John Marty, Minnesota State Senator

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

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Present : David Broden, Janis Clay, Marianne Curry, Paul Gilje, Jim Hetland (phone), Verne Johnson (chair), Sallie Kemper, Dan Loritz, Tim McDonald, Jim Olson (phone), Wayne Popham (phone), Clarence Shallbetter, Bob White

Summary of meeting : As part of its on-going examination of proposed remedies for soaring healthcare costs, the Caucus visits with State Senator John Marty who outlines his recommendation for a universal health plan for Minnesota. The statewide Minnesota Health Plan (MHP) would pay providers for the care of all residents, and would cover all medical services including dental care, prescription drugs, optometry, mental health, chemical dependency, and home care and nursing services. The plan would be prohibited from denying medically necessary care to save money. Premiums, based upon ability to pay, would be paid directly to the Minnesota Health Fund, which would operate independently of legislative appropriation. The governing board of the fund would be democratically elected by regional health boards, which are elected locally by elected county commissioners.

A. Welcome and introductions - John Marty has been a state senator for 24 years. The son of a minister and theologian, Marty grew up in a home engaged in the civil rights and anti-poverty movements. He attended St. Olaf College in Northfield and received a B.A. in Ethics in 1978.

Marty was elected to the state Senate in 1986. He is the former chair of the Senate Environment Committee; and the Health, Housing and Family Security Committee. He and his wife Connie have raised two children, Elsa and Micah.

B. Comments and discussion -

Sometimes cutting costs make a problem worse

With a growth rate of about 9 percent annually, health care is far and away the fastest growing portion of the state budget. There are many compounding factors, primarily escalating costs and an aging population that will, under present conditions, lead to increased consumption of services.

"In some cases, cutting costs exacerbates problems. If you think health care is too expensive, and you decide to buy less of it, you risk worsening a health condition. Governor Pawlenty's 'unallotment' of General Assistance Medical Care did not, as purported, save $380 million, because the very sick people in the program didn't stop getting sick when they lost their health care coverage. HCMC (Hennepin County Medical Center) alone estimated that their additional costs when GAMC

disappeared would be $100 million. When care is cut, these people get sicker, and sicker people eventually cost more to treat.

Saving up to 20 percent

"My health care plan, which I'll describe later, covers chemical dependency and mental illness. If we treat people for mental health and chemical dependency, we'll decrease our prison population. The majority of people in prison have untreated mental illness and/or chemical dependency, which often leads to criminal behavior.

"We think this health plan would generate a net savings of about 20 percent from the total currently spent on health care (Minnesotans spend over $40 billion per year). The savings are not just in health care; there are savings in other parts of the economy as well - there would be a reduction in human services costs, reduction in crime, reduction in litigation over health care, etc.

"Colorado appointed a commission to address the huge problem of people without access to health care. They asked for reform proposals and whittled down 24 plans to the four that showed the most promise. They hired the Lewin Group (a health economics firm not particularly sympathetic to a single-payer approach - Lewin is now owned by United Health Group) to analyze the cost of each proposal, and how many people would remain uninsured under each. The single-payer plan was the only plan that didn't leave hundreds of thousands of people without coverage. It was also the only plan that didn't cost more than current spending - Lewin projected that it would actually cost significantly *less*."

While there has not been a formal fiscal analysis of Marty's plan yet, a Harvard study of a single payer proposal in Vermont found that it would immediately reduce health care costs by 8-12%, and the total savings would exceed 20% over time.

The biggest cost drivers of our system are*under*-consumption and *inappropriate*-consumption, not over-consumption.

"The number of health care visits per year in the United States is half that of many nations. Our problem is more with *under*-consumption, and inappropriate-consumption. Are there people that overuse doctors, and doctors that over-prescribe? Yes. But that is a relatively small problem here. In America, we love our doctors; we just don't like to visit them.

"We have a good system with poor access. There were 22,000 emergency room visits in Minnesota last year for *dental* care. These are dental problems that can be prevented at a relatively low cost, but instead are neglected until they become significant. Under-consumption of preventive dental care leads to the inappropriate-consumption of costly emergency room dental care. Many countries that have universal health care-and are comparable to us in outcomes-spend less than half of what we spend - they don't waste money on inappropriate care because they have access to care at the appropriate time.

The federal health care reform is bold tinkering

"We spend more money on health care than all but a few industrialized nations. In just seven years' time, Minnesota's health care spending is growing from $35 billion to $55 billion - that's an increase of $20 billion on top of a budget that we already can't afford.

