

Review & Commentary on Health Policy Issues for a Rural Perspective – October 1st, 2003

Medicare: Defined Benefit Or Contribution?

From "Medicare: Two choices for the future" by Ellen Beck, United Press International, 9/15/03; this is the sixth and last article in an excellent series on Medicare as Congress debates its future:

"Medicare in the coming decades is likely to follow one of two scenarios, experts say: either it will remain a defined benefit program and a growing part of the national budget, or it will evolve into a defined contribution program in which the government limits its financial participation."

"'You've got an absolutely fundamental debate,' said Stuart Butler, vice president of Domestic and Economic Policy Studies at the Heritage Foundation in Washington. 'This is not just an issue of how do we make a slight improvement in Medicare. This is a turning-point issue.'"

"A congressional conference committee this fall is working out differences in House and Senate Medicare reform bills, each of which adds prescription drug coverage to the insurance program that includes some 41 million seniors and disabled. Both bills expand managed care options through the use of private health plans. But a key political division involves

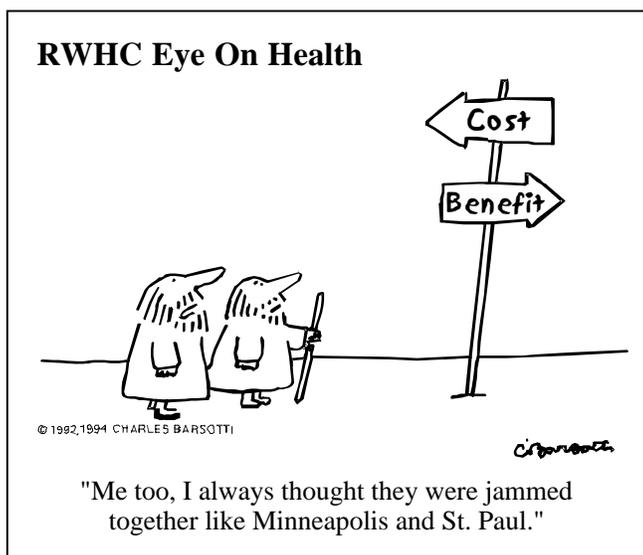
language in the House bill that would, in 2010, tie traditional or fee-for-service Medicare payments to reimbursement levels for private plans—HMOs and preferred provider organizations."

"This so-called premium support provision would move Medicare closer to a defined contribution program because it would begin to limit what the government spends. In traditional Medicare, the government simply pays the bills, which is why each year Medicare expenditures rise and the government spends more."

"Thomas Brock, senior counsel in the healthcare department at the Washington law firm of Proskauer & Rose, said three basic strategies can be adopted to continue operating the program as it is today: raise taxes, reduce benefits to seniors, or lower payments to health care providers."

"Brock, like Butler, is convinced there must be a broader health care discussion.

"The question is not whether we can afford to spend but whether it's the best spending—providing medical care through Medicare—or is it best spent through other programs,' he said. Perhaps the money would be better spent on reducing obesity or other national health care concerns that affect health care spending overall, he said."



In reference to the rural equity proposal currently being debated in a Congressional conference committee: "It gets at the unfairness of paying the same Medicare payroll taxes as everybody else but getting a lot less in return," Sen. Chuck Grassley, Chairman of the Committee on Finance, 6/12/03.

“Uwe Reinhardt, a professor at Princeton University in New Jersey and a Medicare expert, said he thinks Medicare reform should entail beefing up the current traditional program, adding a prescription drug benefit, disease management parameters, selective contracting and competitive bidding. ‘It’s not totally clear you need the private sector to reform Medicare,’ he told UPI. ‘The private sector has not been more effective at cost control than the public sector.’ “

“A study by The Commonwealth Fund, an organization that has done extensive analysis of health care financing, shows growth in per enrollee payments for comparable services was the same for private insurers as Medicare from 1970 until about 1987. At that point, payment growth in private plans jumped ahead of Medicare.”

