

Catastrophic Health Insurance

Competition as a way of assuring that Americans have health insurance coverage and of holding down the costs of medical care has received increasing attention in Congress recently.

As part of its consideration of catastrophic health insurance proposals, the Senate Finance Committee recently held hearings on a private sector competition plan—Sen. David Durenberger's Health Incentives Reform Act.

Under the bill, employers with more than 100 employees would have to make available a range of at least three different group health insurance options offered by three separate carriers, subject to minimum benefit and catastrophic standards, with a tax-based limit on equal employer contributions to each plan. An employee who selected a less costly plan would get a rebate from the employer of the difference between the premium for the chosen plan and the contribution amount selected by the employer. This is seen as an incentive to the employee to shop around for the best deal.

Most of the witnesses, except the AFL-CIO, endorsed to one degree or another the goal of heightened competition underlying Durenberger's measure, although there was also widespread concern and criticism about the specifics of the bill.

For example, Blue Cross-Blue Shield President Walter McNerney termed the Durenberger proposal "provocative" and worth serious consideration, but he singled out as troublesome the mandate for three

separate carriers, since many geographic sections of the nation won't be able to supply such a choice, or would need to compromise quality seriously to do so. He argued that any given carrier should be allowed to offer more than one of the required benefit options.

Among the more enthusiastic supporters of the Durenberger proposal were the Federation of American Hospitals and—to a somewhat lesser extent—the American Hospital Association.

It seems likely that the Durenberger proposal will be considered, and possibly added to, the catastrophic insurance bill.

Despite the tight budget constraints to be imposed this year, Senate Finance Committee Chairman Russell B. Long (D, LA) convinced the committee to move forward on the catastrophic bill. Nevertheless, the Congressional budget process is a major hurdle for meaningful action this year.

Nurse Training

Chairman Henry Waxman of the House Commerce Health Subcommittee has taken officials of the Department of Health, Education and Welfare to task for failure to provide material to support the Carter Administration's contention that the national supply of nurses is inadequate.

The HEW-National Academy of Sciences/Institute of Medicine study was mandated by last year's nurse training amendments.

Dr. Henry Foley, chief of the Health Resources Administration, said initial findings will not be available until November—about six months after the deadline.

Abortion Funding

More than 240 members of Congress have joined in filing a friend-of-the-court brief in a case pending before the U.S. Supreme Court on the issue of government funding of abortions.

An appeal to the high court is being made of a New York judge's ruling that the so-called Hyde amendment forbidding use of Medicaid funds to finance an abortion is unconstitutional.

The brief takes the position that the court cannot constitutionally intervene in a political question, namely an appropriations bill, and that the lower court ruling violates the doctrine of separation of powers.

Health Care Budget

President Carter's revised budget for fiscal year 1980 and 1981 cuts deeply into the health programs.

Although the cuts were greeted with some cynicism on Capitol Hill, most think that Congress will finally agree to most of the reductions the President has proposed. Congress seems certain to enact a balanced budget for fiscal 1981, the government accounting year that begins October 1, and health programs won't be exempt from the budget-cutting process.

The overall reduction in the Department of Health and Human Services budget is \$372.2 million, but this includes a substantial increase in Medicaid. The Public Health Service has had a little more than \$500 million cut from its \$7.5 billion budget. This actually puts the Public Health Service budget slightly below its fiscal 1980 level, without accounting for inflation.

In contrast, the nursing area fared

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pretty well. No reductions were made from the \$29 million listed in the budget proposal issued in January.

But all the bad news wasn't confined to the 1981 budget. The President plans a number of rescissions in the 1980 budget and will not pursue some previously requested supplementals. Nursing school capitation grants may be cut by \$24 million, along with \$41.5 million from the National Institutes of Health budget and \$4 million from the health maintenance organization budget for emergency medical services. In addition, the President will resubmit his request to rescind \$95.4 million in student and institutional assistance for the health professions.

The President has withdrawn supplemental requests of \$50.4 million for mental health community programs and \$14.6 million for community alcohol programs. A \$10.8 million request for the National Health Service Corps was trimmed to \$1.1 million.

HEW Secretary Patricia Harris defended the Administration's fiscal 1981 reductions in a recent appearance before a House Appropriations Subcommittee. Harris emphasized that she didn't like the cuts any more than did the members, but disagreed that cutting increases meant cutting programs.

Health Professions Educational Assistance

The House Commerce Health Subcommittee may have sounded the death knell for capitation grants to health professions schools.

The subcommittee approved an amendment to the Health Professions Educational Assistance and Nurse Training Amendments bill that technically will phase out such grants. It reduces the overall and per student capitation allowances to about 90% of the present authorized amounts in fiscal 1981, 50% in fiscal 1982 and 25% in fiscal 1983. However, the subcommittee's clear intention is to eliminate the capitation grant program after the third year.

The subcommittee did cushion the impact of the phaseout somewhat. It approved an amendment that would provide \$30 million in fiscal 1981 for exceptional financial need student scholarships, about \$20 million more than the Administration had proposed.

X-Ray Technician Standards

Carter Administration officials have testified against a bill requiring HEW to establish minimum standards for the licensing of persons who operate X-ray equipment.

According to the bill's sponsor, Sen. Jennings Randolph (D, WVA), only about half of the nation's estimated 150,000 operators are state certified. Only 10 states have mandatory licensing programs.

But HEW said these noncertified operators administer only about 10% of the total population dose of radiation and said that it would make more sense to give the states assistance to improve the quality of radiology personnel.

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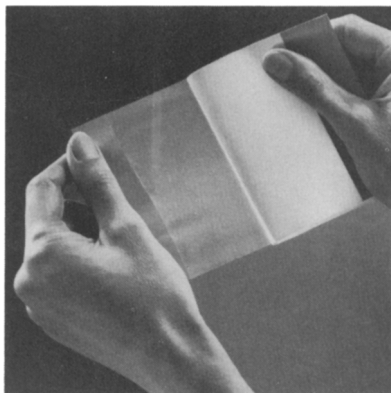
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