# PUBLIC HEARING

before

## SENATE INSTITUTIONS, HEALTH AND WELFARE COMMITTEE

## SENATE BILL 1309

Providing for a Nonbinding Referendum on the Enactment of a National Health Care Program

April 7, 1987
Room 427
Bergen County
Administration Building
Hackensack, New Jersey

**MEMBERS OF COMMITTEE PRESENT:**

Senator Richard J. Codey, Chairman

**ALSO PRESENT:**

Senator Paul Contillo
District 38

Eleanor H. Seel
Office of Legislative Services
Aide, Senate Institutions, Health
and Welfare Committee



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New Jersey State Legislature
SENATE INSTITUTIONS, HEALTH
AND WELFARE COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
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March 18, 1987

## NOTICE OF A PUBLIC HEARING

**THE SENATE INSTITUTIONS, HEALTH AND WELFARE COMMITTEE ANNOUNCES A PUBLIC HEARING ON:**

**SENATE BILL NO. 1309**
**PROVIDING FOR A NONBINDING REFERENDUM ON THE ENACTMENT OF A NATIONAL HEALTH CARE PROGRAM**

**Tuesday, April 7, 1987**
**Beginning at 10:30 A.M.**
**Room 427**
**Bergen County Administration Building**
**Hackensack, New Jersey**

The Senate Institutions, Health and Welfare Committee will hold a public hearing on Tuesday, April 7, 1987 beginning at 10:30 A.M. in Room 427 of the Bergen County Administration Building, Main Street, Hackensack, New Jersey. The purpose of the hearing is to receive public comment on Senate Bill No. 1309 which provides for the submission to the voters of the State in the next general election a nonbinding referendum to ascertain the voters' sentiment with respect to the enactment of a national health care program.

Address any questions or requests to testify to Eleanor Seel, Committee Aide (609) 292-1646, State House Annex, Trenton, New Jersey 08625. Persons wishing to testify are asked to submit nine copies of their testimony on the day of the hearing. The chairman may find it necessary to limit the number of witnesses or the time available to each witness.

[OFFICIAL COPY REPRINT]

# SENATE, No. 1309

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator CONTILLO

AN ACT to provide for the submission to the voters of the State of a nonbinding referendum to ascertain their sentiment with respect to the enactment of a national health care program and making an appropriation.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. In order to ascertain the sentiment of the people of this State as to their views on whether a national health care program should be enacted by the United States Congress and the President of the United States, the following public question shall be submitted to the people at the general election to be held in November, *[1986]* **1987***, in the manner provided by this act and by Title 19 of the Revised Statutes for the submission to the people of public questions to be voted upon by the voters of the entire State, and it shall be the duty of the Secretary of State to arrange for the submission of the public question in accordance with the provisions of this act and of Title 19 of the Revised Statutes, of which submission the same notice shall be given, if possible, as is required by law of that election and the people of the State may at that election vote for or against the question in the following manner.

2. There shall be included on each sample and official ballot the instructions set forth below on voting on the nonbinding referendum.

If you approve of the question printed below, make a cross (×), plus (+), or check (√) mark in the square opposite the word "Yes."

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter printed in italics *thus* is new matter.**

**Matter enclosed in asterisks or stars has been adopted as follows:**

***—Senate committee amendment adopted May 21, 1987.**

If you disapprove of the question printed below, make a cross (×), plus (+), or check (√) mark in the square opposite the word "No."

If voting machines are used, a vote of "Yes" or "No" shall be the equivalent to the markings respectively.

| | | |
|---|---|---|
| | Yes. | ENACTMENT OF NATIONAL HEALTH CARE PROGRAM<br>Shall the State urge the United States Congress and the President of the United States to enact a national health care program which: provides high quality comprehensive personal health care including preventive, curative, and occupational health services; is universal in coverage, community controlled, rationally organized, equitably financed, with no out-of-pocket charges; is sensitive to the particular health needs of all persons; and aims at reducing the overall costs of health care? |
| | No. | |

3. The votes cast "Yes" and "No," by ballot or voting machine, shall be counted and the result thereof returned by the election officer, and a canvass of the election had in the same manner now as is provided for by law in the case of the election of a Governor, and the approval or disapproval of this question so determined shall be declared in the same manner as the result of an election for a Governor.

4. The Secretary of State shall prepare a single summary statement as to the reasons for submitting the question set forth in section 2 of this act and shall direct the clerk of each county of this State to cause the question to be printed and placed on each of the ballots, together with the summary statement appended to or enclosed with the sample ballot, in a manner which will give prominence to that question and statement.

5. There is appropriated the sum of $5,000.00 to the Department of State for expenses in connection with the publication of notice pursuant to section 1 of this act.

6. This act shall take effect immediately.

SENATE INSTITUTIONS, HEALTH AND WELFARE COMMITTEE

STATEMENT TO

# SENATE, No. 1309

with Senate committee amendments

# STATE OF NEW JERSEY

DATED: MAY 21, 1987

The Senate Institutions, Health and Welfare Committee favorably reports Senate Bill No. 1309 with committee amendments.

As amended by committee, this bill provides for the submission to the voters of the State in the general election in November 1987 a nonbinding referendum to ascertain the voters' sentiment with respect to the enactment of a national health care program.

The referendum question would direct the State to urge the United States Congress and the President of the United States to enact a national health care program which: provides high quality comprehensive personal health care including preventive, curative, and occupational health services; is universal in coverage, community controlled, rationally organized, equitably financed, with no out-of-pocket charges; is sensitive to the particular health needs of all persons; and aims at reducing the overall costs of health care.

This referendum question is similar to a nonbinding question which passed in Massachusetts in November 1985.

The committee adopted a technical amendment to the bill to correct the date of the next general election.

An identical bill, Assembly Bill No. 1422 (Mazur), is currently pending before the Assembly Health and Human Resources Committee.

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**SENATOR RICHARD J. CODEY (Chairman):** Good morning. I'd like to start this meeting. Senate Bill No. 1309 provides for a non-binding referendum on the enactment of a national health care program. That particular bill is sponsored by Senator Contillo. Our first witness this morning will be Senator Paul Contillo of Bergen County, District 38. Senator?

**S E N A T O R P A U L J. C O N T I L L O:** I lost my prepared statement, Senator, but I'll give this to you when I'm finished, okay? I'd like to take this opportunity to thank the famous Senator Codey and the rest of the members of this Committee for holding this hearing today in Bergen County on a matter of great importance to all of us -- the availability of affordable quality health care for all Americans.

There is no one prouder to be an American citizen than I am. But I can take no pride in the fact that out of all the industrialized nations in this world, it is only the United States and South Africa which do not have a national health care program. Our good friends to the north, the Canadians, have had a national health care program for many years. We have been impressed with Canada's accomplishments in providing universal health care with fewer funds and resources than are available to us here in the United States.

Health care in the United States costs us over 11% of our gross national product. The Canadians do the same job with 8.1% of their gross national product. The time has come for the Federal government to focus our national health care and the American people seem to agree. In a recent poll, six out seven Americans said that they believe everyone should receive the same high quality health care regardless of their ability to pay. And in a recent survey regarding the Constitution, three out of four respondents would support an amendment to the Constitution guaranteeing every citizen's right to adequate health care, whether they can afford to pay for it or not. Americans are fair and compassionate people, and they recognize the inequities in our present health care system.

The legislation that you are considering today would place a question on the ballot asking the people of New Jersey whether they agree that the President and the Congress should enact a national health care program. When a similarly worded question appeared on the ballot in Massachusetts last November, 67% of the voters supported the measure. That sends a strong message to the Federal government that it's time to act -- time to make national health care the national priority. I believe that the citizens of New Jersey will do the same thing if given the opportunity to do so by this Committee and by our entire Legislature.

You will be hearing today from a number of witnesses who will testify on behalf of this legislation. Many of them come prepared with facts and figures which will illustrate for this Committee the breadth and depth of the problems surrounding the availability of affordable health care as it exists today. I would like to sum up for you what I think the effect of a national health care program would be.

It should do these things: It should provide affordable personal health care. It should get rid of confusing claims forms. Above all, it should emphasize prevention, it should cover hospitalization and office visits, it should preserve quality, it should cut waste and mismanagement, it should protect the average American family, and it should cap the cost at today's levels. Thank you, Senator.

SENATOR CODEY: Senator, what was your reaction to the President's recent statement regarding the national health care plan?

SENATOR CONTILLO: It was inadequate. The total vacuum is how it deals with the nursing homes. People are frightened to death of the end of their golden years -- that they are either going to bankrupt themselves or their families. The President did not deal with nursing home care. He did not deal with home care. Home care can be one of the

greatest factors that we have of controlling costs and for being humane, instead of shipping people off to hospitals and nursing homes. If there's some supplement to help people with home care, people can stay at home as they have in the past.

SENATOR CODEY: Okay. Thank you very much. Senator, I'll ask you if you would join us here.

SENATOR CONTILLO: Thank you, Senator.

SENATOR CODEY: Thank you. Our next witness will be Assemblyman Bennett Mazur, Bergen County, District 37. Assemblyman?

**A S S E M B L Y M A N D. B E N N E T T M A Z U R:** Thank you, Senator Codey. I appreciate the opportunity to come here and testify and that this opportunity has been created here in Bergen County. Health care in our county should be a right, not a privilege. As has been stated before, the only two industrial nations in the entire world who do not have a national health program are the United States and the Union of South Africa. It is past time for the United States to leave this undistinguished company and join the rest of the civilized world.

