


FROM THE CENTER OUT

The Newsletter of the North Carolina Center for Public Policy Research

December 1991

New issue of *Insight* outlines N.C.'s needs in health policy and sets forth options

Policy Menu:

- *Boosting access to care for 1.9 million North Carolinians who don't have coverage*
- *Helping rural hospitals find their niches as clinics and special primary care facilities*
- *Refining new roles of the state as the burden shifts for planning, providing and paying for health care*

Inside:

1991-92 legislative rankings due out in April

Center's new mission statement, goals advance

More than one-fourth of North Carolina's citizens are medically indigent, 16 rural hospitals are in danger of failing, the state still doesn't have enough doctors, and cost containment efforts have yet to control steep increases in health care costs, the N.C. Center for Public Policy Research reports in its latest research project. Does that mean the health care news is all bad? Not at all, the Center concludes in the November issue of *North Carolina Insight* magazine -- the first of two special issues devoted to state policy on planning, providing, and paying for health care in North Carolina. Release of the magazine on Nov. 19 was accompanied by a North Carolina Public Television documentary on rural health care in North Carolina called "Prescription for Change," seventh in a series of joint productions of the two centers.

Insight reports that while there are problems in many areas of health care, the state has made a number of improvements and there are good policy options from which to choose to cope with those problems. "The research clearly shows how many challenges we face in health care policy," notes Center Executive Director Ran Coble, "but *Insight* also points out a number of steps the state could take to meet those challenges head-on." For instance:

■ Nearly 29 percent of the population is either uninsured or under-insured during the year -- a total of 1.9 million North Carolinians. This lack of coverage means many Tar Heel families don't get adequate health care, which in turn means the population is not as healthy as it might be. More than 18 percent have no insurance, and another 10 percent have less coverage than they should just for basic health care. Who are the uninsured? For the most part (three-fourths of them), they are people like us -- folks who work and their families. Employers with fewer than 26 workers are much less likely to offer health insurance than are large employers.

What can be done? The state has at least four options, including state legislation to encourage employers to offer broader coverage plans; adopting a "pay or play" approach of requiring employers to play by offering health insurance or to pay into a fund to provide basic coverage for the uninsured; creating a single-payer system like that of Canada in which the state would act as health care administrator to pay for insurance for every citizen; or simply doing nothing and hoping the problem doesn't get worse.

■ Of North Carolina's 73 rural hospitals, 16 are in danger of failing to meet their service missions and must change to find their service niches and survive in the future. The Center, in a joint research project with researchers at UNC-Chapel Hill, found that eight rural hospitals performed substantially below average on at least three key measures of patient use, marking them as substantially at-risk hospitals, and another eight rural hospitals were rated as moderately at-risk hospitals. Of the 16 at-risk, two-thirds lost money in the most recent year for which figures are available (1989).

Will these hospitals close and leave rural communities without service? Probably not, if state policymakers and local officials plan carefully for the future so these hospitals can survive. In some cases, hospitals will convert to emergency primary care facilities, to special-niche health care centers, or as partners with larger nearby hospitals in a new federal Essential Access Community Hospital program for which North Carolina has recently been approved.

Center survey shows states use varied cost control tools

- 29 states collect hospital discharge data to focus attention on health costs
- 28 states collect hospital financial data to reflect hospitalization charges
- 39 states have Certificate of Need programs to control supply of facilities and high-cost health care equipment
- 12 states have mandatory rate-setting mechanisms to control hospital charges

■ **Health care cost containment efforts have had success in some areas, but may have contributed to cost increases elsewhere -- pointing up the need for a more comprehensive state policy on reining in health care costs.** For instance, *Insight* details how the federal government's 1983 attempts to rein in Medicare costs through new controls on hospital payments succeeded and failed -- they reduced payments to hospitals for lengthy stays, but may have produced skyrocketing costs for outpatient procedures and facilities, one of the fastest-growing areas of costs.

North Carolina isn't the only state grappling with cost concerns. New *Insight* research shows that states generally use three kinds of regulatory approaches in hopes of controlling costs -- collecting hospital discharge and financial data both for educating the public and for use in regulatory decisions; requiring Certificates of Need for new health facilities and costly equipment; and mandatory rate-setting. Not quite three-fifths of the states collect financial and discharge data; nearly four-fifths have Certificate of Need programs; and only 12 states have rate setting mechanisms. North Carolina collects hospital discharge data but not financial data. It has a Certificate of Need program, but does not set hospital rates.

■ **And new roles for the states in planning, providing, and paying for care are rapidly emerging.** For many years, the state served as a sort of public health department encouraging sanitary practices and operating special state hospitals. But in the last decade all that has changed. The state has taken on new roles in public health that include assessing health needs, creating statewide health objectives, ensuring the provision of health services, and resolving disparities in the ability of counties to provide health services. Future key roles in health care, The Center says, include stronger efforts ensuring access to care, in cost containment, in health promotion, and in rural health.

Stay tuned for more on health care policy, to be published in February 1992. Key articles will examine nursing home regulation, the health status of our population, a rundown on all the state programs operating in the health care field (more than 200 at last count), and a list of health care resources available to policymakers and state and local officials concerned with health care. Don't miss it!