“Butler said the discussion must begin with the premise that adequate health care for people who are retired should be assured. But then it must move toward a decision that acknowledges to achieve adequate health care for seniors does not mean necessarily promising the same benefits to everyone irrespective of income. ‘The notion that you pay in according

### National Health Reform Needs To Follow The Money

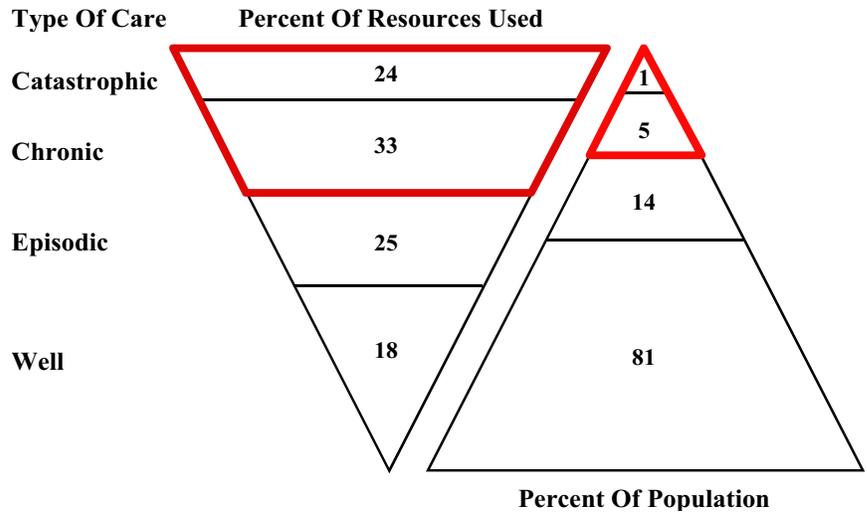


Chart: RWHC, 9/03  
Data: Cerner Corporation, '99 and Wisconsin Hospital Association, 9/03

to your means and everyone gets the same—I think we ought to break that principle,’ he said. ‘Give more help to those that need it and less or no help to people who can achieve that on their own.’ “

“Whatever Congress does with the Medicare bills this fall, any decision made in 2003 could be modified or reversed by future Congresses. Even if privatization is approved now to take place in 2010, Americans will go to the polls in four congressional and two presidential elections over the next seven years.”

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### Wonk, Wonkless, Read *An Epidemic Of Care*

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The following is from *An Epidemic Of Care, A Call For Safer, Better and More Accountable Health Care* by George Halvorson and George Isham; Forward by Alain Enthoven in which he notes, “Everyone with a serious interest in American health care must read this book.”

“While the U.S. economy was strong and we were in a very tight employment market, most employers did bite the bullet and simply picked up the increased health care expense for their employees. Those days are rapidly ending. Employers in all areas of the economy, including the government, are now looking for expense cuts, not major expense increases.”

The **Rural Wisconsin Health Cooperative**, begun in 1979, intends to be a catalyst for regional collaboration, an aggressive and creative force on behalf of rural communities and rural health. RWHC promotes the preservation and furthers the development of a coordinated system of rural health care, which provides both quality and efficient care in settings that best meet the needs of rural residents in a manner consistent with their community values.

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“How will employers cut their health care costs? Some employers, primarily smaller companies, will drop coverage altogether. Most employers, however, will shift costs of health coverage directly to their employees—by reducing the level of insurance benefits or forcing individual employees to pay a larger part of the premium.”

“Each of these inevitable cost-shifting decisions will make people unhappy. In combination, they have the potential to create a major political backlash. People who would not have considered the possibility of supporting a single-payer government run system will now begin to wonder whether the private sector has failed entirely and a government-run solution is needed. Employers will also increasingly wonder whether a government-run system might have a lesser negative impact on corporate budgets.”

