

# HEALTH CARE CONSUMER

NEWSLETTER of the Champaign County Health Care Consumers

WINTER 1980

## LOCAL HOSPITALS FACE AUDIT

### National HSA Election Breakthrough

Complaints from the Champaign County Health Care Consumers and the Consumer Coalition for Health in Washington, D.C., have led to an unprecedented federal decision to investigate and audit local hospital election practices and to disallow Medicaid or Medicare reimbursement for hospital electioneering efforts across the nation.

The October Newsletter reported our local HSA election in which a dead hospital administrator was kept on the ballot, the medical industry spent massive sums to elect their handpicked candidates and physicians and hospital workers were bused to the polls during working hours to vote the medical society-hospital slate.

CCHCC leaders immediately wrote to federal officials, expressing concern about the future of local health care planning and urging them to take a strong leadership role in assuring protection of consumers against such practices. Since the local hospitals receive federal reimbursement and taxpayer dollars through Medicare and Medicaid, CCHCC charged that political electioneering is not a reimbursable expense under these programs and the hospitals should be required to return to the taxpayers the money spent in preparing election plans, producing and mailing materials, and busing employees to the polls during working hours. The consumer position was that taxpayers' dollars intended to provide health care should not be spent to support electioneering by hospitals. These issues were strongly supported by the Consumer Coalition for Health, a long-time friend of CCHCC and a strong Washington supporter of local



**HOSPITAL EMPLOYEES RETURNING TO WORK**  
...many were being paid while voting in HSA election

### elsewhere... CONSUMERS WIN SEAT ON HOSPITAL BOARD

Hospital boards of trustees are generally composed of self-perpetuating bodies of provider political leaders and economic elites who are not representative of the area population and not accountable to the public. But now a health consumer group has achieved a major breakthrough that might help begin making hospital governance more democratic.

The nominee of the Health Care Coalition of Vance County, North Carolina, Dorothea Kelly, was recently elected to the Maria Parnham Hospital Board of Trustees. Ms. Kelly is the first black



## Health Insurance Grievance Procedures: What To Do

Most health care consumers are unsure where to turn when they encounter a problem in the medical system. Consumers in other fields can complain effectively, but health consumers with complaints - misprescribed medicine, abuse and discrimination by providers, overcharges for services - have few places to turn for help. And yet complaining effectively could not only help the consumer gain her rights, but also could show providers where the problems lie, and eventually improve the quality of health care.

The Champaign County Health Care Consumers has recently received numerous communications from consumers with complaints about health insurance. The most common problem is that consumers are finding that health insurance will not cover all medical expenses which seem covered in their policies. They are unsure where to turn.

As a service to its members, the Health Care Consumers has investigated this problem and found that consumers in Illinois can register complaints with the Department of Insurance and often get results in their favor. The procedure is this:

- First try to resolve your problem with the company and/or agent involved.
- If still not satisfied, register a complaint with the Department of Insurance. There are two offices - in Chicago at 160 N. LaSalle, Room 1600 (312) 793-2427 and in Springfield at 213 E. Monroe, 62767, (217) 782-7446. The Chicago Office handles only walk-in and phone complaints. The Springfield office handles walk-in, phone and written complaints.

What happens to your complaint?

- The department contacts the company or agent on your behalf, reviews the complaint and the response and determines whether the company's actions are in violation of a Statute, Departmental Rule, Regulation or position. If it is, they will take action to resolve the problem.

- If the Department of Insurance cannot help you, they will advise you of your alternatives.

Still not satisfied?

- Write to your local state representative and your local state senator.

For more information write for a copy of "So the Consumer Has a Insurance Problem", from the Illinois Department of Insurance, Springfield, Illinois. Copies are free.

This article was submitted by Thomas Krueger, local AFT union official and CCHCC member. The union is planning a public forum on consumer insurance issues for later this winter. CCHCC will co-sponsor the forum.

## Report says a few 'set' some Blue Shield rates

By DANIEL Q. HANEY  
Associated Press

BOSTON — The rate-setting policies of Blue Shield programs allow a few busy specialists to rapidly increase the cost of operations performed by them and their colleagues, a study shows. The study found that the amount of insurance money that doctors received for specific operations rose as much as 75 percent in three years in one Blue Shield program.

The study, published in yesterday's *New England Journal of Medicine*, was directed by Dr. Thomas Delbanco of Beth Israel Hospital in Boston.

