

## EXTENSIONS OF REMARKS

### HOW MEDICAID CUTS WILL HURT CHILDREN

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 21, 1995

Mr. DICKS. Mr. Speaker, last week, Congressman JOHN McDERMOTT, Democratic leader DICK GEPHARDT, and I had the opportunity to listen to remarks delivered by Dr. John Neff, medical director of Children's Hospital and Medical Center in Seattle. In those remarks, Dr. Neff attempted to dispel many of the myths about Medicaid, and he issued a strong warning against the dangers of converting Medicaid funds into block-grant formulas. For the RECORD, Mr. Speaker, I would like to submit a copy of Dr. Neff's brief remarks, in addition to a news story published the next day in the Seattle Post Intelligencer entitled "Medicaid cuts may threaten children." I believe this perspective from the director of one of the Nation's most respected children's hospitals is a valuable one, and one that can add greater depth to the debate here in Congress on these proposed changes.

COMMUNITY ASSESSMENT OF FEDERAL BUDGET CUTS TO OUR COMMUNITIES—SUPPORT FOR CHILDREN AND THE ELDERLY

HOW FEDERAL PROGRAM CUTS WILL HURT CHILDREN—BY DR. JOHN NEFF, MEDICAL DIRECTOR, CHILDREN'S HOSPITAL AND MEDICAL CENTER, SEATTLE

My name is John Neff and I'm medical director at the Children's Hospital & Medical Center. I have been taking care of children as a pediatrician now for over 35 years. The first six years of my career were before Medicaid was implemented and the next 29 years were under the Medicaid legislation. I can tell you from personal experience that not only was the medical care system prior to Medicaid terrible but the institutions that cared for the poor and the elderly are either no longer with us or have been significantly transformed. The old municipality run hospitals and institutions are no longer part of our medical care system and they were grossly inadequate at that time to meet the needs of children. I would consider it a great failure to have to return to those days even in part.

We need to retain national standards for the health care of children. We must not go back in time and place arbitrary limits on the services that children need especially those who are unfortunate to have special health care needs.

Now let me dispel a series of myths concerning Medicaid.

1. The currently proposed reductions in Medicaid are not cuts but are caps on Medicaid growth at a rate of 4% by 1998. It is cited that Medicaid's annual growth rate now is approximately 10%.

In order to dispel this myth let us look at what this 10% Medicaid annual growth rate means. This growth represents new enrollees among children and the elderly, an expansion of Medicaid eligibility and services, and medical inflation. The actual real medical inflation of Medicaid is probably not more than 5%. Given the level of poverty and the

aging of our population, the need for Medicaid services will continue to increase, thus to cap the annual rate of growth at 4% by 1998 will represent real cuts and will result in certain actions: A decrease in the number of new enrollees or an expenditure cap on enrollees; elimination of current enrollees; actual cuts in benefits or services.

Fifteen percent of children covered by Medicaid are "medically needy" because their health care expenses could reduce their families to poverty. Private insurance is often unavailable or unaffordable. Medicaid is literally their insurer of last resort.

To cap Medicaid at a growth rate of only 4% per year will result in real elimination of services or cutting individuals out of the Medicaid program.

2. Block grants give more control to states:

What block grants will really do will be to eliminate federal standards and eliminate federal obligation. Children covered by Medicaid should be guaranteed they will have medically necessary care regardless of the state in which they live. Children also need to be assured they will have access to pediatric trained providers to meet their specialized health care needs regardless of the state in which they live.

What block grants will do initiate a huge battle among states on who receives what portion of Medicaid funds. Currently, there are significant differences in the amount of funding that states receive. As an example, in New York each enrollee receives \$7,909; in Washington it is \$4,279; in Texas it is \$3,838 (HCFA, 1994). Block grants will politicize and perpetuate these unequal distributions to states. States will develop different standards for benefits and eligibility requirements for Medicaid programs. Under the worst scenario, block grants would create unfair or uneven distribution of funds to states and there is the potential to create massive migrations of individuals from one state to another as they move to obtain maximum benefits. If this occurs, some children in some states will receive better benefits than in others.