Effectiveness rankings for Tar Heel legislators due out in April '92

- Survey returns are near '89-90 record rate of nearly two-thirds of all those surveyed

Like the changing of the seasons, the Center's biennial surveys asking legislators, lobbyists, and news correspondents to rank the effectiveness of all legislators and lobbyists are once again under way. Due for publication in the spring, these surveys of legislative effectiveness and influential lobbyists always create news and stir citizen interest in the legislature. It's just one of the ways the N.C. Center monitors the General Assembly and gets independent evaluations of the members' performance to the voters.

The rankings of the 120 members of the N.C. House of Representatives and the 50 N.C. Senators will be published in April 1992. The rankings of influential lobbyists will be published later, following the 1992 short session of the General Assembly. Center Policy Analyst Kim Keschull reports that responses to the surveys are running near the record 1989-90 return level of 64 percent for all participants. Surveys are sent to members of the House and Senate, to registered lobbyists, and to the Capital Press Corps.

The Center extends a warm welcome to these new members:

Peter Brunstetter	Craig Havighurst	Allen Reese
Kathy Coe	Etles Henries	Ronald B. Singeltary
Nancy Einstein	Hospice of N.C.	Kathryn Baker Smith
Tom Elkins	Hyde County Board of Education	Richard W. Sullins
Robert C. Glesener	Kenneth W. Lewis	Robert Warwick
Bob Hall	William R. McNeal	Sam Watts
Robin Harp	Robert R. McRae, Jr.	Lee Wing
	Charles Preston	Steven L. Wrenn

We also thank these supporting members who renewed their Center memberships with special contributions:

William C. Rustin, Jr.	Richard Schwartz	Cameron West
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We welcome back three full-service members:

Currituck County School Board Stockhausen, Inc.	Wake County Public School System
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(A full-service member receives all research reports in addition to North Carolina Insight magazine and "From The Center Out" newsletters. At \$250 per year, it's a good buy. If you're interested in becoming a full-service member, call Danita Morgan at 919-832-2839.)

Center Receives In-kind Contribution:

Center staff members are grateful for the recent, in-kind contribution from IBM Corporation and Board Member Beverly Blount of an IBM PS/2 30 computer, color monitor and Proprinter II. In this age of desk-top publishing, such equipment is essential to producing the Center's work. We truly appreciate Beverly Blount's and IBM's filling this special need.

And the Center's continued thanks go to these foundations and corporations for renewing their support:

Carolina Power & Light Company	\$1000	Dudley Products, Inc.	300
Carolina Telephone and Telegraph Company	1000	United Guaranty Corporation	300
Duke Power Company	1000	Oldover Corporation	250
Haworth Foundation, Inc.	1000	N.C. Beer Wholesalers Association	250
N.C. Retail Merchants Association	1000	Hardee's Food Systems, Inc.	200
Weyerhaeuser Company	1000	N.C. Association of Broadcasters, Inc.	200
Asheboro Elastics Corporation	500	N.C. Cable Television Association	200
Epley Associates, Inc.	500	N.C. School Boards Association	200
Parkdale Mills, Inc.	500	Sandoz Chemicals Corporation	200
United Carolina Bank	500		

Thanks for your loyal support in 1991:

As we approach the end of 1991, it is appropriate to look back on the accomplishments of the year. We want every member to take pride in the Center's achievements. Without your loyal support, our successes in 1991 would not have been possible. Recently you received our annual member letter which highlights the Center's accomplishments and asks for your special, year-end gift to support the Center's work. We hope you will remember the Center with a contribution this December, and we wish you and your family a safe and happy holiday.

New Center mission statement reflects year-long strategic planning effort

Got good ideas for new Center goals or activities? Send 'em in!

And speaking of health, the N.C. Center continues its effort to ensure its own future health with a good hard look at itself. The strategic planning process is beginning to wind up. In the fall of 1991, the Center's Board of Directors adopted a new mission statement that refines the Center's purpose and outlines goals as the Center makes plans to celebrate its 15th anniversary next year. The new mission statement reads:

"The North Carolina Center for Public Policy Research is an independent, nonprofit organization dedicated to the goals of a better-informed public and more effective, accountable, and responsive government. The Center identifies public policy issues facing North Carolina and enriches the dialogue among citizens, the media, and policymakers. Based on its research, the Center makes recommendations for improving the way government serves the people of this state. In all its efforts, the Center values reliable and objective research as a basis for analyzing public policy, independence from partisan bias and political ideology, the richness of the state's diverse population, and a belief in the importance of citizen involvement in public life."

The Center also is in the process of adopting new goals statements, including research goals, dissemination goals, impact goals, and organizational goals. Center members with specific proposals for new Center programs or activities -- as opposed to ideas for research topics -- should write the Center. We'd also welcome your evaluation of current programs and services. Just send your ideas to "Goals and Programs," N.C. Center, P.O. Box 430, Raleigh NC 27602.

And since it's the holiday season, we might have just the thing for your favorite nonprofit group in need of equipment. The Center has four well-used but still-serviceable CPT word processors and one CPT Rotary VIII printer, with lots of manuals and discs and carbon ribbons. They could be a big help to organizations still equipped with typewriters and legal pads. And we've got a box of Executone telephone extensions that might be useful to a group that needs more phones. If you or your organization would like to know more about this available equipment, call Center Administrative Services Manager Nancy Rose at (919) 832-2839.

Recycled Center equipment may help other nonprofits with word-processing, printing, and telephones

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