More than 70 million Americans use Blue Shield plans to pay doctor bills. Of these, 46 percent subscribe to the most comprehensive policies, which allow doctors to be reimbursed for the going rate in their community.

These fees, called the "usual, customary and reasonable" charges, are typically set at the 90th percentile, or the point at which only 10 percent of the charges in the community are higher. However, doctors can submit bills that are lower than the maximum charge if they want to.

The researchers studied the District of Columbia Blue Shield program and found that doctors could readily find out the maximum amount they would be reimbursed for a specific operation or treatment.

"All the physician has to do is charge a high fee and see what is paid," they wrote. "If the entire charge is accepted, he or she is at or below the customary level. Charges above this level help

raise the customary allowance level at the next annual updating."

They looked at several controversial operations and found that the fees paid to doctors increased dramatically. For instance, the fees for coronary bypass operations jumped 75 percent between 1975 and 1978.

However, in 1976, two Washington physicians were doing 48 percent of these operations, and their rates set the standard for what other doctors could collect for coronary bypasses.

That year, the two "alone established the \$500 increase in the customary allowance level in the area through a combination of high charges and large volume procedures," the report said.

"Under the bylaws of that plan," they noted, "even if such trends are discovered, a change of allowances is possible only with the vote of the same physicians who may receive such increased payments."

The study found that doctors and hospital administrators hold a majority on the governing boards of 42 of the nation's 69 Blue Shield plans.

The researchers recommended increasing public representation on Blue Shield boards and abolishing rate secrecy to promote competition.

Ray Freson, a spokesman for the District of Columbia Blue Shield, acknowledged that a few specialists can raise fees for everyone.

"The observation is correct that if you have a few people who are doing exotic procedures, they will charge what they want, and that will have an effect on other people in the field. It's inherent in the system."



# CCHCC Helps Reduce Charges For Hospital Records

*A Mahomet man recently suffered a heart attack and was admitted to a local hospital. In mid-October, while at home recovering, he was informed that his insurance company would not cover his medical expenses because his hospital medical records did not confirm that he suffered a heart attack. When he asked to see his records to correct the mistake, he was told he would have to pay a \$10 fee to look at them and another \$1 for each page copied. He, like other consumers, was finally forced to pay the fee to examine his own records to find and correct the hospital's mistake.*

Consumers generally have not had access to their medical records. In 1975, consumers in 41 states could see their records only by instituting a lawsuit against the hospital or doctor involved. At that time, Illinois was one of three states which limited access to the patient's lawyer. In 1976, however, the Illinois legislature revised the law to allow consumers to have access to their medical records once discharged from the hospital. This change resulted from an earlier court decision which determined that both hospitals and physicians must disclose the information on a patient's medical record to the patient without requiring the patient to go to court. The court stated that while the records

themselves are the property of the hospital, the information contained within the records belongs to the patient.

Despite the change in the law, hospitals have sought to nullify its effect by charging consumers excessive fees for access to their records. The charge levied by local hospitals have run as high as \$10 for a search and find fee and \$1.50 per page for reproduction. Such policies tend to frustrate consumers in getting information that is rightfully their own. In addition, these fees are a particular burden on low-income consumers.

Consumer advocates have argued that more accessible records will help increase the patients ability to be an active partner in health maintenance; improve the doctor-patient relationship by making it more open; and increase the accountability of providers to consumers as in the case of the Mahomet man.

In an effort to increase local consumer access to medical records, CCHCC recently contacted four local hospitals requesting them to eliminate or sharply reduce the amount they charge local consumers to inspect and copy medical records. CCHCC stated that "present hospital policy limits consumers, especially the poor, in exercising their right to obtain this information. These charges do not represent a reasonable fee for consumers who request copies of their own medical records...Consumers should be encouraged to exercise their right to obtain medical information without imposition of restrictive fees."

Mercy Hospital was the first to agree to reduce its charges. Ronald Aldrich, President of the hospital, agreed to reduce Mercy's \$1.50 reproduction charge by 50 percent for the first ten pages and by 60 percent for additional copies. Carle Hospital dropped its \$10 search and find fee, although refusing to reduce its charge of \$1 per page for reproduction. Burnham City Hospital has refused to change its \$7.50 charge for basic information and \$.75 per page reproduction. Cole Hospital has not responded thus far. Cole charges \$5 for basic information and \$.75 per page for reproduction. Future meetings are being planned to bring all hospital charges for medical records to a more reasonable level for consumers. ■