“There is no single villain responsible for our troubles and silver bullet to cure them. The sad thing is that very few people have thought carefully and deeply about the problem, or understood what is going on and where constructive solutions can be found.”

“To this scene, Halvorson and Isham bring to bear unusually powerful and well-informed insight into the causes of these problems, combined with great clarity. The causes they describe are many and complex. Their list includes many costly medical miracles, free access to which everyone feels entitled; an unsafe, error-prone system, that as often as not, fails to deliver effective and appropriate care; a widespread belief in entitlement to unproven experimental care and care of very low marginal value compared to its extra cost; a failure to do proper evaluations of new technologies before general use; irresponsible politicians who pass laws mandating the coverage of extremely costly but unevaluated treatments; local care monopolies created by mergers of most of the hospitals or most of the doctors in town in a single specialty; a system that creates cost-unconscious demand for new drugs, permitting drug

**Radicalizing the Middle**—From the Kaiser Family Foundation Health Benefits Survey, 2003:

“Between spring of 2002 and spring of 2003, monthly premiums for employer sponsored health insurance rose 13.9%, the third consecutive year of double-digit premium increases and the highest premium increase since 1990. Premiums increased substantially faster than overall inflation (2.2%) and wage gains for non-supervisory workers (3.1%). Average rates of increase were similar across firm sizes and industries, but there was significant variability around the average: 20% of employees worked for firms where premiums increased by five percent or less, while 41% of employees worked for firms where premiums increased by more than 15%. Average annual premiums rose to \$3,383 for single coverage and \$9,068 for family coverage for employer-sponsored coverage... Out-of-pocket spending for premiums, deductibles and drug co-payments rose 48% in three years, to \$2,790 this year for a typical employee with family coverage, from \$1,890 in 2000.”

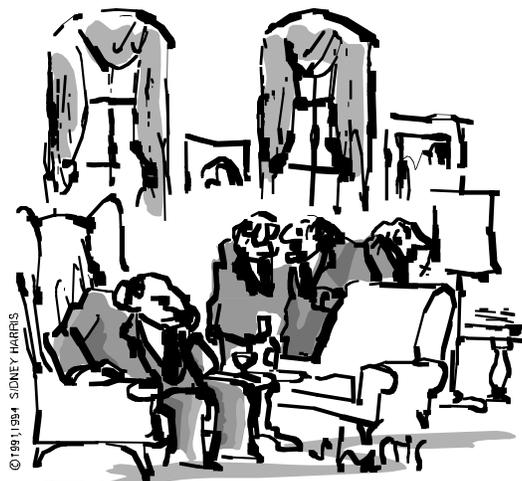
companies to charge ten times the price for the new drug that is only marginally better than the old one; high, rising, and unrealistic patient expectations; serious shortages of nurses and other technically trained personnel, the solution to which will have to include large pay increases; and the relaxation of managed care cost controls forced by the anti-managed care backlash and its accompanying lawsuits.”

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Quality: How Much Are We Like Widgets?

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**RWHC Eye On Health**



©1991/1994 SIDNEY HARRIS  
“He’s a third generation Conservative but his firm’s health care costs just outstripped payroll.”

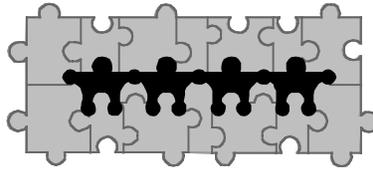
From “Making The Grade” in *The New Yorker*, 9/15/03 (without in any way intending to argue against improving the quality of health care and safety or the need for public reporting and accountability, the questions raised are worth much discussion and understanding):

“The most striking thing about the sweeping federal educational reforms debuting this fall is how much they resemble, in language and philosophy, the industrial-efficiency movement of the early twentieth century.