A survey by the Robert Wood Johnson Foundation reported that 1 million Americans every year are refused health care because they cannot pay for it. Five million of our nation's citizens did not even seek the care that they needed because they were aware that they could not afford it. And there are 35 million people in the United States who are not covered by any health plan at all. They have no coverage whatsoever, no protection whatsoever. These statistics are disgraceful and must be changed. All of us pay the price for the failure of our country to provide access to the essential health care for all of our citizens. You may hear the statistics, but the victims may eventually become the people we love -- our own aging parents, our infants, our grandchildren, our brothers and sisters. They represent our past, our present, and our future.

Assuring health care for all Americans is a cause which is extremely close to my heart. This bill does not ask you to endorse a specific national health care reform in the United States. It asks you to permit the citizens of this State to voice their opinion on this matter. I believe the people of this State deserve the opportunity to express themselves on this vital issue -- an issue which deeply affects each and every one of us.

As prime sponsor of Assembly Bill 1422, the Assembly companion bill to S-1309, Senator Contillo's bill, I have heard the public's support for this measure. On behalf of the thousands of people who called and wrote to my office, I urge you to release Senator Contillo's bill from this Committee and allow the full Senate the opportunity to vote on A-1309. Then together, we can ensure that New Jersey voters will have a chance to make their views known on the enactment of a national health care program.

I would like to take a moment to thank those citizen groups who have worked so hard to bring this important problem to the attention of us all. The Coalition of Retirees, Seniors and Disabled Persons has done a remarkable job in bringing various groups together who have a common goal to improve the health and quality of life for all our citizens. Now the next step is up to us. And bearing in mind the continuing rise in cost in medical care, that 35 million people who have no coverage whatsoever, and will be forced more and more to abandon the hope of gaining any care at all. And that would severely affect the physical health of the country itself -- the people of the country. It will affect their economic ability, their ability to work. They will become drains on the public's fisc in one form or another.

I'm sure we want a healthy and vital public in America and I urge us to make the New Jersey Legislature's voice known to the country, to join Massachusetts and the other states

which are in the process of doing the same thing that New Jersey is doing -- making Congress, the Federal government, aware of the will or the desires and the wants of the people of America.

I thank you very much for this opportunity. If you have any questions that I'm able to answer, I'll be glad to do so.

SENATOR CODEY: Thank you, Assemblyman. One of the things that you pointed out in your statement was the fact that there are 35 million people in the United States not covered by health care. And of course, one of the things that happens when you're not covered by health care is the tendency is not to go to a hospital or not to go see a doctor until such times that you have no other choice. Therefore, those of us who do not have health care -- or don't have the coverage, I mean -- don't get health care like others do for your families and our children and our loveed ones. And of course the quality of health care then is diminished entirely and we set up two separate classes -- those who have health care and coverage and they would tend obviously to be more healthy than those without it. That's a very glaring example when we speak about 35 million throughout our country, and of course a great percentage of these are right here in our own state. Thank you very much, Assemblyman.

ASSEMBLYMAN MAZUR: Thank you, Senator.

SENATOR CONTILLO: Senator Codey, just a comment here that it's incredible too that what we're dealing with here are those who do not have the coverage are requesting those who do have the coverage to give it to them. In other words, the President of the United States has the Federal government paying for his medical care, each and every Congressman and Senator, and those of us who serve in the State government and in the county and municipal government all have the government, in effect, paying for our health care, because they pay for the topnotch and the top of the line Blue Cross/Blue Shield and

all the other coverages. So you have the have nots, in effect asking the haves to give them the same thing that we, as elected officials have. I think there's a moral question that's being put out there on this ballot in addition to the medical question.

SENATOR CODEY: Thank you very much, Senator. Our next witness is Mr. Jack D'Ambrosio, the Ombudsman for the Institutionalized Elderly. Good morning Jack.

**J A C K R. D' A M B R O S I O:** Good morning Senator. I too would like to thank you for holding this hearing this morning on a most important issue. I would particularly like to thank you for holding it in Hackensack, my home town. Anytime you can cut my commute to Trenton short, I'm most grateful.

SENATOR CODEY: I'm sure you're on your way after you finish testifying.

MR. D'AMBROSIO: I've scheduled a few other meetings, Senator.

SENATOR CONTILLO: Could we keep him here in case questions arise?

SENATOR CODEY: Sure.

MR. D'AMBROSIO: The subject of this public hearing is the question of whether we should have a national health care program. While I'm not here to say whether we should or should not, although I am most encouraged that we are discussing such a program today, and hopefully the voters of New Jersey will be able to decide that issue, I do want to speak about what has so far been proposed in Washington, which I believe is woefully inadequate.

I am speaking specifically about the proposal for Catastrophic Illness Coverage that the Administration introduced a number of weeks ago. The Administration's proposed plan, though seriously inadequate, has done something very important. It has brought about increased awareness of a

significant gap in health care coverage affecting many, many Americans. Thus, this proposal has stimulated great discussion and recognition of the fact that a big change in future health policy is absolutely necessary.

From my perspective, the current plan for Catastrophic Illness Coverage appears to address areas that while important, are not the most serious concerns of our elderly. The plan focuses on coverage for hospital care and related expenses, but does next to nothing for the patient when he or she leaves the hospital, which is usually when the real health care needs begin. Most of the patients who remain in hospitals for more than 60 days are there not because they need to be, but because they lack the financial resources to cover the uninsured care that they will require when they return home.

Nursing home costs can be devastating. And too many of our elderly mistakenly believe that Medicare will cover their cost for nursing home care if they need it. This belief is far from accurate. And unless one becomes impoverished, Medicaid will be of no help either. The Administration's plan does nothing to change this reality.

The availability of Medicare and private insurance has done great things in covering costs associated with doctors' visits and hospital stays but little, if anything, to cover the nursing home care or home care. For those who suffer from chronic heart conditions, chronic lung disease, Alzheimer's disease, cancer, or other chronic disabilities, the cost of the health care they need may very well force them into poverty.

Much of what I have said sounds terrible and sad, but it is a reality that has been faced for many and will be faced by many others if changes are not made. Our elderly are being forced in many cases to spend all their savings and liquidate all their assets, even the homes that they have hung onto all their lives, in order to pay for the care that they need. When they run out of money and the things they have left to sell,

they must either do without the care they need or become wards of the State and receive welfare assistance through the Medicaid Program.

For these reasons, it is my opinion that Congress should create a new "Part C" in Medicare. This new Part C would provide for comprehensive health care coverage to older and disabled Americans by allowing for case-managed long-term care, both in the home and in our nursing homes. If Congress determines that this suggestion is not workable, an acceptable alternative would be to encourage cooperation between government and the private sector in developing a comprehensive insurance plan for such care that is affordable and available to all who need it.

Twenty years ago, in a bipartisan way, we identified a need for health care and met that need as it then existed. Today, we have new needs. These needs are not unique to New Jersey. They are the needs of our elderly and disabled throughout the entire nation. I believe we must once again more forward, in a careful way, exploring all of the issues, all of the problems, and all of the realities; and hopefully then, Congress will achieve comprehensive and thorough reform. It is badly needed. I believe we can no longer allow our elderly and disabled to be afraid of getting sick.

Senator again, I'm grateful to you for holding this hearing and I thank you for allowing me to take some time to address what I believe to be one of the true great challenges of the next few years. Thank you.

SENATOR CODEY: Thank you, Jack. Any questions?

SENATOR CONTILLO: Do you care to elaborate at all on this new Part C in Medicare that you're suggesting?

MR. D'AMBROSIO: Well, I think that this would fit right along with what you're suggesting, Senator, in your proposed resolution -- the discussion of whether there should be a national health care program. Once we've determined what

that discussion should be and Congress begins to address that area, a possibilty in terms of approaching a solution to that concept could be in developing a new Part C. And within that Part C, we could sort of consider nursing home care, long-term in the home, and most importantly, a way of controlling these costs, because it's my belief that we're spending a great deal of money in our Medicare and Medicaid system, and some of it is very well spent. But a lot of it is wasted because in some cases the money is available, but there are controls and ways that affect our elderly negatively and there are other professions that are taking advantage of those funds, maybe in a way that they should not be.

So, I think in creating a Part C, it can be a comprehensive approach to the problem with safeguards so that the other kinds of services that are really needed can be considered within that part.

SENATOR CONTILLO: You're saying there may be the ability to contain some of the costs if the money is spent in a more appropriate manner -- say if instead of staying in the hospital for the extra weeks and weeks, we have a little bit of home care for instance.

MR. D'AMBROSIO: That's right. I think too many of our people are forced to stay in settings that they don't belong in, that they should not be in, but they face the reality of if they go home, who's going to help them? Who's going to take care of them? Who's going to help me wash the dishes? Who's going to do these other chores that are not necessarily medical in nature, but the kinds of things that older people that want to continue to live independently and keep their dignity are not able to do because they need that little bit of help.

SENATOR CONTILLO: Thank you.

SENATOR CODEY: Thanks Jack.

MR. D'AMBROSIO: Thank you Senators.

SENATOR CODEY: Our next witness today will be Bea Lewis representing Congressman Robert G. Torricelli.

**B E A L E W I S:** Good morning. You will notice I come without any notes, because I speak from the heart, but I hope I'm speaking from the head too.

Now we have all heard the great common wisdom, "If something works, don't fix it." But there is a more profound wisdom which says, "If everybody agrees it's not working, you'd better fix it." Now it's startling for me to say to you that everybody agrees that it doesn't work. You will hear from our seniors and our senior organizations who represent not only themselves, but everybody because they can be here -- are discharging their obligation to society by being here. But they do represent not only themselves but everybody else.