## CONTRIBUTIONS ARE TAX DEDUCTIBLE

The Champaign County Health Care Consumers is funded largely through tax-deductible contributions of members and other local community residents. It is a non-profit, tax-exempt organization working on behalf of the public interest. Its work is not used for any commercial purpose. CCHCC relies upon contributions to further its programs for consumers. The HEALTH CARE CONSUMER is one of many consumer education activities supported by local contributions. Contributions are tax-deductible and may be sent to:

CHAMPAIGN COUNTY HEALTH CARE CONSUMERS  
813 North Lincoln  
Urbana, Illinois 61801



## FTC Protects Free Market System, Hands AMA Defeat

The American health care industry is not regulated by the same "supply and demand" principles as the rest of the economy. Instead, physicians generally set the demand, tell consumers what services they need, and charge their own fee-for-service. Consumers rarely shop around for services or question the physician decisions and fees. Physicians in turn personally profit more from high-cost medicine than for cost savings alternatives or prevention. Last year alone, physician fees rose 50% more than other consumer prices. The median annual income of hospital-based pathologists is now over \$140,000.

The American Medical Association traditionally has sought to limit consumer choice over the quality, cost, and method of health care. The AMA has promoted legislation that prohibits physicians from advertising or posting prices. The result is that consumers have been unable to evaluate the health care market and make rational consumer decisions. Consumers have been unable to compare prices, procedures, backgrounds, and credentials of providers.

Now consumers working on behalf of free market principles and open competition have won an important victory over AMA violators. The Federal Trade Commission, following a six year battle, has found the AMA guilty of several counts of restricting free trade. The FTC cited numerous instances of AMA conspiracy to oppose price competition and prevent advertising. As a result of AMA practices, the FTC concluded that "consumers have been deprived of information pertinent to the selection of a physician and of the benefits of competition."

The FTC found the violations so significant that they ordered the AMA to send letters to each of its 200,000 members, state societies, and 2,000 local societies indicating the FTC decision; for a period of ten years provide each new member with a copy of the FTC decision; and change the AMA constitution and by-laws to comply with the law.

This should be a victory for consumers. Past FTC studies have shown that advertising and price competition can produce lower prices and better decisions by consumers. ■

## HSA ELECTION from page 1

consumer efforts. Following these complaints and a meeting between the Coalition and HEW's Health Care Financing Administration (HCFA), the federal agency issued a memo calling for an audit of local hospitals to stem the flow of federal dollars used to attack local consumer groups and HSAs.

In the memo HCFA acknowledged the hospital practice of spending large sums involving their employees in the election and pledged "to audit their expenditures incurred with respect to participation of the institutions and their employees during working time in the HSA election." CCHCC carefully documented provider tactics in photographs and hospital worker testimony, and has announced its intention to work closely with HCFA to monitor the audit and to ensure that it uncovers the hospitals total costs in such efforts.

HCFA also pledged its opposition to such uses of taxpayer dollars: "Regardless of the purpose for which these expenditures were made, it is clear that they are not related to the provision of medical services to patients... It is clear that these expenses are not reimbursable under the Social Security Act requirements."

This breakthrough has recieved national recognition. It is featured in the current issue of the major national publication in the health consumer field, which call upon consumers across the nation to follow the CCHCC example and provide detailed reports on hospital election buying efforts.

## Pro-Consumer Candidates Win HSA Elections

Two consumer-oriented candidates won victories in special November elections of the Champaign-Ford Counties Subarea Advisory Committee of the East Central Illinois HSA. The first election was for a representative to the 16-county regional HSA board, and was between Fran Friedman, a nurse and Director of the Frances Nelson Neighborhood Health Center in Champaign and Pat O'Neill, President of the Burnham Hospital Board. Before the election, a local hospital administrator actively politicked by making personal calls to board members urging them not to vote for Ms. Friedman. A number of consumer and



## Profits & Health Care

Recent events involving Carle Clinic and Carle Foundation Hospital underscore the motives which affect many health care delivery decisions. Although the Clinic and Hospital are housed in the same building, on paper they are separate corporate entities. Carle Clinic is a private, for-profit corporation, while the hospital is a not-for-profit corporation. The result is that Carle can use either entity depending on what will result in the most benefit for Carle.

Confused? Well let's look at some examples. Most of Carle's facility expansion has come through the hospital. As a not-for-profit corporation it doesn't have to pay any taxes on the property. The hospital then proceeds to "rent" the building space to the Clinic which can then deduct the rent from its taxes as

a business expense. The combination costs consumers in lost taxes but increases the profits realized by clinic physicians.