In those years, engineers argued that efficiency and productivity were things that could be measured and managed, and, if you had the right inventory and manufacturing controls in place, no widget would be left behind. Now we have ‘No Child Left Behind,’ in which Congress has set up a complex apparatus of sanctions and standards designed to compel individual schools toward steady annual improvement, with the goal of making a hundred percent of American schoolchildren proficient in math and reading by 2014. It is hard to look at the new legislation and not share in its Fordist vision of the classroom as a brightly lit assembly line, in which curriculum standards sail down from Washington through a chute, and fresh-scrubbed, defect-free students come bouncing out the other end. It is an extraordinary vision, particularly at a time when lawmakers seem mostly preoccupied with pointing out all the things that government cannot do. The only problem, of course—and it’s not a trivial one—is that children aren’t widgets.”

“Suppose that you’d like to identify and reward those schools which do a good job of improving their students’ performance. That’s the kind of thing that the industrial-efficiency experts, with their emphasis on ‘best practices,’ always said was a sound procedure for companies looking to boost productivity--and the new school reformers have made this idea a centerpiece of their new regime. But how do you measure the performance of a school? It turns out to be surprisingly hard. North Carolina, for instance, instituted a program that every year recognizes the twenty-five schools in the state that record the greatest single-year jump in their students’ test scores. As the educational researchers Thomas J. Kane and Douglas O. Staiger have pointed out, that honor is nearly always won by the smaller schools in the state. In fact, the state’s smallest schools are about twenty-three times as likely to win performance awards as its largest schools. But North Carolina also identifies its worst-performing schools, and almost all of them are small schools, too. Does that mean that small schools are better learning environments or worse ones? Neither. It means that a lot of the ups and downs in a school’s test scores are due to chance factors, such as the presence of a few really good or really poor students in a class, or the fact that on test day a few students may guess right on a couple

## COOPERATIVES



### Businesses People Trust

of hard questions—and the smaller the school, the larger the role played by chance.”

“As it turns out, most elementary schools are small, so it’s hard to know, most of the time, whether George Washington Elementary is actually better than Thomas Jefferson Elementary or just—in that year—luckier. California has a multimillion-dollar award system, in which schools win cash grants from the state based on their performance on a 1,000-point scale called the Academic Performance Index. Thousands of dollars in state aid can rest on a one- or two-point swing on the A.P.I., and those scores are taken so seriously by parents that they can drive up local real-estate prices. But the average margin of error on the A.P.I. is something like twenty points, and for a small school it can be as much as fifty points. In a recent investigation, the Orange County Register concluded that, as a result, about a third of the money given out by the state might have been awarded to schools that simply got lucky.”

“This can hardly be what Congress intended. It believed, correctly, that progress is not possible without standards. The truth is, however, that standards are not possible without meaningful systems of measurement, and learning cannot be measured as neatly and easily as the devotees of educational productivity would like. If schools were factories, America would have solved the education problem a century ago.”

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### Putting Wheels On Suitcases

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From “Focus on creative problem solving can let good ideas roll” by J. Robert Parkinson in the *Milwaukee Journal Sentinel*, 9/8/03:

“During the past few months, I’ve been working with corporate groups interested in developing their skills with problem-solving techniques.”

“We’ve been focusing on creative problem solving, as opposed to traditional or analytical problem solving. Two different problem-solving approaches can be useful in a wide variety of business settings. De-

pending on which approach you take, you can end up with wheels on a suitcase or wings on a locomotive. Let me explain.”

“Analytical problem solving is appropriate when the cause-effect relationship of elements is clear. Creative problem solving is useful when that relationship isn’t clear or when diverse elements can be brought together to produce a solution or to identify an opportunity.”

“Many of us in business don’t like to admit we have problems, but I think we would all agree there are plenty of opportunities if we just look hard enough. ‘Wheels on a suitcase’ is an example of creative problem solving.”

“We all carried suitcases, often very heavy ones, around airports throughout the years. Then someone invented the little wheeled case that allowed us to strap the suitcase on to the cart. It was easier walking around, but now we had two items to attend to, the “wheeley” and the suitcase.”

