FRIDAY, MARCH [redacted] 4

3/4/94

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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Notes for the First Lady's Rural Health talk in South Dakota

Let me thank you on behalf of the President for the vigorous support that we have enjoyed from the National Farmers' Union. The Farmers' Union and rural residents, in general, have been

During the process of developing the Health Security Act, we consulted with thousands of people and groups from all over this country. We established a rural health work group with representatives from Iowa, Colorado, Minnesota, New Mexico, and West Virginia, to name only a few. What we learned from these rural people helped shape the Act and our understanding of the health care needs of rural America.

We discovered that about 8 million rural Americans are uninsured, and that the proportion of rural people uninsured is higher than for urban dwellers. We found, too, that rates of uninsurance for farmers is among the highest of any occupational category. We know that farmers have one of the highest risks of being hurt on the job. We know that many farm families, faced with soaring insurance premiums or denied coverage, have had to go "bare" -- either dropping their coverage altogether, or holding on only to catastrophic coverage.

Under the Health Security Act, we make a pledge to farmers and to all other Americans, that you will be guaranteed private health insurance coverage that can never be taken away. You can't be priced out of the insurance market or denied insurance for any reason.

As small employers, farmers know the hassle of shopping for health insurance. The Health Security Act will make consumer's choices easier and less costly. The Act describes a standard, comprehensive package of benefits that is better than many rural residents have today. And best of all, for farmers and other self-employed people, health insurance premiums will be 100 percent deductible.

But we know that having a health security card will not be enough to assure that rural people have the choices available to other Americans. We know that people must be assured access to essential health services in their communities. Too many farm communities,need too many doctors. The Health Security Act will train a new workforce oriented toward primary care practice, the kinds of health providers needed by most rural communities. The Act provides the resources to help you get and retain the doctors and other health professionals you need through a system of tax incentives, bonus payments, and placement opportunities.

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HEALTH SECURITY ACT OF 1993:

BENEFITS TO RURAL AND FRONTIER AREAS

- Cost sharing, even under fee-for-service plans, will be less than many rural residents currently pay with their commercial insurance.

- Insurance industry reforms will prohibit current practices of redlining, previous condition exclusions, etc. which affect individual insurance rural purchasers.

INCREASING THE AVAILABILITY OF PROVIDERS THROUGH EDUCATION

- National effort will increase primary care physician trainees to 55 percent.

- New funding for training primary care physicians and underrepresented minorities.

- New funding for training of non-physician providers:

  -- Graduate nurse education programs receive $200 million per year
  -- Additional funding for training physician assistants, advanced practice nurses, and administrators

ASSURING THE AVAILABILITY OF PROVIDERS THROUGH PLACEMENT AND RETENTION

- Universal coverage will eliminate uncompensated care and pay providers for what they do.

- National Health Service Corps (which places about 60 % of their providers in rural areas) will expand nearly five-fold.

- Tax credits are offered for primary care providers serving in underserved areas - up to $1,000 per month is available for primary care physicians and $500 for non-physician providers for up to 5 years of service.

- Allowable depreciation expense for medical equipment is increased an additional $10,000 for primary care physicians practicing in designated underserved areas.

- Medicare's 10 percent bonus payment for primary care physicians practicing in underserved areas is increased to 20 percent, while other specialists continue to receive a 10 percent bonus.

DEVELOPING SYSTEMS OF CARE

- States may require health plans to cover all or specific parts of a regional alliance area as a condition of contracting with an alliance.
- Alliances are permitted to offer incentives to health plans to encourage them to provide coverage in rural areas.
- Many rural providers will be eligible for transitional protection as essential community providers.
- Guidelines for risk adjusting premiums may have geographic factor.
- States or alliances may opt for single payer systems.
- Academic health centers may apply for grants to develop service relationships with rural and inner-city areas, including information and referral networks and telecommunications.
- PHS Capacity Expansion programs will provide:
  - -- grants for communities to form "community health plans and networks", enhancing their ability to compete in the new system and to maximize their control of their own destiny.
  - -- loans and loans guarantees to help capitalize programs serving low-income patients and underserved areas, including construction.

IMPACT ON RURAL HOSPITALS

- Universal coverage will relieve the burden of over $1.5 billion in uncompensated care.
- Linkages with other providers will increase as health plans seek to assure benefit package coverage.
- Access to larger, more appropriate workforce pool for recruiting.
- May apply for Essential Community Provider designation.
- May apply for PHS capacity expansion grants and loans.
- Largest Medicare cuts are in programs that have smaller impact on rural hospital reimbursement rates (disproportionate share and graduate medical education).