Moreover, my (inaudible) includes something more profound. As you have heard, the inequities and hardships suffered by the seniors and other people, you will hear more about. So it's startling to say, but the doctors are unhappy, the hospitals are unhappy, the providers of other services are unhappy, and Medicare is unhappy. We have a cumbersome system which is, as has been previously said, using money in the least wise way and handicapping people with regulations and with paperwork; not because people have a bad heart, because we have used a Band-Aid system in dealing with our medical problems.

Now briefly these have been mentioned. We have Medicare and we have Medicaid. Then we found we had problems. So we had a doctors' freeze and a doctors' freeze off -- perspective (sic) payment. Well, now we need peer review to watch it. Not only does this handicap the system, but it is the so-called -- possibly -- poor use of our finances. Now as you wisely know, as you present this as a memorial to the Congress, it is the Congress who will deal with it. But strangely, this is not a new problem to the Congress.

In 1984, the Congress had a group to develop a study of six world health systems, and they labeled it, "World Health Systems; Lessons for the United States," so that this will not be a new problem to them. Without going into the details, which I will happy to do at another time when we have more time, they set the perimeters of health care in three areas: quality of care, access, and cost. When they discuss quality of care, they don't mean, "Is the bed clean?" or "Is the food good?" You hope for that. But they also discuss the kind of technology in which our country leads. When they talk about cost, you have already heard or you will hear that 11% or our gross national product goes for health care.

And as you have already heard, our enormous weakness is in access. Not only do we have the 35 million with no care, an enormous number with minimal care, but as has just been pointed out, there are great gaps, such as what you have been called possibly a C part of Medicare, what I would call convalescent care and other aspects of care for a changing situation in which mobility and the aging population has changed what has been our traditional system of post hospital care and senior care.

May I add possibly at the end with emphasis, when I told the Congressman that this was being worked out -- and the seniors will tell you I work very closely with them -- he said, "Oh Bea, if only it were on a Monday or a Friday, I would be there." You can count on him for all of his knowledge, for his support, and should you want any of the information which I have developed in four years of sitting on the end of the telephone and studying legislation, the Congressman will be pleased to let me work with you. Thank you.

SENATOR CODEY: Thank you. I would also like to acknowledge the presence of Mr. Burke Cole of Senator Feldman's office who, of course, represents Bergen County. Thank you for being here. Our next witness will be Mr. Al Evanoff of the New Jersey Health Care Coalition. Mr. Evanoff?

**A L E V A N O F F:** Chairman Codey, I was going to say members of this Senate Institutions, Health and Welfare Committee, but I see only one member here. On behalf of the New Jersey Health Care Coalition which consists of unions, senior citizen organizations, children, and disabled organizations, and persons interested in accessible, affordable high quality health care, I want to thank you for the opportunity to appear before you today to testify on legislation that grants a basic democratic right to all citizens of New Jersey to express their opinions on a comprehensive health program. The Coalition strongly supports S-1309 and urges the Committee to vote to send it to the Senate for a vote.

When the New Jersey Health Care Coalition was first organized, we formulated a statement of principles. I would like to read the introduction and goals of our organization which I think are very pertinent at this point:

"We the members of the New Jersey Health Care Coalition start from the assumption that a quality health care delivery system should be at the disposal of every American regardless of economic status, age, race, religion, sex, or national origin. We view quality health care as a right, essential to the functioning of a democratic society, and a yardstick upon which a society can be judged. When we apply this standard of measurement to our own country, the wealthiest on earth, we note with shame and dismay the deplorable state of health care in our State and nation.

"Thirty-five million Americans under 65 without health insurance. Since 1982, the percentage of health insurance plans with deductibles of $150 or more has risen from 9% to 38%. Medicare and Medicaid cutbacks have deprived millions of elderly, disabled, and poor of adequate health care. Almost 50% of the individuals living on incomes below the poverty level line are ineligible for Medicaid. The United States ranks 18th in the world in the rate of infant mortality.

"To achieve our goal of a quality national health care system, we subscribe to the following set of principles, campaign goals, and priorities in New Jersey:

1. Quality health care is a right and must be available to all persons.

2. Quality of service should be equal to all, appropriate, and of the highest medical standards.

3. Preventive Health care policies, services, and reimbursement measures should be emphasized and expanded.

4. The State and Federal government have the responsibility of guaranteeing these rights to health care consumers and should not abdicate that role to profit making enterprises.

5. The cost of services to all should be controlled and less costly alternative services developed and emphasized.

6. Health care providers must be accountable to the consumers of health care and the community as a whole.

7. Health care should be community based to the maximum extent possible and should preserve autonomy of personal and family life."

Those are the goals that we set. In New Jersey, we have a health care system that is better than what exists in most states. Our rate setting applies to all payers and the uncompensated care legislation provides coverage for those persons who lack health care. It is to the credit of our residents and leaders that outside of a few leaks in the dike, we have been able to keep the money hungry, for-profit gang of health care providers out of our State hospitals.

However, we have a health care system that is like a patch quilt. There are so many programs that provide piecemeal health care, that I would venture to say that no one person knows all the programs available to Jersey residents. The Medicare and Medicaid systems are complicated and frightening. If people get very sick and have to resort to home health care

or nursing homes, they may not be entitled to such care because they may have saved up a few dollars working all their lives. Their savings deprive them of the care they should have. Of course, some people could be private patients and spend as much as a $1000 a week. And after using up all their savings for a short stay, they might then be eligible for Medicaid coverage.

We operate such an inefficient system of health care that hospitals have to put on extra people to check whether a person is considered as Medicare, Medicaid, private insurance, or perhaps no coverage. That figure of "no coverage" has now reached 37 million Americans -- 37 million with no health coverage. With all efforts to control our health cost, the United States spends a greater share of our gross national product on health costs than our neighbor to the north. Canada has a national health program and spends 8.4% as compared to our spending 10.7%.

Opponents of a national health program have all kinds of quick answers to anyone who talks about a national health program: that it is a socialist idea; that it does not provide the care that the Americans provide; that doctors will leave the profession rather than work in a national health program. Those are all quick answers because the most vocal opponents are part of the gang of Americans who are raking in profit dollars from our present system. Others are just victims of the status quo and the idea that what is now in effect is better than trying a new idea.

Articles that appeared in the "New England Journal of Medicine" last year stated that in 1982 and 1984, Gallup Organization opinion surveys showed that 80% of the Canadian people were very satisfied or quite satisfied with Canada's health insurance plan. The statement that doctors will leave the profession and that Canadian doctors left the country and others went on strike, does not tell the whole story. Canadian

doctors have a better arrangement for reimbursement of fees than our own doctors do under Medicare. The Canadian doctors carry on negotiations with the provinces' health authorities, and any disagreement is submitted to impartial arbitration. The results of this process established the fee schedule for all doctors. Financially, Canadian doctors have not fared badly. Their average income is approximately the same as that of their United States colleagues.

We urge you to release S-1309 for a vote of the Senate so that the voters will have a chance to express themselves. It is our feeling that New Jersey residents will vote "yes" for this referendum, in the same way that Massachusetts residents did. In conclusion, I thank you for the opportunity to present the testimony on behalf of the New Jersey Health Care Coalition to you and urge the release of the bill. I have copies of the testimony, and I have also taken the liberty to copy the article that appeared in the "New England Journal of Medicine." It was a three part series which was requested on behalf of the "New England Journal of Medicine," and that article examines the Canadian health care system, and I'd like to present that to the secretary.

SENATOR CODEY: Thank you very much, Mr. Evanoff. Our next witness is Ms. Joan Berry, President of the Disabled Citizens Organization of New Jersey. Is Ms. Berry here? (negative response) Okay, our witness then will be Mr. Edward Purtill, Director of Community Services for the Bergen County Central Trades and Labor Council.

**E D W A R D  P U R T I L L:** Good morning.

SENATOR CODEY: Good morning, Mr. Purtill.

MR. PURTILL: I prepared nine copies of my presentation. I believe the secretary has them, which also includes a resolution from the Bergen County Central Trades and Labor Council and a copy also of a conference that's coming up on May 2nd which I'll relate (sic) to.

SENATOR CODEY: Senator Contillo has already informed me that he will be there with you.

MR. PURTILL: Very good. He's part of the program. My name is Edward Purtill. I am here today in support of Senate Bill 1309. This bill provides for placing on the coming November ballot the question of having our Federal legislators work towards the enactment of a national health care program which will be applied equal to all citizens of our country. I am Co-Chairman of the Coalition of Seniors, Retirees, and Disabled. I am also the Executive Secretary of the Bergen County Central Trades and Labor Council AFL-CIO and Director of the its Community Service Program.

The two organizations are in full support of Senate Bill 1309 and are in full support of the concept of the national health care system. Both organizations are actively working towards increasing their base of support which will lead to the eventual enactment of a national health care system. The Coalition is sponsoring its second National Health Care Conference on Saturday, May 2nd at 9:00 a.m. at Bergen Community College. Legislators from the two political parties are scheduled to be part of the program. Other program members include a medical doctor representing physicians who support changes in our current medical care delivery system.

In addition, the program includes a representative of the Massachusetts coalition which was successful in getting a similar question on last November's ballot, in which the voters overwhelmingly voted "yes" to the stated question. A conference brochure is attached to my statement. At the regular monthly meeting of the Bergen Labor Council AFL-CIO, January 1986, the delegates representing the Council's affiliates unanimously voted to support having the questions placed on referendum. The resolution is attached.

The current crisis in the inequities and inadequacies of our current health care system are becoming more and more

evident. Nearly one in every six Americans under age 65 has no health care insurance. More than two-thirds of these are from families with a full-time wage earner. Of these 35 million Americans, 12 million are children ages 18 or under as stated by Dana Hughes of the Childrens Defense Fund. Most of them lived in families where the household head had no insurance.