This will be particularly difficult for children as the pediatric expertise is often concentrated in regional tertiary care centers, such as Children's. We see children from a 4-state region including Washington, Alaska, Idaho and Montana.

3. Medicaid Reductions can be Reached by Improved Efficiencies:

This state and many other states already put in significant efforts to improve efficiency. Currently, in the state of Washington, nearly 60% of all Medicaid clients are in managed care and this state also covers children up to 200% of the federal level of poverty.

There are not significant savings in improved efficiencies and further savings will cause reductions in services and decrease in those covered.

4. Medicaid is the same as Welfare:

Currently, in the United States, 25% of all children receive their health care through Medicaid but more important, 40% of all children in the United States are either covered by Medicaid or have no insurance at all. Forty percent of our children are not "dead beats". The fact that 40% of the children in the United States have no health insurance or are covered by Medicaid reflects a failure in our private health care system to ade-

quately cover children. This is one of the reasons that there is a real need for health care reform, not arbitrary reduction in services or coverage. In fact, a decrease in Medicaid coverage will increase the number of uninsured, indirectly increase family poverty and, in the long run, will decrease family employment and individual productivity.

Well over half of children assisted by Medicaid (57.5%) live in working families. In the 1980's, Congress delinked Medicaid from welfare, which is based on unemployment, so as to not penalize poor but working families with loss of health coverage for their children. Parents should not have to choose between being able to hold a job or having to sacrifice employment in order to qualify for Medicaid coverage for their children.

5. Children are a Burden on our Federally Sponsored Health Care System:

While it is true that 53% of all Medicaid beneficiaries are children, it is also true that children consume less than 20% of Medicaid expenditures and in the state of Washington children consume only 13% of Medicaid funds. To put it in proper context, one must consider all of the health care funds that are federally sponsored for adult care. This includes the VA system, Medicare and 80% of the federal portion of Medicaid. In this context the total amount of public funds that are utilized for health care for children in this country is indeed very small.

In reality, if Medicaid funds are developed into block grant formulas and allocated to the states, there is a danger of unleashing a terrible political battle which will pit children against the elderly and disabled and within the children's health care system, primary care providers against those who care for those with special needs. Such a battle would be destructive to both families and providers.

6. Medicaid is different than Medicare and Private Insurance because Medicaid Recipients do not Contribute to their own Health Care as do individuals who receive Private Insurance Benefits or Medicare Benefits.

It is true that Medicaid funding come almost entirely from tax dollars and not from earned employment benefits. (Medicaid spending accounts for 6% of the federal budget and may run as high as 18% of state spending). To use this, however, as a reason why Medicaid funds should be cut to a disproportionately greater degree than those funds supported by employment benefits is grossly discriminatory against children. Children do not pay taxes, do not work and do not develop employment benefits. It is our public obligation to support the uninsured portion of health care benefits for children. If we do not, we will not only cause untold misery on families but the long term effects of an unhealthy childhood population will be felt for years.

[From the Seattle Post Intelligencer, Sept. 14, 1995]

MEDICAID CUTS MAY THREATEN CHILDREN

(By Joel Connelly)

Congress will set off "a terrible battle" that pits children against the elderly and the infirm if it sharply curtails growth of the federal Medicaid program, three House members were told yesterday.

Dr. John Neff, medical director at Children's Hospital, warned that congressional

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

Republicans' proposed 4 percent cap in growth will put extreme pressure on Medicaid, which not only supports long-term nursing-home care for many elderly and disabled, but also furnishes health care for about 25 percent of American children.

"We must not go back in time to a set of arbitrary limits on the services children need," said Neff, who has spent more than 35 years as a pediatrician.

He said public institutions that provided medicine to children were often terrible before Medicaid was established 30 years ago.