“Finally, someone came up with what now seems like an obvious solution. Incorporate the wheels into the structure of the suitcase, and an entirely new device was available.”

“In the past, suitcases never had wheels, were never intended to have wheels and be pulled along like a toy wagon. Now, almost every new suitcase you see, large and small alike, has wheels.”

“The business world is changing just as rapidly as everything else. New advances and discoveries provide new opportunities, but old habits and comfort often get in the way of new ideas and progress.”

“As we discussed problem solving in the corporate groups, we looked at a great many questions. The answers have already provided jump starts to a variety of projects. Here are some of the questions we asked related to creative problem solving, but I invite you to provide your own answers.”

- **“How do you define creativity?”**
- **What do you have to do in order to be creative?**

- **What gets in the way of creativity?**
- **How can you develop a creative climate?**
- **What advantages come from having people from different areas work on ‘your’ problem?”**

“Take a good look around your company, and make a strong effort to really see what might be improved. If you find a problem or an opportunity that should be addressed, think about how you can get started. When you get an inkling of an area, a product, a service or a function that might be improved, get out a piece of paper and write down as many questions as you can about it.”

“Ask, what, why, who, when, how often, should, can, who, if, where, etc. Write them as fast as you can. This is an excellent discipline and a good way to keep track of future progress.”

“Often we hear we should ‘think outside of the box.’ This is a way to do just that. When you do get out of the box, and you let your ideas soar, interesting things might happen.”

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## Hug Your Rural Doc & Support Externships

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The following are excerpts from a series of letters from Lawrence Frank Lee who is now a second-year medical student at the Medical College of Wisconsin. This past summer, he took part in a Wisconsin Academy of Family Physician eight week externship.

“This experience was AWESOME. I learned so much by following my preceptor around everywhere he went, watching or assisting as he took care of his patients, and listening as he explained his thought processes behind everything he did.”

“At the hospital, I mainly watch surgeries, and recently have been allowed to ASSIST!!! (Yeah!!!) That means scrubbing in-scrub your hands and arms, and under your fingernails... then get in a big, blue sterile gown, and wear sterile gloves, and have a surgeon’s hat and mask on, and shoe covers... It has been ‘GREAT @ The OR’ (operating room) nurses

have done everything possible to make sure that I get as full of an education as possible. When my preceptor is on call in the ER (emergency room), I follow him around there, there has been some CRAZY stuff that has happened there!?”

### RWHC 12th Annual Rural Health Essay Prize

**Deadline Is April 15th**—The Hermes Monato, Jr. Essay Prize is awarded annually for the best rural health paper. The writer of the winning essay will receive a check for \$1,000 paid from a trust fund established at the University by RWHC, family and friends of Hermes. It is open to all students of the University of Wisconsin. Students are encouraged to write on a rural health topic for a regular class and then to submit a copy to the Rural Wisconsin Health Cooperative as an entry; submission info is available at: [www.rwhc.com/essay.prize.html](http://www.rwhc.com/essay.prize.html)

“I spent one of my weeks in the psych unit in Cumberland Hospital, following around Dr. Charles Mayo II (the great-grandson of Charlie Mayo, who was the founder of the Mayo Clinic) and learning a TON. The care delivered on the psych unit is completely different than that delivered by any other kind of medicine. I have always been fascinated with psychiatry, but I have come to realize how incredibly draining it is to work in that field...one must be able to watch people get better, relapse, come back, maybe get worse, go get help (or not), and return yet again... It is frustrating. Many broken families, relationships, and much abuse is evident in many of our patients, and my heart was wrenched many times for some of these people. It made me appreciate people who are ‘normal’ to a much greater degree than ever before ... However, that’s not to say that I did not see some dramatic improvement in some of our patients, even over the course of a single week. Some of the psych meds are really helpful.”