Workers represented 55% or 19 million persons without any health insurance. A worker is defined as one who worked or sought work more than 35 hours per week, 35 weeks per year. More than two-thirds of the 35 million uninsured lived in families of fully employed workers. Sixty-nine percent of the fully employed earned less than $10,000 with another 22% making less than $20,000 per year. Only two states in this country had less than 10% of its residents among the uninsured. New Jersey is not among them. That's part of the AFL-CIO News, March 21, 1987.

In addition to the 35 million without coverage, another 50 million have inadequate protection. With the decline of jobs in manufacturing and our basic industries, the creation of new jobs in the service sector, part-time work and the shift to contracting out will lead to an increase of workers and their families with inadequate protection or no health insurance at all -- AFL-CIO News, August 9, 1987.

Obviously, a National Health Care System would also benefit our senior citizens. Currently there is no protection in President Reagan's Catastrophic Health Plan for 1.8 million seniors who now require long-term nursing home care because of disabling diseases. Medical costs being what they are today, it only takes a short time to wipe out a life's savings and drive the family into abject poverty. There are millions of other seniors with chronic conditions who will not benefit from this program.

Recently, I read an article in The New York Times and The Bergen Record about the concerns that many corporations

are having about the cost of health care being provided to the retirees. Just think what would happen to millions of workers if some of these corporations were able to discontinue the medical benefits now provided to retirees. Example-- In 1983, Curtiss-Wright shut down its Wood-Ridge plant causing over 500 employees to seek employment elsewhere. All had their medical coverage severed. In addition, the company informed all retirees who were receiving medical coverage that the coverage would no longer be provided.

In closing, let me urge the members of the New Jersey State Senate Committee on Institutions and Health and Welfare to give the citizens of the State of New Jersey an opportunity to express their feelings as it relates to a Nntional health care system. This can be achieved by this Committee releasing Senate Bill 1309 and by unanimously recommending to the full Senate its adoption into law. This will be a big step towards the eventual elimination of the disgraceful statistics you have heard over and over again today. Thank you very much.

SENATOR CODEY: Mr. Purtill, you had mentioned about the Bergen Labor Council AFL-CIO endorsing the bill. How many members does that represent, sir?

MR. PURTILL: In the Labor Council?

SENATOR CODEY: Right.

MR. PURTILL: We have over 50,000 members that we feel are related-- As a result their local union are being affiliated with the Labor Council. We feel it's in excess of 100,000 in terms of if you are to include the various family members -- brothers, sister, sibling, mothers, fathers, that sort of thing. Yes.

SENATOR CODEY: Okay. Thank you very much.

MR. PURTILL: Thank you. With you permission, may I take the time, also, to distribute the flyers?

SENATOR CODEY: No problem. Our next witness will be Dr. Gail Gordon of the Department of Health and Science, New

Jersey State College (sic). Good morning, doctor. Thank you for coming here today. Go right ahead.

**D R. G A I L G O R D O N:** Good morning. First of all, I want to thank you for holding these very important hearings. My name is Gail Gordon. I'm a Delegate to the Council of New Jersey State College Locals and the Coordinator of the Graduate Program of Health Sciences at Jersey City State College. I'm here today representing the Council which is the bargaining agent for the 3000 faculty and professional staff at the nine State colleges in New Jersey.

At its March 6th meeting the Council voted to support Senate Bill 1309 which would provide the citizens of New Jersey the opportunity to vote on a referendum concerning the enactment of a comprehensive national health care program. Comprehensive health care should be the right of everyone. As has been mentioned by previous speakers, there is absolutely no reason that we should hold the dubious position of being the only industrialized country, besides South Africa not to have a national health program.

I'd like to talk a little bit about the groups that I feel could benefit from a national health care program. First, I'd like to tell a story that one of my students told me last week in class. The student is a graduate student in health administration. She's the director of nursing at a large inner city hospital in New Jersey. Her mother is 70 years old and has leukemia. She recently had a severe drug reaction to the chemotherapy she was having in the hospital. She became severely debilitated as a result. Although she had Medicare and she had a supplemental Blue Cross/Blue Shield policy, this woman and her family were confronted with substantial out-of-pocket expenses.

She was discharged from the hospital because she was not sick enough to stay according to the DRG guidelines. But then again, she was not sick enough under the Medicare

guidelines to be admitted to a nursing home, and yet she was bedridden. She was covered for limited home health services under Medicare which her family had to supplement and pay out-of-pocket for. The expense was putting a severe financial strain on the family.

Finally, as my student put it, they "lucked out" when her mother developed a fever and made her eligible for a hospital admission. She finally fit a category which made her eligible to receive the care that she needed. A system in which families see the development of a fever as lucky must be changed. Clearly this woman could have benefited a great deal from a national health care program.

But of course the elderly are not the only ones that are affected by the lack of health care coverage. In testimony given before the New Jersey Assembly Corrections, Health and Human Services Committee on health insurance benefits for the unemployed held in 1983, the problems of the uninsured in this State were discussed in depth. I will highlight a few of the findings from that hearing.

The Industrial Union Council conducted a survey at six unemployment compensation offices throughout New Jersey and interviewed people about their health insurance coverage. They found that approximately 60% of those who had been covered on their former jobs now had no health insurance whatsoever. Thirty percent had no coverage through their spouse and 10% were paying between $50 and $150 per month for their own coverage. In that same survey, they found that at least 20% of these who had been laid off had incurred medical problems that required attention.

A representative of the New Jersey AFL-CIO testified at that hearing that according to the Federal Department of Labor statistics, 85% of workers attain health insurance at the workplace. Of these, 60% lose that coverage immediately or within one month after layoff. So we have the uninsured that

could use a national health program. They include the unemployed, students, self-employed and workers in small business. They simply cannot afford the high cost of health insurance.

A third group that could use a national health care program is the under-insured, not simply the uninsured, but those who have insurance but it's not adequate insurance. Just because someone has insurance doesn't mean they're adequately covered. It's difficult to get the kind of statistics regarding the under-insured because policies vary such a great deal. The National Center for Health Services Research estimates that of those under 65 years of age who have some form of insurance coverage, 13% are under-insured. I would think that's a conservative estimate. So we've heard here about the thirty five million people who do not have insurance, but we also have to think about those who have insurance but are under-insured.

The fourth group of people in this State that could use a national health care program is the poor. Some are covered by Medicaid but many are not. Even if they do carry a Medicaid card, this is not a guarantee that they will have access to medical services. There is a need for improved access to prenatal care and other primary care services for the poor. We need to eliminate what currently is a two class system in health care: one system of the insured and another for the poor, who are largely black and Latino. So we see there are big gaps under our current system and yet we are spending $425 billion a year nationally on health care services.

So, if we're spending that much already and we have all of these people that aren't covered, what will happen when we then cover everyone? Won't the cost go through the ceiling? Well, the answer to that is that it could go through the ceiling if we simply dump money into the current system and we don't make some changes into the system before we dump that

money onto it. The issue of cost is very complex. Health economists have been debating this issue for years and years and I don't think there are two of them who you can get into a room who will really agree on the problem. And not being an economist, let me be so bold as to raise a few issues regarding cost.

First, as has been pointed out, Canada and Great Britain spend far less on health care than we do. Canada spends about 8% of its GNP and Great Britain spends about 6% compared to the U.S. figure, about 11%. We need to learn from their experience. I had the opportunity on my sabbatical last year to spend about five weeks in Great Britain to look at their health system. And even with the problems they have, it's supported by the majority and everyone that I spoke to was largely in support of the system. So we can learn from the experience of our neighbors.

Also, there are several factors which we could do something about to eliminate or to control costs of health care. These are profits and waste in health care. Any of you who have filed an insurance claim for a medical expense can understand the issue of administrative waste. The paperwork involved for individuals as well as health providers is enormous. Himmelstein and Woolhandler -- and I have the references attached to this testimony -- have estimated that if the U.S. adopted a national health program like that of Canada of Great Britain, we could save between $29.2 billion and $38.4 billion just on administrative waste alone.

Advertising is another example of the wasteful expenditure of funds that could be put to better use in the delivery of needed health services. We see the billboards, we see the advertisements for HMOs, for hospitals. We can use that money to be put into the delivery of health services rather than on advertising. It's been estimated that about $3.9 billion was spent advertisements on marketing and advertising in 1983.

Profit making in the health field has grown rapidly in the past few years. After-tax profits averaging 7.6% over the last five years have placed health care third in terms of profits out of 42 industry groups. There are for-profit hospitals, nursing homes, HMOs, surgi-centers, home health agencies, and others, all in the business of making a lot of money off health care. In addition, drug companies, medical supply companies, and insurance companies make vast amounts of money in the health field. Himmelstein and Woolhandler estimate that eliminating profits could save between $4.9 and $13.5 billion per year.

Another way to make a national health care program affordable is through prevention, and several speakers have addressed this issue. For example, it's been estimated that for each dollar we spend on prenatal care, we can save between $2.00 and $11.00 in terms of having healthy babies, healthy mothers. We need to spend money on the preventive end rather than on taking care of the problems when we don't spend the money on the preventive end.

Finally, we need to look at the priorities in the Federal budget. Since 1984, $5.7 billion has been spent on Star Wars. The Reagan Administration is asking for increases in this program while at the same time recommending a reduction of $4.7 million in Medicare outlays and $1.3 million in Medicaid outlays in 1988. The total projected cost of Star Wars if it continues is projected at between $1.5 and $3 trillion over the next 15 to 20 years. This type of expenditure of our taxes is disgraceful and could be put to much better use in saving lives rather than building weapons of destruction.