IMPACT ON RURAL DOCTORS

- Universal coverage will provide new source of revenue.
- Paperwork burden on doctors' offices should be lightened.
- Primary care doctors will be in great demand and in a good bargining position with health plans.
- Medicare bonus payments for primary care doctors in underserved areas will rise from 10 percent to 20 percent.
- Tax credits and accelerated equipment depreciation will be available to doctors in underserved areas.
- May apply for Essential Community Provider designation.

IMPACT ON SMALL EMPLOYERS

- Discounts for low-wage small business will be provided.
- Small employers with low-wage employees will be able to obtain coverage for as little as $1.00 to $2.00 per day per employee.
- Most employers now providing insurance probably will see their costs go down.
- Insurance industry practices of red-lining, price baiting, gouging and dropping coverage when employees or their families get sick will be eliminated.
- Cost increases in health insurance premiums will be controlled.
- Alliances will increase small business purchasing power and dramatically reduce administrative costs of obtaining coverage.

ESSENTIAL COMMUNITY PROVIDERS

The Essential Community Provider program provides transitional protection to federally-funded and others delivering care in difficult-to-service areas. The program will assure that providers caring for vulnerable populations are included in health plan development.

- Health plans must contract with all ECPs in service area.

- ECPs must be paid at a negotiated, contracted rate or, at the election of the ECP, at an appropriate Medicare rate (e.g., FQHC, RHC, or Medicare capitation rate) or on the alliance fee schedule.

- Some providers are automatically certified, including:

  -- Community and Migrant Health Centers
  -- Rural Health Clinics
  -- Federally-Qualified Health Centers
  -- Indian Health programs (including tribal units and 638 contractors)
  -- other federally-funded providers

- Other providers may apply for certification, including
  -- rural hospitals
  -- physicians
  -- health departments

Rural and Frontier Areas

Provisions affecting rural and frontier areas are scattered throughout the Act, including the following important areas:

Coverage:

Universal coverage will provide health insurance for uninsured rural people and will improve coverage for those underinsured. This also will eliminate most of the problems of uncompensated care for rural health care providers. (Title I)

Self-employed people will be able to deduct 100 percent of the cost of their health insurance premiums for the comprehensive benefit package purchased through a health alliance, which will help many farm families. (sec. 7203)

The ability of small employers and self-employed people to purchase health insurance through health alliances will help them get more coverage, often for less money. The mandatory use of community ratings will also be a benefit for rural people. (General)

Workforce:

National goals and funding policies will increase supply of primary care physicians. By 1998-1999, the proportion of primary care trainees will increase from about one-third to 55 percent; (sec. 3012)

Funding will be doubled for nurse practitioner, nurse midwifery, and physician assistant training programs; (sec. 3062)

National Health Service Corps (which places about 60 percent of their providers in rural areas) will be expanded from about 1,600 to about 7,700 in 2004. (sec. 3471)

Tax credits are offered for primary care providers serving in underserved areas - up to $1,000 per month is available for primary care physicians and $500 for non-physician providers for up to 5 years of service. The tax credit may be recaptured on a sliding percentage scale for service less than 5 years in a designated area. (sec. 7801)

Allowable depreciation expense for medical equipment is increased by $7,500 for all doctors and by an additional $10,000 for primary care physicians practicing in designated underserved areas. (sec. 7802)

Medicare's 10 percent bonus payment for primary care physicians practicing in underserved areas is increased to 20 percent, while other specialists continue to receive a 10 percent bonus. (sec. 4115)

Essential Community Providers:

Many rural providers will be eligible for transitional protection as essential community providers, including rural health clinics, community and migrant health centers, and hospitals and doctors in underserved areas. This provision will assure that health plans contract with and pay essential providers for the services they provide under the benefit package. (sec. 1431 & 1581)

Capacity Expansion and Enabling Services:

Capacity Expansion programs in rural and urban areas will provide:

- grants for communities to form "community health plans and networks", enhancing their ability to compete in the new system and to maximize their control of their own destiny; (sec. 3421)

- loans and loans guarantees to help capitalize programs serving low-income patients and underserved areas, including construction, renovation, and conversion of facilities to more appropriate uses; (sec. 3441) and

- grants to public and non-profit entities to provide services that overcome non-financial barriers to care, such as transportation, outreach, and translation/interpretation services. (sec. 3461)

Technology:

Information and communications technologies will be supported through PHS Capacity Expansion programs, as well as through grants to Academic Health Centers that will enable them to reach out into rural areas with technology and information and referral systems. (sec. 3421, 3441 & 3132(AHC))