“At the Clinic, I watch as the Doctor sees 25-30 patients per day in an 8 hour period. People with earaches, vertigo, sore throats, sore knees, depression, people who need physicals, their ears or belly buttons pierced, obstetric checks, pap smears, ...you name it, they all come to the Doctor & his 2 PAs (physician’s assistants). Every day, it’s something different. Also, I inevitably meet a patient who is somehow related to another patient, who is probably the grandma or the sister or cousin of someone else... What’s really fun is that I’m

actually starting to recognize some of our patients, and so I can witness a little bit of continuity of care. It has also been very helpful to see how much these patients TRUST the Doctor. He has earned their trust, providing very good care, and always taking the time to listen to them,

even when he is way behind schedule, or has been having a terrible day. I have learned much.”

“In the last couple weeks of my externship, I got to see 4 baby deliveries—3 vaginal deliveries and 1 C-section. That’s so cool—these babies come into the world and I am so thankful that they cry when they come out (if they’re not crying, that is NOT a good sign) it means they can’t breathe, or something has gone wrong. And

the moms... they love their babies so much...you can see it all over their faces when they first lay their eyes on their child It’s really an amazing phenomenon, because after all, that same child had just been kicking her insides for the past 6 months, sat on her bladder so that she had to go to the bathroom a ton more than usual, and pushed on her stomach so that her appetite goes down to little-or-none ...and yet, she still loves her child like no other human being ever could.”

### RWHC Eye On Health



“Our job as medical educators is to make them forget why they wanted to become physicians.”

“These excerpts are but a SLIVER of the amazing externship that I had this past summer. It has given me perspective that is so very different than I had when I had been a nurse’s aide the previous summer, and of course seeing actual patients and learning about actual cases is very different than reading about them in a textbook. More important, I learned a TON about what it means to be EMPATHIC, and when to keep my mouth SHUT, and how to LISTEN...sometimes, these things cannot be learned in a book. Because of this externship, and all of the physicians and surgeons that I got to work with this past summer, I have a new respect for the profession of medicine, as well as a re-

newed fervor to learn the medical school material so that I may someday be the kind of physicians that I shadowed this past summer. I shall forever be grateful for this experience, and hope to someday be a preceptor for this program if I am in family practice.”

“I wish that ALL medical students had the opportunity to do an externship. I believe that we would all be better physicians someday.” *Editors note: To help expand this program, please consider sending a donation to the Wisconsin Academy of Family Physicians, 142 North Main Street, Thiensville, WI 53092. Information about the summer externship program can be requested via <[wafp@execpc.com](mailto:wafp@execpc.com)>.*

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## Beyond Frontier, Rural Health Amazon Style

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A periodic *Eye On Health* feature are excerpts of letters from Dr. Linnea Smith from the Yanamono Medical Clinic in the remote Amazon basin of northeastern Peru. *The clinic operates with grass roots support from family and friends and many others. Donations are welcomed c/o: Amazon Medical Project, Inc., 106 Brodhead St., Mazomanie, WI 53560. AMP is a non-profit, tax-exempt organization.*

“Greetings to all of you who are enjoying the winding-down of a Northern Hemisphere summer, or looking forward to the end of a Southern Hemisphere winter. This is going to be a letter of animals. Those of you who are allergic, take your antihistamines now.”

“The ants are swarming. This happens every year when the water goes down, and more land becomes available for hunting. It makes for chancy walking, though. If video games are good for developing hand-eye coordination, ants are good for developing foot-eye coordination. They appear initially as a sheet of individuals randomly scanning an area of ground. It is tricky to avoid them at that stage; you just have to step quickly and carefully and try to smush them rather than linger among the hordes. Eventually, they sort themselves into orderly but quickly moving col-

umns, busy streams of thousands of ants all hurrying along together. The trick is, the columns aren’t in straight lines, nor do they stay put. They weave in and out and braid among one another, changing constantly. All this, of course, is while you are striding along at full speed, so, as noted above, it is great for foot-eye coordination skills.”