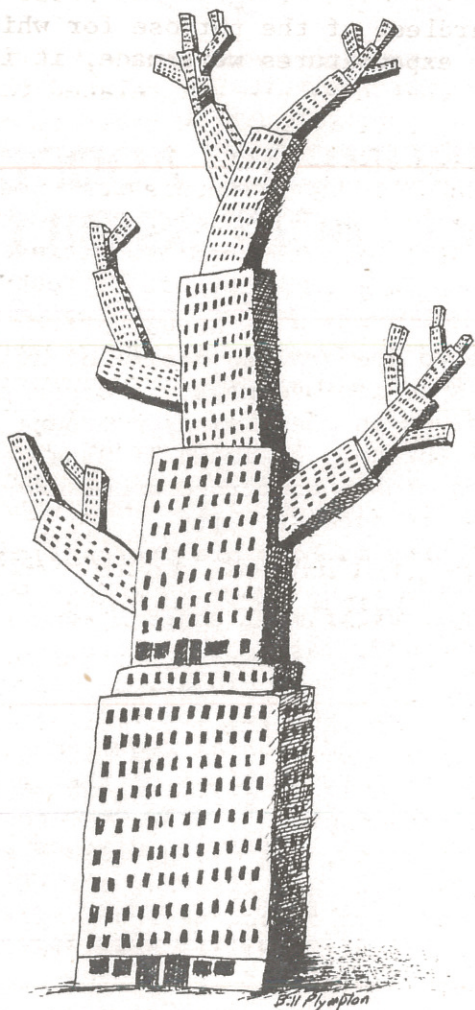
It was recently reported in local papers and the Wall Street Journal that Carle was trying to avoid certain taxes owed to taxpayers through the IRS. In an audit, the IRS uncovered that in the late sixties and early seventies, Carle was paying no taxes on the revenues from prescriptions being sold to clinic patients. The IRS ordered Carle to pay the back taxes. Carle argued that it did not owe the taxes because the pharmacy was part of a tax-exempt hospital. However, an appeals court agreed with the IRS that the patients were from the for-profit clinic and therefore the taxes had to be paid. Carle is presently appealing the decision. Hospital Comptroller, John Riley claims that "patients don't make a distinction between the hospital and the clinic."

At the same time Carle is claiming to the IRS that Carle is seen by patients as one facility, it also is making the opposite argument to the State of Illinois in an effort to avoid HSA review and public comment on its proposed multi-million dollar cancer treatment center. In this case, Carle is arguing that the patients using the treatment center were not affiliated with the hospital but rather with the clinic. Carle recently appealed to the state that it be excused from HSA project review to determine the need for the treatment center since the clinic is not required to go through HSA review. By avoiding review, Carle does not have to justify the expansion project in terms of community need, the costs involved, or the benefits that would result. In avoiding public review, Carle also prevents the possibility of community input.

Thus Carle is trying to avoid payment of taxes by claiming to the IRS that there is no difference between clinic and hospital patients at the same time that it is claiming the opposite to the state in an effort to increase profits through expansion.

Among the major lessons for consumers:

- 1) Economic factors often outweigh patient care in hospital governance decisions.
- 2) Hospitals seek to act in their own self-interests while the consumers lose out. ■



HOSPITAL EXPANSION



## Nurses Face Worsening Working Conditions

NOTE: Local media have recently been reporting worsening working conditions of nurses. This article was authored by local nurses who with other health workers have been joining the Health Care Consumers in large numbers to address health consumer issues.

Nursing professionals are among the original patient advocates and consumer allies in the health system. Their skills are crucial in contributing to the quality of care in health institutions. But in Champaign County, as in many parts of the country, nurses and other health workers face worsening working conditions that affect the quality of care for consumers.

Experts have identified several worsening conditions for nurses:

- Nurses often overworked, underpaid.

For most nurses, hours are long, many duties are dirty and boring, job security is nonexistent and opportunities for advancement are minimal. While most doctors and administrators earn in excess of \$50,000 per year, the wages of the average U.S. nurse is only about \$6 per hour. Less than 20% of health workers are unionized and then have only minimum benefits.

- Nurses face stress from understaffing.