Senate Bill 1309 gives the citizens of this State a chance to register their opinion about the need for a national health program. It also gives us an important opportunity to have the type of discussions that we are having today. Through

our efforts and the efforts of other states we can help to create the pressure to make the goal of a national health program a reality. Thank you.

SENATOR CODEY: Thank you very much. Senator Contillo?

SENATOR CONTILLO: You mentioned, and rightfully so, whether DRGs are discharging people a little sooner than they normally would because they don't need the intense care that they receive in the hospital. Do you think that is accelerating the problem of these people when they leave the hospital, because most of them don't have proper coverage in that area?

DR. GORDON: Absolutely. And I think previous speakers have spoken of the importance of having something for these people who are discharged early. If you're going to discharge people early, then make sure you have home health services available, nursing home care, something. But, I sort of see it as similar to the mental health institutions -- dumping people out on the street without any kind of follow-up care. That's happening here too.

SENATOR CONTILLO: Yes.

SENATOR CODEY: Thank you again, doctor. Our next witness will be Mr. Fred Victor of the Central Trades and Labor Council.

**F R E D V I C T O R:** Senators, first all, my identification is wrong. I am not identified with that. I am representing the Gray Panthers of Bergen County and the Coalition of Retirees, Seniors, and Disabled, which I'm Co-President.

I am certain that everyone here is well aware of the staggering cost of health care in our country. In all probability, most of us have experienced firsthand the trauma of sickness of someone in our family or a close friend and have personal knowledge of hospital costs and doctors. Senators, that's why we're here today: To impress upon this Committee

the urgent need for universal health care for all our citizens. To ask your help in passing on the message from our great State of New Jersey to the Federal government.

As you know, Massachusetts has made its opinion heard loud and clear. In the last 1986 election, an overwhelming majority of their voters wrote a resounding yes on the ballot for a national health program.

Senator Paul Contillo has introduced Bill 1309 calling for a referendum on a comparable bill. It is straightforward, logical, and spells out a program that practically every civilized, industrial country in the world provides their people except the United States and South Africa. What a combination.

Most of us here today represent organizations or large groups of people in the State of New Jersey. We have been contacting people in every section of our State to find out how they feel about a national health program. We have received thousand of thousands of names on a petition endorsing and supporting Senator Contillo's bill. I have here the petition with thousands of thousands of names from every section of the State of New Jersey. As a matter of fact, I went through it quickly and we have here 223 different communities from the State of New Jersey, large and small, some cities and some small towns.

Now the result of this is very simple. These names are not confined to any one area, but spread out all over the State, and as the campaign continues, I'm certain that many more thousands will be heard. Right now, represented in this collection are such town and cities as Trenton, New Brunswick, Newark, Franklin, Fair Lawn, Orange, Cranbury, Mahwah, Glen Rock, Hightstown, Hamilton, West Orange, Wyckoff, and many, many more.

A few of the reasons why people of all ages are calling for a national health program are very simple. Medicare was created to pay for the health care of the elderly

and after 20 years it is now outmoded and not performing the function it was originally intended to do. Today elderly people pay a larger portion of their income for health care than before Medicare was enacted. Hospital costs have exploded and doctors' fees have reached new highs. Monthly premiums, overall program costs, and higher deductibles have increased more than tenfold and co-payments have risen 50% faster than income.

Patients are being sent home from hospitals now quicker and sicker than ever before because of DRG regulations with a cap on cost. We now spend over $460 billion annually for health care which is 11.3% of our gross national product and yet more than 35 million people in our country have no health insurance, and therefore do not have any medical care. Canada has a health program for everyone, and they spend 8% of their GNP, and each and every resident gets full hospital and physician care. There are no exceptions.

Long-term nursing care in the United States costs about $25,000 a year. Even though about 25% of the health care cost of the elderly is for long-term care, Medicare pays a very small portion of the bill. Most nursing homes in our country are not Medicare approved, therefore the cost must be borne by the patient in many instances. Right now, the elderly spend 15% of their average annual income on medical care. By the year 1990 it is estimated to be 19% or $2583.

I could go on citing statistics, but it all really boils down to this: You cannot afford to get sick in the United States. Entire families are wiped out and reduced to poverty paying for health care. Each year the Federal government cuts back more and more on funds to aid the sick. Each year the doctors' incomes get larger. The hospital profit structure increases. According to The New York Times article of March 29th of this year, it indicated that 40% percent of hospital revenue is from Medicare treating 31 million elderly and disabled. And huge gains are also being posted by insurance companies.

Every day you read in the papers about the astronomical cost of health care. You read about plans put forth to alleviate the hardship and the financial burden of the sick. The latest plan initiated by the Federal government is to collect an additional $4.92 per month on top of the $17.90 premium now charged for Medicare. They claim that there would be then be a cap of $2000 out-of-pocket expense over and above what Medicare expends. According to The New York Times article of March 8, 1987, read the caption, "Reagan Insurance Plan Appears Helpful to Few." At the most, there would be about 250,000 people in the whole country that might benefit. But even those people would still be forced to pay from 25% to 75% of their income on expenses that would not be covered.

Senators, New Jersey is a great State. Right now it is in the forefront of instituting wonderful social programs, especially for the sick, the poor, and the disabled. We have PAAD serving over 250,000 residents over 65 years of age by enabling them to secure prescriptions for $2.00. We have the Medically Needy Program providing health coverage to qualified people 65 and over and also for children under 21. We have a Community Care Program for the elderly and disabled, enabling certain individuals to receive health care in their own home when ill. Right now there is a medical assignment bill in the Legislature requiring physicians to accept Medicare assignment. Why not go all out and get the full treatment for every resident in the country?

In closing, let me draw an analogy. We have the most educated population in the world. We have a national public educational system that serves all the people. In this national education service, we all pay taxes and are entitled to certain services. We often have some out-of-pocket expenses like books and so forth.

Generally, the staff is locally employed by a governing body, which is the school board, and the State

guidelines for adequate services are followed. Why not a national health service, patterned on our successful educational system? Why not have a medical care industry publicly financed and locally governed? There is nothing far-fetched or radical about this suggestion. Think of all the other services we enjoy on this same basis: the police protection, fire protection, sanitary disposals, library systems, and so forth.

New Jersey has many admirable health programs, but there's still fragmentation, and we hope that eventually the national health program will serve without a means test. The health care concerns of all our people are the same everywhere in the world and what we need is care that cures, care that is nearby and personal, and care that is affordable. Senators, please give New Jersey voters an opportunity to express their opinions. Send out Bill No. 1309 to the full Senate. Thank you.

SENATOR CODEY: Thank you, sir. Keep getting those signatures too.

MR. VICTOR: Do you want to see them? (laughter) May I make a suggestion, Senator?

SENATOR CODEY: Go right ahead.

MR. VICTOR: There is a woman here. Sister Marguarite O'Connor from the Archdiocese of Newark has come and her name is not on the list. I would ask if you would call on her to speak, please.

SENATOR CODEY: As someone who was educated in Catholic schools, I will not turn down that request. (laughter) And I have a sister who is a Sister of Charity, so I would really be in trouble.

MR. VICTOR: So, then there's no problem, Sister.

SENATOR CODEY: Good morning, Sister.

**S I S T E R M A R G U A R I T E O ' C O N N O R:** Good morning Senator Codey and Senator Contillo. I truly thought that since my name was not on the docket, it would be

reprieve. I want to tell you this morning that after listening to all the speakers, I wish to support everything that has been said. We do have the statistics. We have everything except the heart.

I come here today not as the representative of the Archdiocese of Newark, Ministry to the Elderly, which I am. But I've come here first as a private citizen, a former teacher and principal, as well as a gerontologist for the past 20 years. The other day as I opened The New York Times I saw the caption, "As a Nation Grazes a Mighty Advocate Flexes Its Muscles." I began to go into that article much more intently, because it referred to the impact of the large organizations that we have here in the United States, especially those composed of senior citizens expressing their concerns over the increasing numbers of elderly.

Cyril Burchfield, the 68-year-old Executive Director of the Association of Retired Persons stated, "We use to be a sleeping giant, big in numbers, but sleeping like a hibernating bear. But now we are awake."

The question is, are we truly awake? We have come here today to state our concerns and to hope and pray that we will have this bill passed, and concern for the elderly will be realized. But at the same time we are doing this, what are we doing to provide the type of education from the earliest stages of life through our elementary, secondary, and college students? Because as we plant in the little child concern for the elderly and we see it in the elderly -- the receptiveness and that giftedness to speak to the heart of the child, to sensitize it toward the sacredness of life in what human nature and love and care can do -- we can then hope for the future. But at the same time, we're talking of statistics, and we're talking of numbers. If we do not get behind the educational system and sensitize our children -- our students, from the early ages up -- I think then we will not have a healthy successful program -- a bill that can be passed.

A coordinated health care system which provides for in home care is designed to prevent premature institutionalization so people will be able to remain in the community. This is the idea. But being out there everyday, we know it is not true. It is true that some profit by this, but what about the hundreds who are totally unaware that they can profit by this? An educational future, I pray, will help them to see it.

The Gramm-Rudman Act, what we have seen as a result of it-- Yes, there is a concentration of resources and they are reflected in the early morning. According to the schedule, the same day, does our physiology, and our psychology respond to the manner to speak to those elderly with depleted energy? I'm talking about -- which was reiterated a few moments ago -- we have the elderly getting into the hospital in an early admittance. We find out that the surgery is performed and we find them out in the afternoon without anyone to care for them.