Special provisions:

Alliances are permitted to offer incentives to health plans to encourage them to provide coverage in rural areas. (sec. 1329)

Guidelines for risk adjusting premiums will have a factor for geographic isolation. (sec. 1541)

States may opt for a single payer system for their state or for a full alliance area. (sec. 1221)

Medicare drug and long term care benefits will benefit rural areas, which usually have higher proportions of seniors. (Title II)

Rural Electric Cooperatives and Rural Telephone Cooperatives may function as corporate alliances for their members. (sec. 1311)

March 3, 1994 ~~Thursday~~, 3/4/94

To: Liz Boyer, White House
Fm: Marilyn Wentz

NFU policy on health care as per Clay Pederson.

M. x62369

ARTICLE IX
HUMAN RESOURCES AND THE FAMILY FARM

Former Vice President Hubert H. Humphrey noted that the ultimate moral test of any government is the manner in which it treats three groups of its citizens: First, those who are in the dawn of life, our children; second, those who are in the shadows of life, our sick, our needy, our handicapped; and, third, those in the twilight of life, our elderly.

We believe a national rural policy should recognize the difficult and greater cost of providing necessary health, education, and social services in rural areas.

A. Health Care

1. Universal Access

The National Farmers Union strongly affirms a right of all Americans to have access to affordable quality health care. Over 35 million Americans currently have no access because they are uninsured or underinsured. After decades of debate, the health care crisis demands that this nation finally join the rest of the modern world in providing its citizens with a national health insurance program.

We recommend to President Clinton that he works to create an immediate freeze of health care cost, the least of which would apply to care and treatment, pharmaceuticals and insurance premiums. This action should be in place until a national health program is law and has been implemented.

2. Single Payer

In 1990, the Pepper Commission estimated that the costs of providing universal coverage and long-term care would be in the range of $64 billion. In 1991, the General Accounting Office estimated an administrative cost savings of $67 billion could be realized by switching to a single-payer system, such as Canada uses. We call upon Congress to adopt a single-payer government-operated national health insurance program that provides comprehensive health care services, physical mental, to all Americans. Government funds to operate such a system should be raised in a manner that is based on ability to pay.

3. Preventive Care

Of all the developed nations, the United States is spending the largest percentage of Gross Domestic Product (13 percent in 1990) on health care, and yet has the highest infant mortality rate. People without insurance put off medical treatment until minor problems become major problems. Reform must emphasize preventive care, and should retain individuals' right to choose their doctors.

To guard the future good health and wellness of Americans and to realize cost savings, long term policy and planning must assure that health promotion and education is given high priority because lifestyle choices and wellness are directly acted.

We support research and education to prevent the spread of and find a cure for the HIV (AIDS) virus.

4. Reimbursement for Health Care Providers

We support third party reimbursement for advanced health care professionals. This would allow nurses to set up clinics and provide quality health care for millions of poor rural and urban Americans.

5. Long-Term Care

Fewer than 1 in 6 citizens over age 65 can afford long-term care insurance. Long-term care and expanded in-home care coverage should be included with any universal coverage reform. Until that time, asset spend-down limits should be increased so that those who recover from their illnesses will still have a home to which they can return.

6. National Health Service Corps

Health access problems are even more acute in rural areas. We support the continuation of the National Health Service Corps, which provides educational funding for medical students in return for their commitment to serve in a health manpower shortage area upon completion of their training. Funds should also be made available to communities to provide training and equipment for emergency health care.

7. Equalization of Medicare Reimbursement Rates

We support accelerating the phased-in equalization of Medicare reimbursement rates.

Under current Medicare procedures, rural health care providers are reimbursed only a precentage of their actual costs, and payment can be held up for as long as 99 days after the incurred expense.

Be it resolved, that all health care providers be reimbursed at a rate no lower than the health care providers actual costs as determined by independent audit.

8. Health Insurance Premiums

We support enactment of permanent legislation to allow self-employed persons to deduct the full costs of their health insurance on their federal and state income tax returns.

9. Rural Emergency Services

We oppose increasing the training requirements for Emergency Medical Technicians and volunteer fire fighters to the point that these dedicated volunteers can no longer afford the time required to keep up their certification. These volunteers are desperately needed by rural residents for the preservation of our safety and welfare.

10. Legislative Activity

We encourage our membership to be active in testifying and participating in activities to make better and more affordable health care a national priority.

B. Dependent Care

Access to affordable, quality care should be a right of all citizens, yet many are denied such access because of economics, distance, and other barriers. We urge that self-employed farmers have the same access to dependent care services as other industries.