"Obama's health plan could be categorized as 'bold tinkering,' not true systemic reform. It is bold in that it will cover 40 million people who don't have insurance now. However, it is tinkering, because by the end of the decade, according to the Congressional Budget Office, there will still be 32 million people without health insurance, and a third of the nation will have insurance but still be unable to afford needed health care, because of very high deductibles and lack of coverage for needed care, such as dental.

Progressives are not being bold on health care

"The progressive movement has become timid-Democratic politicians say they support universal health care, but they really don't.

If the progressive movement of today were in charge of the abolitionist movement we'd still have slavery, but slaves would be working only 40-hour workweeks. We'd be so proud of that progress that we'd forget we still had slavery.

If this were the Great Depression, with seniors living in poverty, instead of establishing Social Security for everyone, we'd propose doing it as a pilot program.

Health care is the number one cause of bankruptcy in this country - in fact it is the cause of more bankruptcies than all other causes combined. And the gaps in our health care system are fatal to tens of thousands of Americans each year - we could fill another Vietnam Wall - 58,000 dead - every year and a quarter with the names of Americans who die from a lack of health care. We are the *only* industrialized country on the planet that has people going bankrupt, and people dying from a lack of health care, yet the federal government didn't even consider a proposal to cover everyone. This is a moral issue, and we need to address it.

Components of the Minnesota Health Plan proposal

The Minnesota Health Plan (MHP) would be a statewide plan to cover *everyone*, for all medical services including dental care, prescription drugs, optometry, mental health, chemical dependency, home care and medical supplies and equipment. The plan would be prohibited from saving money by restricting, delaying, or denying care.

Premiums would be paid directly to the Minnesota Health Fund, which would operate independently of legislative appropriation. The governing board of the fund would be democratically elected by regional health boards, which are elected locally by elected county commissioners. . Since the revenues and operation of the plan are independent of the state, you could describe it as a 'quasi-public' plan.

The essence of the plan is outlined in nine principles, which would be legal requirements for the plan. They are:

1. Ensure all Minnesotans receive high quality health care, regardless of their income;

2. Do not restrict, delay, or deny care or reduce the quality of care to hold down costs, but instead reduce costs through prevention, efficiency, and reduction of bureaucracy;

3. Cover all necessary care, including all coverage currently required by law, complete mental health services, chemical dependency treatment, prescription drugs, medical equipment and supplies, dental care, long-term care, and home care services;

4. Allow patients to choose their own providers;

5. Be funded through premiums and other payments based on the person's ability to pay, so as not to deny full access to any Minnesota resident;

6. Focus on preventive care and early intervention to improve the health of all Minnesota residents and reduce costs from untreated illnesses and diseases;

7. Ensure an adequate number of qualified health care professionals and facilitates to guarantee availability of, and timely access to quality care throughout the state;

8. Continue Minnesota's leadership in medical education, training, research, and technology; and

9. Provide adequate and timely payments to providers.

"The bottom line is that I don't care if a health care system is designed by Republicans or Democrats - it won't be a good system if it doesn't meet these nine principles. I don't use the term 'single-payer' to describe the proposal, because that term isn't very descriptive. A lot of people 'know' they support or oppose 'single payer' even though they aren't sure what it means. The Minnesota Health Plan is a *single* plan, which has a *single* administrator, and a *single* health fund that pays *all* the bills to *all* of the providers for *all* of the people.

"I'm not insistent on this plan - I'm willing to support any plan that meets all nine of these principles.

Distribution of specialties not aligned with needs

"We have great shortages of general practice doctors, certain specialists such as psychiatrists, and shortages in other medical professions, such as advanced-practice nurses. Nobody is in charge of ensuring an adequate number of providers. The University of Minnesota turns out twice as many specialists each year as general practitioners even though we need far more of the latter.

"Somebody has to be in charge of making it happen-you can't force students into a particular field, but you can add incentives that will affect their choices. The MHP would be required to work with higher education institutions to ensure that there are enough providers to meet the public's needs.

The state should treat health care like a public utility

"Right now about half of our health care dollars are paid by government-Medicaid, Medicare, MinnesotaCare, public employee care, etc. Employers pay a little less than a quarter and individuals pay a little more than a quarter of our total health care costs. In the MN Health Plan, we would keep close to this current allocation of funding responsibility, because we are trying to minimize the economic disruption from implementation of the plan.