In one situation that was a part of what we were trying to resolve, we found that one of the elderly women who had been the hospital for quite some time but did not seem to respond to the medical treatment, was brought home at six o'clock at night in November. She was put in bed. There was no light in the home -- the electricity was turned off -- and she was found the next morning on the floor. Fortunately, as she fell out of the bed, the phone was knocked down and the operator kept trying to get her attention. At the same time, a social worker reported that there's something wrong there.

Now these things are happening. We can talk about so many instances that are comparable to this. But I say, what about the elderly whose resources have dried up? Similar to that 91-year-old woman that I just mention who was returned home, fortunately, we do have many dedicated people, social workers and so forth, who have come to life and eventually will make such an impact in the Legislature by their dedicated lives. The scene will change. I want to know happy roses and

gems are out there -- out there to whom we can respond. As we develop an advocate for the elderly, who put their bodies where their mouths are, the elderly face an increasing need and decreasing resources, and children needing early care and those with little or no health benefits-- Let us see if they can realize the equality of man to man -- that it does exist, and that we have bills such as this to promote it.

These concrete realistic bills which can be implemented can restore man to his lawful dignity as masterpieces of God's creation. Today, it is our turn; but tomorrow, who is going to care for those who have no one to love them? Thank you.

SENATOR CODEY: Thank you very much.

SENATOR CONTILLO: The next witness-- Just before I call the next witness, I want to comment to Sister Marguarite. Sister, you made the comment that it's important to educate and bring an awareness to the young people as they go through the educational system. It might make you feel better if you realize that many, many names on that petition were gotten at the Ramapo College where the young people has a greater concern as have the senior groups for this National Health Care Program. So, it's one of the better things that we can look forward to.

SISTER O'CONNOR: (speaks from audience) Thank you. I appreciate that. I'm trying to do it through all the four counties to get the program up -- thousands of volunteer programs -- but we try to tie in the school groups with the elderly (inaudible). Thank you very much.

SENATOR CONTILLO: Great idea. Our next speaker will be Harry Randall, the Bergen County Coalition of Retirees, Seniors, and Disabled Persons. Is Harry in?

**H A R R Y  R A N D A L L:** I'm in.

SENATOR CONTILLO: Okay.

MR. RANDALL: I want to thank the Committee for the opportunity to testify here on behalf of my colleagues who have

helped prepare this. This is the work of a committee of three, of the Bergen County Coalition of Retirees, Seniors, and Disabled Persons. I was joined in drafting this by Edward Purtill and Wilma Casella.

First, very briefly, reasons for needing this referendum: This non-binding expression of opinion by New Jersey citizens would send a message to Congress as to how much they are concerned about problems of health care, and how much they want Congress to deal with these problems. It would encourage the necessary public discussion of various approaches to national health care.

Now, some of the reasons for needing a national health care system. General concerns: Medical and hospital costs have risen three times as fast as inflation during the past 20 years. In 1986, they rose 7.7% percent, or seven times as fast as the Consumer Price Index. In 1983, 35 million people were without any kind of health insurance. By 1986, this figure rose to 37 million, and up to 50 million had policies which did not cover catastrophic illness.

In 1987, the number of uninsured is calculated to be 40 million. Two-thirds or more of those uninsured are employed workers and their families, who have no employer-paid coverage and who cannot afford private health insurance. Studies show that people with no health insurance are 50% less likely to get physician care, and 90% less likely to get hospital care than those who have insurance.

New unemployed workers are losing their health insurance along with their jobs. Others are losing health care benefits when their former employers claim bankruptcy. In 1983, one million fewer people were covered by employer health plans than in '82. Today, some corporations have eliminated health benefits for retirees, for example, Curtiss-Wright in Wood-Ridge, New Jersey. Others are reported to be withdrawing all medical benefits for all employees, for example, Kaiser Aluminum.

Health insurance at group rates is available to only 11% of uninsured workers. Medicaid covers less than half of all families living below the poverty level. In 1986, three out of ten children living below the poverty level had no coverage. One million people every year are turned away from hospitals, some being denied emergency care, and even more fail to receive routine assistance.

The percentage of income paid for health care per person, nearly doubled between 1966 and 1982. Twenty billion dollars was cut from major health programs between 1981 and 1985 -- mostly from Medicare. Under DRG rules, -- Diagnostic Related Groups -- hospitals are discharging many patients before they are well enough, and before their physicians think they should leave. They go home, as has been said, "quicker and sicker" -- especially the elderly.

Both Medicare and Medicaid support for home health care have been slight, and have now become still weaker, even though professional home health care would be of more benefit to many patients than long hospitalization and would cost much less. Just when people are being turned out of hospitals quicker and sicker, administrative cutbacks and rigid, arbitrary enforcement of rules deprive more and more patients of the care they need.

Medicare funds are available only for acute illness, while those with chronic illness are also in dire need of care at home or in nursing homes. New Jersey has some exceptions for chronic illness, but with a spend-down requirement. Prevention of disease and injury has long been neglected in favor of treatment of sick people. More effort in prevention could reduce overall health care costs.

At least 16 countries are doing a better job than the U.S. in protecting the lives of infants, and the latest figures appear to be higher than that. Although every dollar spent on maternal care saves two dollars in caring for sick children,

the Federal Women Infants and Children program reaches less than 4% of the eligible population in New Jersey.

In 1983, the mortality rate for black infants was more than twice as high as the mortality rate for whites. Doctors and hospitals are now concentrated in affluent areas. This makes access to care difficult or impossible for huge rural regions and large low income city areas.

Costs restrict access to medical education largely to very well-to-do families. One approach to alleviating this and the previous geographic problem could be an educational subsidy in exchange for a contract for some years of community service in poorly served areas. The combination of rising costs, lack of insurance, and geographic discrimination means that equal access to choice of physicians is denied, resulting in a two-tier society where health care is concerned with a third tier composed of people who cannot afford to see a doctor and have to postpone care until their condition deteriorates to the critical stage.

Now some special concerns of senior citizens. Medicare deductibles have grown beyond the reach of the many senior citizens and are still increasing -- already in 1987, $520 out-of-pocket for each hospital stay. That's up from $492 in '86, and on only $180 as recently as 1980. On top of this, there is a $75.00 annual deductible for physicians' bills, plus a $17.90 monthly premium -- the total for physicians' care being almost $290 a year. That's in addition to the very large hospital deductibles. Medicare pays less than half the cost of physicians' care.

What about Medicare assignment? Less than 21% of New Jersey physicians regularly accept assignment. The others are free to charge whatever the traffic will bear -- generally much more than the Medicare allowance. One result is that senior citizens now pay a higher proportion of their income for medical care than before Medicare was enacted. Medicare

provides no help to people who need nursing home care for chronic illness and covers only 2% of the cost of long-term care. Left to their own resources, many families are wiped out financially. To get Medicaid help, patients are forced to spend-down to a low poverty level and to hunt and wait for a nursing home that will accept them. In spite of this, the Administration has proposed cuts of over $20 billion in Medicare for Fiscal 1988 through 1992. In 1985, profit making nursing homes made $158 million which was more than a thirty percent increase over the previous year.

Catastrophic Health Insurance, though much needed, would deal with just a tiny part of the problem and would simply toss a meatless bone to most people. Twenty-eight million senior citizens are in the hospital every year, but only one in 140 stays over 60 days, and even fewer over 90 days. The Administration's proposal focuses only on catastrophic illness in hospital. Such a token approach would neglect the overall reform that is badly needed to improve health care for the entire population and to reduce costs, and it neglects home care and nursing home care, as has been mentioned.

In summary, the health care referendum proposed in Senate Bill S-1309 would call on Congress to confront serious health care issues, including soaring costs, untreated illness, neglect of preventive care, meagre and short-term home health care, unequal access to health services, and unequal geographic distribution of medical services. The quality of health care is a good measure of a quality of a society -- how it deals with birth, death, illness, disability, aging, and the daily well-being of all its people. This is our opportunity to take a big step toward improving the quality of life in America.

SENATOR CONTILLO: Thank you Mr. Randall for your excellent suggestions and your testimony. It's an astounding fact that seniors today are paying a higher percentage for their income for medical care than prior to their Medicaid/

Medicare enactment programs. Seems that we're going backwards, doesn't it?

MR. RANDALL: It looks like it. We need to turn it around.

SENATOR CONTILLO: Well, that's the purpose of this program.

MR. RANDALL: Thank you.

SENATOR CONTILLO: We have three more listed speakers here. If there's anyone in the audience who hasn't come forward and would like to speak-- Okay what I'll do is I'll go through the three that are already listed and then I will ask anyone in the audience who wishes to speak. The next speaker will be Maria Tisserand from the Bergen County Gray Panthers.

**M A R I A T I S S E R A N D:** Good morning, or should I say good afternoon?

SENATOR CONTILLO: You can say whatever suits you.

MS. TISSERAND: I represent the Gray Panthers of Bergen County, an organization that is intergenerational and is an advocacy organization that deals with social issues to try to better things for everybody. I want to thank you for giving me this opportunity to be here.

America is a great nation because of the American people who live here. Those people have contributed by working hard and giving a good part of their salary to supporting programs in this country by paying taxes and things like that. And America is also a country that is now growing old. The decline in the birth rate, the growing older of the baby boom population, and the increasing number of elderly people is putting a great amount of demands on the health care system in this country.

Advances in medical technology have increased the life span of the elderly person so that they can live longer than ordinarily they would. The average life span age is now up to about 85. However, because of the results of the technology

that sustained their life, it isn't so that the quality of their life continues. As a result of the costs involved in sustaining their life, many elderly are forced to forfeit their life savings and to forfeit what they worked so hard for, considered the American dream -- owning their house. They have to give up everyth ng to pay for an extended hospital stay or a nursing home stay.