“There are other animals to dodge, too ... between my back stairs and my bathroom there is a wooden pathway, built to keep my feet out of the mud for the fifty feet or so between my house and my facilities. One morning I headed to the bathroom, thinking about clinic matters rather than watching where I was putting my feet. About halfway along the walkway, out of the corner of my eye I caught a glimpse of something roundish and brown lying on the wooden surface. The walkway is about two feet wide, so the object wasn’t more than six inches from my left foot. My first thought was that one of the dogs had left a little gift, but almost instantaneously I knew that was incorrect, and a millisecond after that realization, I saw lightning-quick movement as the thing whirled around. My foot was already swinging past so it was too late to change direction, but as soon as I had gone on a step or two farther (by now I knew I didn’t want to stop too close), I halted and turned around for a better look.”

**Prepare to meet upcoming JCAHO, CMS and other purchaser patient safety expectations?** Attend the Wisconsin Patient Safety Institute’s 5th Annual Wisconsin Forum on November 12-13 in Oconomowoc. WPSI is a collaboration of many Wisconsin health related organizations, including RWHC. Info at <[www.wpsi.org](http://www.wpsi.org)>.

“Sure enough, it was a small snake with the familiar brown and tan and beige and gray markings of a fer de lance, our most common pit viper, and it

was coiled in the striking position. It isn’t really a coil, actually, it’s more like one coil at the tail end, then the rest of the body laid in close-set S curves, so that all the snake has to do is straighten itself out forward, a move which needless to say it can perform quite quickly. He had let me pass, but I had been easily within range; and he had whipped around as I went by so that he was again facing me, with a distinctly unfriendly glare on his snakely face.”

“I did not believe that he was likely to allow me to pass uncontested a second time, so on my return to the house, I stepped off the walkway, despite the heavy rain falling at the time, and waded through a fifteen foot long stretch of water and mud into order

**The Partners in Agricultural Health Curriculum is designed as a train the trainer manual for health care professionals.** The curriculum, featuring modules developed by nationally acclaimed physicians, nurses, and epidemiologists from across the Midwest who specialize in Ag Medicine, were distributed in Adams, Sauk, and Juneau Counties. The purpose of the curriculum is to educate health care providers in hospitals, clinics, public health departments, and professional training programs about the unique needs of the farming population. Each module contains a companion curriculum that can be used with farmers and their families to provide health promotion and safety info

“This is the first comprehensive agricultural health curriculum that I have seen that provides important information for both health care providers as well as materials for farmers and their families. I hope many take advantage of this wonderful resources - it is excellent!” Barbara L. Duerst, MS, RN, Director, Wisconsin Office of Rural Health.”

Funded by an Outreach Grant from the U.S. Department of Health & Human Services, **the 360 page binder along with CD and online PowerPoint presentations are available free of charge** for \$10.00 Postage & Handling through RWHC, P.O. Box 490, Sauk City, WI 53583 (Attention Laura). For more information, contact RWHC at 608-643-2343.

to bypass him. But at least I didn't have to write the story of giving myself anti-venom. Maybe another day. (And a month later, there was another small fer-de-lance, or maybe it was the same one, since he was just a bit larger than the first, at almost the same place again. Maybe he likes me.)”

“Smaller, less threatening creatures are always around, as well. One evening, returning to my darkened house after dinner (at the clinic, we have solar panels for electricity, but at home, my only lighting is one kerosene lamp), I opened the door to the back

room, where I sleep, and heard a small thud as something hit the floor. I thought it was probably one of the frogs that seem to be fond of my walls, but when I shined my flashlight down, it turned out to be a small tarantula. That was nice, I haven't seen any of them for awhile.”

“Then as I came up from the shower the next day, something toppled from the door frame onto and past my hand, and that turned out to be a baby scorpion. Him, I sent outside. Cockroach-eating tarantulas are one thing, stinging scorpions quite another.”

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