"Under my plan there will be a payroll tax on employers, and individuals will pay premiums based on income. Premiums might be collected through the department of revenue, although the funds would not go to the state treasury, but directly to the health plan. We would seek federal authority (it would require extensive federal waivers) to keep the money Minnesota receives from the federal government (Medicaid, Medicare, etc.) but fold it into the MHP.

"The MN Health Plan would be run by the plan's board, not the governor or legislature, and the funds would be totally separate from the state. You cannot operate a health care system if politicians are able to take money from the plan to help balance the budget.

"Minnesota should treat health care like a utility-like police and fire, like education, like clean water. This health plan is a public utility in the sense that citizens do not need to qualify for it. When you call 911 to report a home burglary, the police do not ask if you have police insurance; they don't ask if you qualify for their help. Under this plan, everybody pays and everybody is covered.

"Unless we treat health care that way, we will never cover everyone. If people have to qualify for their coverage, if they have fight with an insurance company over a claim, the mentally ill, the disabled, the most vulnerable people will be the first ones who fall through the cracks."

This is health care, not health insurance

People often point to Massachusetts as an example of universal health care. Massachusetts doesn't have universal health care, but instead requires everyone to buy health care insurance, providing a subsidy for those who cannot afford it.

"Massachusetts is very similar to the federal plan - it was the model for the federal reform. The RomneyCare/ObamaCare plans are basically more of what we're doing now - we already cover most people with a wide variety of public and private insurance plans that cover varying amounts of medical services - both Massachusetts and Washington expanded the number of people able to access those multiple insurance plans."

The MHP differs from those plans in that it provides health care for all, not health insurance through multiple plans that may or may not cover one's medical needs.

No role for health insurance companies in MHP

"Under this plan there will be no insurance companies in health care. Some of Minnesota's current health plans provide both health care and insurance-Health Partners, for example-they run Regions hospital and numerous medical and dental clinics, so they would continue as providers, but not as insurers.

"There are people in the health insurance business who would lose their jobs due to the MHP. This is not a minor matter, and one that we take very seriously. The legislation requires the MHP to provide job retraining and other dislocated worker benefits. And, unlike the thousands of other Minnesota workers who lost their jobs under the current recession, they would, because of the MHP, have their health care taken care of."

Other benefits will result

One of the greatest contributors to the cost of auto insurance and workers comp is the medical component. So as a result of the adoption of universal health care, the costs of these forms of insurance would go way down. There would also be a significant reduction in litigation -universal health coverage eliminates the disputes over medical costs for injuries related to employment, auto accidents, medical malpractice, etc.

There would be big reductions in human services costs of government by covering everyone, including mental health and chemical dependency (e.g., sharp drop in need for out-of-home placement of abused or neglected children) and significant reductions in violent crime with resulting savings in law enforcement, courts, and corrections.

C. Closing

"When I introduced the MHP four years ago, people said we didn't have a chance. Last year, we had 74 co-authors-a third of the legislature. But we didn't have support of the governor. Now we have support of the governor but don't have the legislature. The way politics are now, the bill will never have a hearing in a Republican legislature or get a Republican vote. But things would change if DFLers were to reclaim the legislature.

"This year we're working to build support, hoping to have better prospects in two years.

If there is a change in the next election, and if Governor Dayton is willing to make an aggressive push for truly universal health care, I believe we could pass the bill in 2014. It might take a long special session, like back in 1971, but it could be done.

"This plan is not perfection, but it would be an enormous improvement. We don't have a health care system now - what we have are a lot of excellent medical providers, and a patchwork of ways that people access, or don't access, those providers. We are trying to do is set up a health care *system* - a system that makes sense. When we have a crisis this big, we need to address it, and need to address it now.

The plan may be more politically realistic than people think

Why didn't the Colorado health care commission adopt the one proposal that solved the problem of health care access - and that saved money at the same time? Because they said it wasn't 'politically realistic.' That's the same thing they told the women fighting for suffrage a hundred years ago - but the suffragettes didn't give up.

"We have hundreds of thousands of Minnesotans who cannot afford medical care - with people literally dying from a lack of access to care. We have the cost of health care bankrupting families, businesses, schools, and state government.

When there is a plan - the Minnesota Health Plan - that provides health care to all and saves money at the same time, it is time to tell those who dismiss it as 'politically unrealistic' that we aren't going to propose a half-baked plan that doesn't solve the problem. We're going to change what is politically realistic.