It is time to bring some equity to the health care system in this country from the patient's point of view; and we urge you to release the bill S-1309 and allow the people of New Jersey the opportunity to vote on the important issue of national health so the elderly will have the chance to live out their years in a secure environment and the young children will have a fair change to be the hope of the future. Thank you.

SENATOR CONTILLO: Thank you. The next speaker will be William Brown, the Executive Director of the Urban League of Bergen County.

**W I L L I A M B R O W N:** Thank you and Good afternoon. First of all I'd like to say thank you for inviting me to provide you the position of the National Urban League as well as our 111 local affiliates across the country. We will also involve the two affiliates that are located in Massachusetts -- that's Boston and Springfield. We're involved in the referendum that took place in 1986.

I assure you that the six affiliates in the State of New Jersey will be supporting this bill S-1309. The National Urban League and its local affiliates have long been involved in a National Health Care System because we recognize that our constituents and the constituents that we represent have long needed this kind of health care. I would like to share with you the updated version of our position at the present time to coincide with your findings.

We say that the Administration proposal for Federal Catastrophic Health Care Insurance is a promising wedge (sic)

for expanding the Federal role in providing health care services. The case for action to prevent catastrophic illnesses from destroying family finances is so powerful that even this Administration felt the need to introduce legislation, however inadequate.

It has big floors. As a part of Medicare it's limited to people 65 and over and it would cap personal hospital costs at $2000. But everyone is vulnerable to high cost illnesses, not just the elderly. While $2000 in out-of-pocket hospital costs is catastrophic for most families, even a lower cost would destroy family finances for many. The insurance would apply only to hospital stays, but the real catastrophic cost comes when elderly people need nursing homes or expensive home care services not covered in this plan.

As important as it is to offer senior citizens protection against catastrophic health care costs, the issues should be seen in the context of the nation's total health care needs, including the needs of the non-elderly as well as senior citizens. Seen that way, we realize that the biggest health care problem is that too many have no health care insurance at all. That means many people do not even get routine health care and are exposed to financial strains from any illness.

Today, we recognize that some 37 million Americans are not covered by health insurance, and their numbers have increased in recent years because so many workers have been laid off -- losing their company provided health insurance as well as their jobs. Right here in Bergen County we had evidence of layoffs -- two of our largest plants in recent years -- Ford Motor Company and Curtiss-Wright as was mentioned before. Meanwhile, most of the new jobs that our economy is creating are low wage and part-time, most often generated by small employers. Those jobs typically do not include health insurance benefits. And as the trend to ship production to smaller suppliers and as temporary part-time staffs grow, the number of the uninsured will also grow.

While it is widely believed that Medicare and Medicaid provide adequate health care opportunities for the elderly and the poor, the facts do not bear that out. Medicare pays only about 40% of the total health care cost of the elderly, and rising physician fees and prescription drug costs drive the Federal share even lower. And Medicaid is available to less than half of all the people living below the poverty line -- largely due to restrictive State regulations. So it's clear that the President's Administration's Catastophic Health Insurance Plan is more important for reopening the issue of health care on the national agenda than for any real world solution to the problem.

Ultimately, we all have to begin to develop a comprehensive national health insurance program. Until this nation is prepared to face the hard budgetary and policy choices posed by such a plan, it will have to make some incremental changes that plug the holes in the nation's health care safety net. Certainly, one place to begin would be with the national income standards for Medicaid eligibility that ensure that all low and moderate income individuals and families can have access to quality health care.

Again, I thank you for inviting me to take this opportunity to share the positions of our local affiliates in the National Urban League. Thank you very much.

SENATOR CONTILLO: Thank you. Okay, the last listed speaker that we have will be Joseph Rutch, the Director of the Bergen County Office on Aging.

**W I L M A C A S E L L A:** This is not a sex change. (laughter)

SENATOR CONTILLO: That's not the purpose of this hearing.

MS. CASELLA: I'm Wilma Casella, Staff and Social Worker at the Bergen County Office on Aging. I send regrets from Mr. Rutch, who was unable to attend. But he was very happy to present his testimony today.

SENATOR CONTILLO: Do you have copies of that testimony?

MS. CASELLA: We have nine copies.

SENATOR CONTILLO: Okay, may I have one?

MS. CASELLA: Sure. I would like to read his testimony and then I would like just a minute to speak as a care giver of an elderly parent.

Given the demographic revolution going on in our society as the numbers and proportions of old and very old people more than double in our current lifetimes, there is a strong need to review the current health system, the gaps in the medical modalities, the tinkering with pieces of this system and its impact on all segments of society -- but particularly the effects upon the elderly in our society.

As the nation's population ages, the number of the very old increases disproportionately. The elderly are far and away the fastest growing segment of the population. There are now 30 million Americans aged 65 and over, or 12% of the population. By the year 2000 there will be 35 million or 13%. of those, 5 million will be 85 and older. That compares to 3 million today -- of people 85 and older.

While the Reagan Administration has endorsed a new insurance plan that will instantly deflate the fear millions have of being wiped out by catastrophic illness, this particular plan will affect less than 1% of the elderly population. Those who study Medicare are very concerned with this new plan, As it does not address the issues of the rising need for home care and treatment in nursing facilities. The National Catastrophic Insurance Plan which expands Medicare for an additional premium of $4.92 per month would provide an unlimited number of treatment days in a hospital and limit their costs to $2000. As it stands, this plan is self financing.

But again, it just tinkers with a system addressing part of the problem in providing health services, not only to

the elderly, but to all Americans. For the elderly, it does not address the health problems outside the hospital. The majority of the elderly do not need acute care, but health services which focus on chronic care. It is outside the confines of hospitals, at home, and in nursing facilities where catastrophic costs are often faced by the very old and their families.

How will the nation pay for the care they need in nursing homes or at home? Now is the time to explore other possibilities of health services; now is the time for a national debate to address the primary issue of effective, workable, and coordinated health care system. As Arnold Toynbee the historian stated, "A society's quality and durability can best be measured by the respect and care given its elderly citizens."

That's the end of Mr. Rutch's testimony. I would like to say that I entered the field of gerontology -- I've been trained at the Fordham School of Social Work -- because of what I saw happening to my parents and their friends around them. I've been working with the Bergen County Office on Aging for ten years. So, I hear the concerns of not only the elderly themselves in Bergen County, but family members.

Personally, my parents have been wiped out financially. My mother is now in a nursing home and I assume the cost of her medical care. I think I'm intelligent enough to know how to fill out these forms. It takes time, but we've entered a time in our history where we seem to fight, not only our government -- who is supposedly very caring for us -- but the systems they have in place. I'm very angry with Prudential, who takes care of this in New Jersey, because when you submit the form, it takes at least three months before you get a response. And once you get a response, it's not that they're going to pay that portion that they should be paying, but even if the form isn't properly filled out, or the doctor's

signature cannot be recognized -- I don't know anyone who can read a doctor's handwriting -- or they want more data.

For the past year I have been fighting to get several of the bills paid which come out-of-pocket and yet will not pay for the full bill. I remember being involved when Medicare first came on the scene in the late '50s/early'60s when discussion was going on in America, and we were told that it was not only a socialist plot, but it could be a communist plot. I was home raising children at the time but joined a number of organizations to fight for Medicare.

Assuring my parents that they would have the kind of care that their relatives in Italy were getting, I was sadly mistaken, because today, as you heard from previous testimony, the elderly are paying more out-of-pocket for a system that was put in place to help them. Thank you very much.

SENATOR CONTILLO: Wilma, you brought up a good point. I, myself, have been embroiled with Prudential and some of the other medical firms and insurance companies trying to retrieve some dollars. I use to think it was simply bureaucratic bungling on their part. I'm now convinced that it's either procrastination or a deliberate policy to have you deal with some of these forms as you would deal with a ticket. Sometimes you think you just pass them up if the amounts aren't large enough or you have to pursue them. It's a disgrace. It really is.

MS. CASELLA: I think it's a deliberately unwritten policy.

SENATOR CONTILLO: Yeah. That's what I said. It's company policy. Is there anyone else here now who hasn't signed up? I know we have an elected official in the room. Would you like to speak, Freeholder? (positive response) I'll get to all of you before I eat lunch.

**FREEHOLDER CHARLOTTE VANDERVALK:** Thank you. I don't have a prepared text, but I would like to

make a few comments on national health care. I think polls have been taken, and probably at the top of any poll as to Americans' interests, is health care. When you're talking about national health care, I know there's a reluctance on my part to commit to any broadly based statement like that.

Certainly, we need some change from what we have now in the system. Certainly, we need an investigation -- a serious long-term investigation to find out just where we're going. I don't see us tracking as well as we could be, and there's a lot of room for improvement. The insurance item that was just recently mentioned-- That's been a terrible problem for a lot of people and there doesn't seem to be any recourse. It's just very frustrating.

The health care situation -- we've been talking about lowering the cost of health care and a lot has been done in those areas. I'd like to pass on to you one, perhaps, small item that happened here in Bergen County that I was involved in that can show you firsthand just how we can lower health care costs. Bergen Pines Hospital was talking about getting a mammography program started for a breast cancer screening program. I use the word "screening program" because that's the key to what we're talking about here.

