

# Community Catalyst Newsletter

*Shaping the health system through grassroots activism*

Regulating Insurance Plan Transactions...It has what's considered the country's "toughest" hospital conversion law; now Rhode Island also has a law governing nonprofit insurance plan conversions.

The new law will "likely affect access to services, care for the uninsured, and health care financing well into the next century," **Community Catalyst** staff attorney Bess Karger-Weiskopf said in testimony before state lawmakers last month.

Bucking opposition from the state's four health plans, the bill won unanimous support in both the House and Senate and, at press time, was expected to win the Governor's signature.

The bill gives approval power on insurance plan conversions to the state's Department of Business Regulation (DBR), which licenses Rhode Island businesses. While denied approval power, the Attorney General must review all documents and submit a recommendation that is to be considered in the final DBR decision.

**Ocean State Action** would have preferred the AG, "the top consumer advocate in the state," to retain a full veto over such transactions, OSA's Kathryn Hopkins concedes.

But OSA will be watching closely, she says, to make sure "this little experiment" adequately protects consumers. First test case? Quite probably the sale of Blue Cross Blue Shield of Rhode Island--although at least one suitor, Anthem Insurance, is now rumored to be reconsidering its plans.

Taking Stock in Kansas... At a meeting sponsored by the **Kansas Association for the Medically Underserved** (KAMU) in Topeka last month, Community Catalyst staff attorney Frank McLoughlin provided an overview of what's at stake in health care conversions, with special emphasis on Blue Cross Blue Shield transactions across the country. Currently, BCBS of Kansas is

facing litigation arising out of its denial of charitable asset obligations.

The Blue Cross suit is just one of the many concerns facing the state's Federally Qualified Health Centers (FQHCs) and other safety net providers, who have come together under the KAMU umbrella.

With the support the Kansas State Nurses Association and other groups, KAMU is forging a coalition focused on maintaining health care access for the state's most vulnerable.

One of the most critical issues facing them, KAMU's Daryl Rutschmann explained, is the looming loss of cost-based reimbursement for FQHCs under 1997 Balanced Budget Act requirements.

"Without cost-based reimbursement, there's no way of funding the kind of enabling services--like translation and crisis intervention services--that are uniquely provided by safety net providers like FQHCs and rural health centers," Rutschmann said.

"If we lose that funding, the impact will ripple across the whole safety net system."

Fixing the Medicaid-Welfare Disconnect...After negotiating for nearly a year, advocates for Pennsylvania families whose Medicaid coverage was illegally terminated after they left welfare (or TANF, Temporary Assistance to Needy Families) have persuaded the state to reinstate Medicaid for 32,000 families, including 24,000 children.

The agreement came after staff from **Community Legal Services**, the **Pennsylvania Health Law Project**, and **Philadelphia Citizens for Children and Youth (PCCY)** documented the state's failure to provide legally-required Transitional Medical Assistance to families simply because it did not have--or believed it didn't have--adequate income information from them.

Under the 1996 federal welfare reform, families leaving welfare are legally entitled to at least six months of transitional medical assistance regardless of income. Many states have failed to implement the law's Medicaid maintenance provisions .

*For more details, call PCCY's Pat Redmond at (215)563-5848. An upcoming issue of States of Health will also discuss the Medicaid-welfare disconnect.*

Hearing from the People...With the proposed purchase of Blue Cross Blue Shield of New Hampshire (BCBSNH) still under regulatory review, attention recently turned to the foundation that would be created with BCBSNH assets.

At public hearings convened by the state Attorney General's office in June, consumers and health and human service providers emphasized New Hampshire's range of unmet health needs.

Many speakers stressed that the foundation's governing board must be independent and that its endowment should be protected from any effort by the state to get at its funds or control its grant-making. Another key theme: that the foundation must help New Hampshire's uninsured and underserved.

Community Catalyst philanthropy consultant Deborah Cowan noted the exceptional commitment by New Hampshire's Attorney General to soliciting public comment on the proposed foundation.

"These seven public meetings were held at locations throughout the state and at times that would allow many people to participate."

She joined **New Hampshire Citizens Alliance** (NHCA) in calling for an open process to select board members, and for the foundation plan to be made public before it is finalized.

One big surprise: an appearance by officials from Blue Cross Blue Shield of Massachusetts (BCBSMA), who came to question the legality of the transaction. The BCBSMA group was led by Dick Allen, the former Massachusetts Attorney General's Division of Public Charities chief.

BCBSMA argues that Anthem's purchase should not be approved because BCBSNH could continue as a nonprofit by affiliating with the Massachusetts plan. Given such an option, it says, the NH Attorney General may not approve sale of BCBSNH's nonprofit assets to a mutual insurer.

Responding to the Kaiser Pull-Out...**Community Catalyst** (CC) and **Health Care For All** (HCFA) in Massachusetts are working with other consumer groups to assess the anticipated impact of Kaiser Permanente's withdrawal from the East Coast.

The California-based HMO has announced that it will sell its operations in Massachusetts, New York, Vermont, Connecticut and North Carolina. CC and HCFA are calling on regulators to oversee the disposition of Kaiser's assets through a public process that gives full consideration to consumers' health insurance needs.

In addition, CC and HCFA are planning a "summit" for consumer advocates, regulators, and company officials to discuss the kinds of services Kaiser has provided in each state and the impact new ownership might have on those services.

*For more information on the Kaiser summit, call Renée Markus-Hodin at (617)338-6035 ext. 306.*

Watching How Money Talks...A new National Health Law Program (NHeLP) project, "Their Money or Your Health," will document how the health care industry dominates public debate and the legislative process through its lobbying and political contributions. NHeLP has reported that in 1998, the industry spent \$60 million to lobby Congress and fight managed care legislation, \$20 million more than the tobacco industry spent to defeat anti-smoking legislation.

*For more information on the NHeLP project, call Kristi Olson at (919)968-6771.*

Correction...We reported last month on efforts in Ohio to expand Medicaid coverage by simplifying income disregards for working adults. UHCAN-Ohio's Cathy Levine reports the change did go through, but applies only to parents, not working adults; and individual access to the provision was capped at two years.

The *Community Catalyst Newsletter* is a forum for organizers to share information and strategies. It is published monthly by Community Catalyst, a national advocacy organization that builds consumer and community participation in the shaping of our health system to ensure quality affordable health care for all. We provide legal, technical, and health care policy assistance to organizations that advocate on behalf of health care consumers.

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