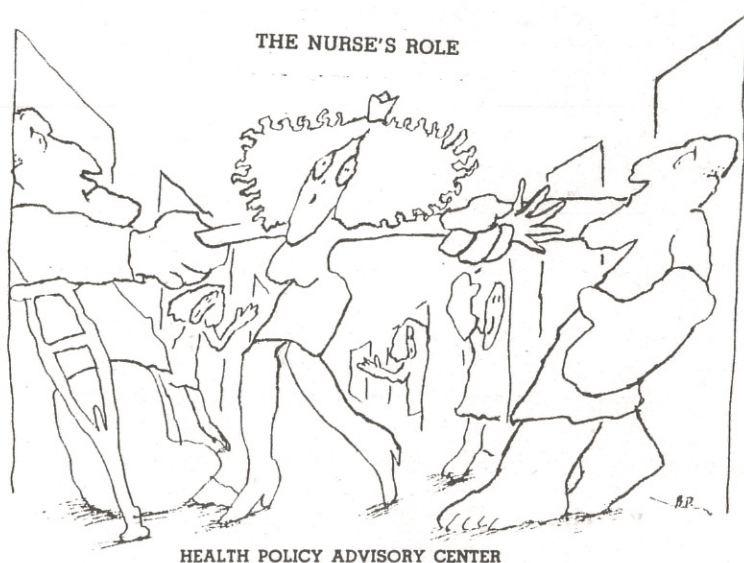
Local nurses are sometimes responsible for as many as 20 patients on a general hospital floor, and a nurse in one large metropolitan hospital was expected to care for 80 patients! Nurses worry that understaffing causes them to concentrate on paperwork and prevents them from practicing fully what they learned in training. Studies indicate nurses are greatly frustrated by their inability to provide quality care.

- Cutbacks in support to nursing education. President Carter has made drastic cuts in federal allocations to nursing education. Overall support for nursing education was cut from \$122 million in 1979 to \$15 million in 1980. The Secretary of HEW has warned that some nursing schools may be required to phase out programs.

Nurses struggling to provide decent services are finding it more and more difficult as working conditions deteriorate. It is no surprise that many nurses become frustrated, disillusioned, and finally drop out of their profession. The impacts on consumers are incalculable. American Nurses Association President Barbara Nichols recently concluded:

"Ultimately, health care will suffer."

Nurses and health consumers have a common interest. Consumers cannot hope to get decent care if they get it from overworked, frustrated health workers. Similarly nurses need improved working conditions in which to provide high quality care to all patients. ■



HEALTH POLICY ADVISORY CENTER

## CONSUMERS ADDRESS LOCAL ACCESSIBILITY

The Health Care Consumers has recently formed a Task Force on Accessibility in response to the growing desire of disabled consumers to improve physical accessibility to buildings in the Champaign-Urbana area. The Task Force is composed of disabled residents and others concerned about overcoming obstacles to accessibility.

Task Force members are presently contacting hundreds of disabled consumers to identify the areas of most central concern and immediate need. Task Force members also will be identifying local violations of accessibility laws and working for compliance with local, state, and federal requirements.

Among the first actions of the Task Force was to attend a recent board meeting of the Champaign Public Library to discuss needed improvements to make the building more accessible. The Board agreed to correct barriers identified by the Task Force.

Doris Desrosiers, a CCHCC member who has been advocating for local disabled consumer rights for several years, was active in forming the Task Force. She can be reached at 359-5695. ■



## AMI Program Transferred From Townships To State

Under a new law passed by the Illinois State Legislature, Aid to the Medically Indigent (AMI) will be administered by the Illinois Department of Public Aid as of November 1, 1979. AMI, more commonly known as "township assistance" for medical bills, is one of the major sources of monetary assistance for consumers who are unable to pay for their medical bills. Although persons or families who apply for AMI are required to meet income eligibility standards, AMI is intended to help those consumers who do not qualify for a Public Aid "green card" but who are still unable to pay their medical expenses.

The transfer of the AMI program from local townships to the State is the result of numerous lawsuits, often initiated by Legal Services, contending that AMI was not being properly administered by township supervisors. Ironically, the State was often the target of the suits since it was responsible for monitoring and enforcing proper administration of the program.

Unable to effectively monitor the many townships responsible for administering the program locally and faced with an increasing number of lawsuits, the Department of Public Aid was a motivating force behind the introduction and passage of the new law which transfers the whole program to the State.

Consumer activists are hopeful that the transfer will result in improved implementation of the AMI Program but are cautiously waiting to assess the new administration of the program and the problems that may develop.