House Democrat Leader Dick Gephardt of Missouri, in Seattle for a candidate recruiting and fund-raising visit, joined Reps. Jim McDermott and Norm Dicks, both D-Wash., for a meeting with hospital administrators.

Responding to Neff's point, Gephardt warned that children will be the losers if they must compete with elderly people and nursing homes for scarce Medicaid resources. "Elderly folks vote," he said. "Children do not. Children are not heard in the political system."

The Democrats heard from hospital officials as Republicans in Washington, D.C., prepared to unveil details of their proposed cost controls in Medicaid and Medicare, which provides medical care for senior citizens.

"By the year 2000, my hospital would be underfunded annually by \$125 million," said Nancy Giunto, administrator of Providence Seattle Medical Center. The hospital receives 62 percent of its income from Medicare and Medicaid.

Rogelio Riojas, chief executive of Sea Mar Community Health Centers, warned that cuts will deny regular medical services to low-income families.

"The poor will simply wait until they are more and more ill, and then they will go to the emergency wards of hospitals," said Riojas, who added that emergency care is far more costly than preventive care.

The Democratic congressmen were able to offer little reassurance to those who met with them at Harborview Hospital.

Republicans want to save \$270 billion by 2002 by scaling back the growth rate of Medicare to between 6 percent and 7 percent. They're aiming to realize \$180 billion more by slashing Medicaid's growth rate to 4 percent.

The two federal health care programs have been growing at an annual rate of about 10 percent. Half the growth has come from rising medical costs. The other half is because of sharp increases in enrollment.

Neff said the cuts will leave Medicare and Medicaid with three options: decrease the number of new enrollees; eliminate some people already enrolled, particularly in Medicaid; or cut services.

He predicted the country will see "a low-grade, continuous erosion of services" if the funding is held to levels in the GOP's budget plans.

Larry Zakn of Harborview Hospital said the effects of the GOP budget proposals would be felt in such places as his hospital's renowned trauma care program.

"There's no way I can see that we would ever maintain these levels of service if we had these levels of funding," he said.

Harborview stands to lose as much as \$185 million in Medicaid and Medicare funding over the next seven years under the GOP proposals. Medicaid pays 48 percent of its patients' bills, one of the highest figures for any hospital in the country. Harborview has a tradition of caring for all people regardless of their ability to pay.

Republicans are holding off releasing details on their proposal until week's end. Already, however, a partisan battle over numbers has broken out on Capitol Hill. House

Speaker Newt Gingrich, R-Ga., said last weekend that seniors with income above \$125,000 would pay more for Medicare, but most people would face increases of only about \$7 a month.

But Democrats calculated that the elderly will wind up paying almost \$20 a month extra by 2002 and more than \$1,300 each over the next seven years.

Republicans challenged their opponents' math and accused them of ignoring the \$270 billion in savings the GOP is seeking.

But they also conceded that the Medicare Part B premium may be as much as \$10 a month higher in 2002 under their plan than under President Clinton's budget—not \$7, as Gingrich said Sunday. Before Congress' August recess, Republican leaders armed GOP House members with scripted "talking points," charts and instructions on how to defuse public anxiety over Medicare and Medicaid.

Opinion polls have shown, however, that the public's worries have not gone away. Democrats have vowed to fiercely defend programs seen as cornerstones of John F. Kennedy's New Frontier and Lyndon Johnson's Great Society. "People's quality of life has gone up. It has gone up because of Medicare and Medicaid," Gephardt said yesterday. "We must not take large steps back into history where we don't want to go."

He noted that there are four major teaching hospitals in the Seattle area, responsible for medical education over a four-state area. "The federal government is providing a research service that the private sector cannot and will not afford," he added.

The issue gets personal for Gephardt. At age 18 months, his son was diagnosed at a St. Louis hospital with a cancerous tumor and given no chance to live.

"A young resident approached us the next morning," he recalled. "He had been running the case through the computer, and noted that a program of triple-drug chemotherapy and radiation had been developed in Houston. He encouraged us to try it."

