound American Hospital Association's "Trends: Overview 2003" published in 2005, analyzing various pressures on hospitals, admitted that the mid-1990s merger mania, done to "take unneeded beds out of the system" and maximize "efficiencies through consolidation," had "failed" and created a "consumer backlash against managed care." The AHA's 2006 "Trends: Overview 2004," went so far as to pose the

between 1980 and 2001 the shift into HMO-dictated cost-accounting policies hit, and the result was that 902 community hospitals and 161,000 beds were lost.

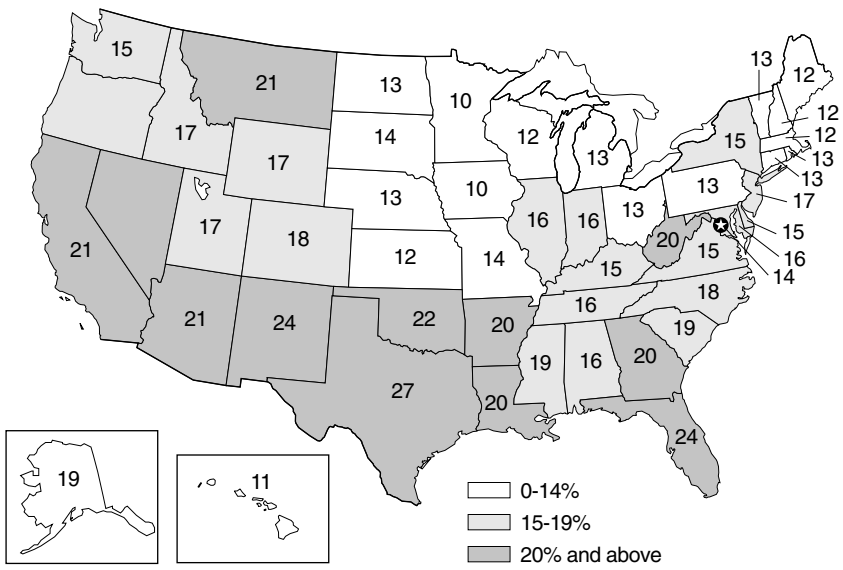
The population, however, continued to grow. Up through 1980, the Hill-Burton ratio of beds per 1,000 people improved, but then dramatically declined. In 1958, five states met the Hill-Burton ratio; by 1980, the ratio was met in 22 states. Then the takedown began. By 1990, only 15 states still had enough beds to meet the ratio; by 2000, a mere six states met it; and by 2005 the nation had fallen below the 1958 level, with only four states meeting the ratio. (See **Figure 1 a-e.**)

This shutdown of the community hospital base from its post-World War II build-up intersected the takedown of the U.S. physical economy, especially its manufacturing base. The shutdown of hospitals in 1980-2001, in three key industrial heartland states, is indicative: Michigan lost 58 hospitals; Ohio 36;

FIGURE 3

2004-05: Rates of Non-Elderly Uninsured Are Double-Digit in 50 States, While Two-Thirds of Them Are 15% or Higher

(Percent)



Source: Kaiser Family Foundation, State Health Facts, 50 State comparisons: Health Insurance Coverage of Nonelderly citizens, 2004-2005; *EIR.*

Conyers for Universal Single-Payer Health Care

Appearing at a Town Hall meeting in Detroit Dec. 15, Rep. John Conyers (D-Mich.) announced his firm intention to put the issue of universal single-payer health care on the agenda of the new Congress. Conyers noted that the United States has the most expensive health-care system in the world, while 47 million American residents go without coverage, and another 30-40 million lack adequate coverage. He then stated simply, "It's time we had a universal single-payer health care plan."

As he has done in every session of Congress for years, Representative Conyers will introduce his U.S. National Health Insurance Act into the Democratically led 110th Congress. It gained 79 Congressional endorsers in the Republican-dominated 109th. The plan was endorsed by Lyndon LaRouche last April, and has the endorsement of major trade unions and health-care activist groups.

Both the accelerating health-care crisis and a growing popular mobilization—with significant input from the LaRouche Youth movement—will see that it is not shoved to the sidelines in favor of more limited approaches.

As introduced by Conyers in the first session of the 109th Congress, the act would entitle everyone living in the United States to a high-quality standard of care to be delivered through the "single-payer system" of an expanded Medicare apparatus. The health insurance benefitsunder the act would cover all medically necessary services, including primary care, dental, mental health, prescription drugs, and long-term care, with no co-payments or cost-sharing permitted. Enrollees would receive care from physicans of their choice. All participating institu-investor-ownedproviders to non-profit status, effectively removing the profit motive of "shareholder values," and the Health Management Organization (HMO) system originated by Nixon-era legislation, from the practice of medicine in the United States. Another name for his bill is, "Medicare for All."

EIRNS/Stuart Lewis
Rep. John Conyers

Along with its other actions, Healthcare-Now (healthcare-now.org), a grassroots organization promoting the Conyers legislation, has announced plans for 1,000 "Truth Hearings" in Congressional Districts across the country, on the issue of universal health care, between now and the 2008 Presidential election.

question: "The Rising Demand for Hospital Care: Can We Meet the Challenge?" AHA cited the shrinkage in numbers of hospitals and beds, and noted the meteoric 61% rise in outpatient hospital visits per 1,000 population between 1990 and 2004, as cause for posing the question. The capacity constraints, in terms of facilities and sufficient trained staff, has put in doubt the nation's readiness to keep pace with increased demand.

Other contributing pressures leading to hospital closures has been the growth in reliance on Medicaid and the number of people who are uninsured. Since Bush took office, both have steadily grown as the physical economy contracted and more employers terminated health insurance coverage, and as laid-off workers lost any coverage. As the AHA writes, "for most non-elderly Americans, access to health insurance is tied to employment." In a healthy economy, in which people have high-paying, skilled jobs, health care is sustainable. So, despite efforts by Republican ideologues to restrict Medicaid benefits, there was a 20% rise in the number of Medicaid recipients, from 36.6 million in 2001 to 45.3 million in 2005. The number of uninsured from 2001-05 has jumped by 12% from 41.2 million in 2001 to 46.6 million in 2005. (See **Figure 2.**) Eighteen percent of Americans are uninsured, with no state having less than 10% of its population uninsured, and two-thirds of the states at 15% or higher. Texas is the highest at 27%. (See **Figure 3.**)

Community public hospitals are the primary health providers for the uninsured and those on Medicaid. But reduction in Medicaid reimbursement payments to hospitals, and the growth in uncompensated care hospitals provide to the uninsured, which by law they must, have significantly contributed to hospitals operating in the red, precipitating closures. Yet, the population these hospitals served require care. Forced to travel greater distances, some patients' lives are put at risk, as when a heart attack strikes, and every minute matters. Community clinics for the poor, or physician-owned limited service hospitals for the insured and wealthy, cannot take the place of full-service, affordable, and accessible, public community hospitals.

As with the Hill-Burton paradigm, this new Congress can create a legacy of restoring health care for the general welfare, with swift action to reinstate the principles established in Hill-Burton. In tandem with a hospital-building effort and initiative to educate a new generation of doctors and nurses, this Congress must launch FDR-style great infrastructure-building programs to create full employment. To make health care "sustainable," requires that we put Americans back to work at productive jobs, rebuilding the world economy.