The most important improvement needed is more consumer awareness of the AMI Program itself. Some concern has been expressed that the transfer may be misinterpreted as an end to AMI; however this is not the case. Although townships will not be accepting application after November 1, 1979, applications can be made at local public aid offices. The applications are separate from and in addition to "green card" applications also available at public aid offices.

Successful transfer of the program will take the cooperation of all related parties, including hospitals, local pu-

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blic aid offices, township supervisors and consumers. If you encounter any trouble in applying for AMI call the Health Care Consumers at 384-4070. ■

### PRO-CONSUMERS WIN from page 4

provider board members strongly disapproved of this strong-armed tactic and elected Ms. Friedman in a close 12-10 vote. Nearly all of the hospital- and medical-society-backed members of the board supported Ms. O'Neil, who was defeated.

The second election followed a similar pattern. The two candidates were Doug Arnold, a former consumer board member and currently a health researcher, and John Lawrence, a local physician and medical director at Christie Clinic. Nearly all of the hospital-medical society-backed board members voted for Dr. Lawrence, while another group of concerned board members voted for Mr. Arnold, who also won by a 12-10 vote.

Both elections resulted from the vacancies left by William Deems, former administrator of Burnham Hospital. Deems died prior to the September HSA general election but his name was left on the ballot and he was elected to the board.

It is ironic that the board vacancies left by Mr. Deems' death would result in the election of two consumer-oriented candidates. Indeed, the Health Care Consumers had urged that the deceased's name be removed from the ballot. The local hospital-medical society lobby supported his continuation on the ballot and, on the counsel of the HSA attorney (who also represents a local hospital), his name was kept on the ballot.

The election of Friedman and Arnold, both endorsed by the Health Care Consumers, adds two board members with a history of concern for consumer interests and responsible health planning. ■

HEALTH CARE CONSUMER is the quarterly newsletter of the Champaign County Health Care Consumers, 813 North Lincoln, Urbana, Illinois 61801, (217) 384-4070. It is produced as a voluntary effort of community residents to help consumers stay abreast of health consumer problems and emerging solutions. Comments and contributions are invited and should be directed to the above address. HEALTH CARE CONSUMER is supported through tax-deductible donations from readers and local community residents.



# CHAMPAIGN COUNTY HEALTH CARE CONSUMERS

## who we are...

We are a group of active citizens who believe in the practice of participatory democracy. We are community-based and include representatives of women and minority groups, religious bodies and local elected officials, labor unions and progressive provider organizations. We believe that health care is too important a matter of public concern to be left solely to those who provide it, and that major improvements will come only with the real involvement of consumers.

## what we do...

We focus on consumer participation, education, and action. Our public forums educate the general public on consumer health issues. Our leadership training workshops provide consumer leaders with knowledge and skills to carry out their responsibilities. Our newsletter helps keep consumers abreast of health care problems and emerging solutions. We work for responsible health planning and administration in accordance with federal regulations. We form Consumer Task Forces to address community health problems, currently emphasizing the problems facing low-income, minority and disabled consumers.

## ELSEWHERE... from page 1

woman and the first representative of the Health Care Coalition to gain a seat on the hospital board.

For the past two years, the Health Care Coalition of Vance County, has demanded that the Maria Parnham Hospital Board add women, low-income people and blacks to the board and that the board become representative of the total Vance County community. In their efforts to persuade the board of the justice of this proposal, the Coalition collected over 1400 signatures on petitions, held public hearings, picketed the hospital and repeatedly requested meetings with the hospital board members.

Not until the past several weeks did the hospital board members agree to meet with the Coalition and begin discussions on the board representation issue. The hospital became willing to negotiate after the Coalition filed a challenge to the hospital's request to the State for permission to purchase an ultra-sound monitoring machine. Though the State of North Carolina recently decided to allow Maria Parnham to purchase the new equipment, the Department of Human Resources attached a recommendation that the hospital board work with community leaders to resolve financial barriers to access and accountability problems at the hospital. In the meantime the Coalition is retaining the option to appeal the decision through legal channels, pending the outcome of continuing discussions with hospital board members.

-Health Law Project, December 1979

## Join CCHCC Today!

- ☐ I would like to become a member of CCHCC. Enclosed is \$\_\_\_\_. Dues are \$1-10, depending on your ability to pay.
- ☐ I would like to contribute \$\_\_\_\_ to help publish HEALTH CARE CONSUMER.
- ☐ I would like to volunteer.

NAME: \_\_\_\_\_

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