"Matt is now 24 years old. I left him off yesterday at Northwestern University in Chicago to continue his education. I rest my case."

#### TIME FOR COURAGE AND MOVEMENT ON NORTHERN IRELAND PEACE PROCESS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 21, 1995

Mr. GILMAN. Mr. Speaker, Thomas L. Friedman of the New York Times on September 20, 1995 wrote a very provocative and important piece on the current stalemate in the peace process in the north of Ireland.

His work "No Guts, No Glory" is a challenge to all sides and interested governments, including our own, not to let the extraordinary opportunity, which the current peace process presents for lasting peace and justice in Northern Ireland slip away.

Mr. Friedman constructively reviews the difficult arms decommissioning issue, and supports the proposal for an international commission to handle that difficult question which currently has stalled the peace process for months.

I ask that the piece by Mr. Friedman be reprinted at this point in the RECORD for the benefit of my colleagues, and all those interested, and charged with finding solutions in the long

and difficult struggle to bring lasting peace and justice to Northern Ireland.

I also ask that a statement I issued just recently in support of the international arms decommissioning dual track approach to help move the peace process along at this critical moment in Irish history, also be included in the RECORD at this point.

It is time for all sides to show guts, and plenty of glory will surely follow for all those concerned about lasting peace for the warm and generous Irish people.

[From the New York Times, Sept. 21, 1995]

NO GUTS, NO GLORY

(By Thomas L. Friedman)

WASHINGTON.—The lion in "The Wizard of Oz" didn't have it, but at least he knew where to get it. Nelson Mandela had it, and so did F. W. de Klerk, and they used it to good effect. Yitzhak Rabin has it and so does Yasir Arafat, although occasionally they lose it and need help finding it again. It's called "courage," and unfortunately none of the key players in the Northern Ireland conflict have it right now.

Gerry Adams of Sinn Fein doesn't have it, the British Prime Minister John Major, certainly doesn't have it and the Protestant leader David Trimble wouldn't know it if it were pinned to his chest. And that's why 13 months after the cease-fire took effect in Northern Ireland, the parties still have not begun peace talks to bring a permanent end to the fighting.

The sticking point has been the British-Protestant refusal to sit down for peace talks with Sinn Fein—the I.R.A.'s political wing—until the Catholic gunmen of the I.R.A. first surrender some weapons.

This is poppycock and nothing more than a pretext by Mr. Major to disguise his ambivalence about entering into negotiations with the I.R.A. at all. If the I.R.A. had tanks, missiles and MIG-29's, there might be some strategic merit to the British insistence that it turn in some weapons first. But the I.R.A. arsenal consists almost exclusively of handguns, knives, flaming bottles and some plastique explosives. They could turn them all in tomorrow and replenish most of their arsenal the next day with a Guns & Ammo mailorder catalogue and a visit to the local hardware store. The I.R.A. invented the fertilizer bomb.

The issue is not how to deprive the I.R.A. of their military capabilities, which are endlessly replenishable. The issue is how to change their intentions to resort to violence. The only hope of doing that is through all-party peace talks. (If Israel could talk to the P.L.O. without insisting it disarm, the British can talk to the I.R.A.)

A perfectly reasonable compromise is on the table: an international commission would be formed, parallel with the start of peace talks, that would bring British, Protestant and I.R.A. representatives together to discuss how weapons might be "decommissioned" as part of a final peace deal. This international commission could, in effect, disconnect and isolate the weapons issue from the peace negotiations, while giving everyone a sense that as progress was made around the peace table, there would also be progress toward all sides surrendering some weapons. Unfortunately the British have balked even at this idea, because they want to reserve the right to demand that the I.R.A. hand over some weapons even before convening all-party talks.

But John Major is not the only one who has gone wobbly. Gerry Adams is now also resisting the idea of an international commission on weapons, because he wants to be assured that such a commission won't, at