Bergen Pines for some time had a cancer screening program that did not include mammography. When they told the patients to go and have a mammography test taken, they would do a follow-up some months later only to find out that the patient did not have the test taken. They asked them why? They said it was cost. So, Bergen Pines decided they were going to get their own dedicated mammography unit for this purpose. There was some concern on the part of the private community and there was a doctor that approached me who has his own radiology office -- a highly respected doctor. He said that he just felt that cost was not a factor. The cost was anywhere-- I don't know what he was charging, but we had done some research --

anywhere between $125 to $200 in the area. One hundred twenty-five was the cheapest that you can have a mammography test taken. The screening program could do it for $50. He said since he was so convinced that cost was not a factor that he would run a test, he would have his PR person put ads in the paper, which they did. They ran a test for two weeks in June, just about a year ago, and their response was so overwhelming that the doctor did a complete reversal and changed his mind. He now has an ongoing program for $65, because he was convinced that cost was a factor.

Now when you compare that $50 or $65, as the case may be, against $125 up to $200 that's being charged elsewhere in the area, you have to ask yourself, why? The only difference between the screening program and a regular mammography is that when you go for a regular mammography the doctor will sit with you and discuss the situation immediately. In the screening program, it's a little bit more mass production. The doctor will review the x-rays, perhaps a dozen cases at a time at his convenience, in other words.

But I ask you, is that any reason to have that huge difference in the cost factor? I certainly don't think it is. But people are becoming aware now, hospitals are becoming aware of the advantage of screening programs. I think nationally we have to take a look at more screening programs and more programs in general that will effectively cut the cost of health care. That's just-- you know, it takes awhile to tell the story, but I think it makes its point -- that there are things that can be done.

There's one other situation I would like to stress. Since we're talking about revising the President's catastrophic insurance, it and should be restructured to include nursing home care. I feel very strongly about that. I'd like to give you an example there. It's generally considered that a nursing home costs $24,000 to $30,000 a year, which is outrageous to

begin with, but that is what you usually read as a fact. The true fact is that that is the basic per day cost multiplied by 365 days a year. What really happens is that you get added bills along the way for medication. You get added bills if you need Kleenex or whatever the case may be for personal supplies.

So I have papers here that documents a case history. I don't want to release it to the Committee because, unfortunately it has an individual's name attached to it. But it documents that this man who is in a nursing home for what I would say is ordinary treatment, his bills would be $60,000 for one year if you project what's here for a quarter of a year and annualize it.

Sixty thousand dollars: I don't think any of us can afford that. What we have to do is make sure the catastrophic insurance that the President is talking about does include some type of coverage for people in nursing homes. There's one final point I would like to mention that, as a Freeholder, I get people that come to me who are very frustrated because they are in an unusual situation -- a crisis in their life, and they're down on their luck, and they have huge medical bills. And the Medically Needy Program is structured in such a way that it takes into account that a person doesn't have to have their assets depleted totally. If they're going through a crisis, this Medically Needy Program is there to help them through the crisis and to get back on their feet again, and doesn't put them into a permanent welfare situation. It doesn't totally deprive them of everything.

I think we have to take a look at that nationally to have some factor-- I use the Medically Needy as an example. Unfortunately, the problem with the Medically Needy is that it's structured in a very complicated way. There has to be some simple way that you can help a family going through a crisis without driving them down to no access and putting them in a state of welfare which then will take them years, or perhaps never, for them to recover. Thank you very much.

SENATOR CONTILLO: It's a shame your old boss wasn't here today.

FREEHOLDER VANDERVALK: He's certainly interested. In fact, I know he has a bill in for a Medicaid Study Commission which is very good and ties in with what you're doing.

SENATOR CONTILLO: I was unsure in the beginning with what you said. Do you support the release of this resolution and the appearance of this resolution on the ballot?

FREEHOLDER VANDERVALK: Yes. I do support anything that focuses attention on health care. When we're talking about national health care, I reserve judgment because I would like to know exactly what it is that we're talking about. But certainly, if this is calling for a referendum to focus on the problem--

SENATOR CONTILLO: A debate, yes. We want a debate. We want the Congress to debate the question and discuss the pros and cons of it.

FREEHOLDER VANDERVALK: Yes. Absolutely. It certainly deserves attention because of the two-fold -- because of the large sums of money involved and because of the fact that we're talking people's lives.

SENATOR CONTILLO: And you know when we're dealing with the Congress and the Senate and the President, all of whom have, in effect, national health coverage, that's a very interesting question.

FREEHOLDER VANDERVALK: Yes. Thank you.

SENATOR CONTILLO: Yes. That fellow there has his hand up. Will you come forward and introduce yourself and sit down.

MS. SEEL (Committee Aide): Someone wanted to know the Freeholder's name.

SENATOR CONTILLO: The Freeholder is Charlotte Vandervalk. I always have trouble spelling your last name, you know.

FREEHOLDER VANDERVALK: Don't even try it. It's V A N D E R V A L K.

SENATOR CONTILLO: And pronounce it properly for us.

FREEHOLDER VANDERVALK: Vandervalk.

SENATOR CONTILLO: Vandervalk. There you are, Freeholder Charlotte Vandervalk. Yes, please introduce yourself.

**E D H U B S C H M I T T:** Okay. My name is Ed Hubschmitt and I represent 77,000 Passaic County senior citizens. I assume I'm the only person here from Passaic County outside of my buddy in the front seat.

SENATOR CONTILLO: Let me just say this here. This testimony that you give will go into a permanent record and that record will be given to all the Senators. So before they vote on this, this transcript of this meeting will be available to the 40 Senators in New Jersey. We'll make sure that Frank Graves, and Bubba gets one.

MR. HUBSCHMITT: I represent 77,000 Passaic County senior citizens as Legislative Chairman of the Advisory Council of the Office on Aging in Passaic County. We are in support of Senate Bill 1309 which provides for a non binding referendum at our next general election. We feel a winning vote at our next election will force positive action on our New Jersey representatives and Senators and Congress -- perhaps to co-sponsor amending legislation or introduce a National Health Care Program on their own. Thank you.

SENATOR CONTILLO: Thank you. Yes sir. Won't you come forward. Is there anyone else here now who would like to speak in addition to this gentleman? (negative response) Then it looks like you're going to be our cleanup hitter.

**L E W S C H W A R T Z:** I don't know if I'm big enough to be the cleanup hitter, but my mane is Lew Schwartz. I'm from Teaneck and I'm speaking as an individual, but not as an individual that's isolated from others. As a matter of fact, since I retired 10 years ago, I've been extremely active in

advocating the interests of the elderly. This activity has taken me into organizing a chapter of the AARP, the American Association of Retired Persons, in Teaneck of over 500 people. I have served a four-year term as the Assistant State Director of AARP. I am a member of the Project Review Committee of the HSA, the Health Systems Agency. And I presume all of these activities has led to my election as a Councilman of Teaneck. So although I speak for myself, I'm not exactly isolated.

I just want to first assure you that I'm in complete agreement with all of the testimony I heard today, and I don't intend to repeat it. Just to emphasize a few points -- the question of a Part C Medicaid was raised. It's needed not only because of the long-term care; we raised the question about a Part C years ago, before the Reagan Administration came into effect. Part C is needed to take care of dental needs, eye glasses, podiatry, hearing aids, prescription drugs, and probably some other aspects.

You've already mentioned the fact that Medicare only covers 40% of the average cost. The elderly paid 15% of their income before Medicare, and it's peculiar but they are paying exactly 15% of their income for medical needs at the present time. One other point that I wanted to raise. Even though covered fully by insurance -- we're speaking of Medicare insurance -- those on Medicare tend not to go the doctor quickly because they're never covered fully with Medicare, no matter how much insurance they've got. They're not covered fully because most doctors do not accept assignment, and that bill generally could range as much as twice as much as what Medicare allows us.

Furthermore, since Medicare itself doesn't cover the first $75 and many insurance policies don't cover the first $200, there's a hesitancy on the part of an individual to go to see the doctor. Because with the insurance all the insurance covers-- Medicare covers 80% of its allowable charge.

Insurance covers only 20% that Medicare doesn't cover and the individual with insurance still has to pay a hefty sum to the doctor. So many of the elderly hesitate before going to see the doctor.

These are the main points that I wanted to make and assure you that I am fully in support of everything that has been said and will work very actively toward a referendum if it gets on the ballot.

SENATOR CONTILLO: Thank you very much. If no one else wishes to speak, I will close the meeting and thank you all.

**(HEARING CONCLUDED)**

# APPENDIX

NEW JERSEY SENATE

PAUL J. CONTILLO
SENATOR, 38TH DISTRICT (BERGEN)
90 MAIN STREET
HACKENSACK, NEW JERSEY 07601
201-487-0044

STATEMENT BY THE HONORABLE PAUL CONTILLO, SENATOR DISTRICT 38,BEFORE THE SENATE HEALTH, INSTITUTIONS AND WELFARE COMMITTEE, PUBLIC HEARING - APRIL 7, 1987

IN REGARD TO: S. 1309 - An Act to provide for the submission to the voters of the State of a non binding referendum to ascertain their sentiment with respect to the enactment of a national health care program.

I want to take this opportunity to thank Chairman Codey and the Members of the Committee for holding this hearing today on a matter of great importance to all of us -- the availability of affordable quality health care for all Americans.

There is no one prouder to be an American Citizen than I am. But I can take no pride in the fact that out of all the industrialized nations in the world, it is only the United States and South Africa which do not have a national health care program.

Our good friends to the North, the Canadians, have had a national health care program for many years. We have been impressed with Canada's accomplishments in providing universal health care with fewer funds and resources than are available in the United States. Health care in the United States with a population of 250 million people costs $400 billion annually. This amounts to 11.3% of our gross national product. By comparison, in Canada with a population of 25 million people, health care costs $35 billion annually, which is only 8.1% of their gross national product.

I believe that the time has come for the federal government to focus on national health care and the American people seem to agree. In a recent poll six out of seven Americans said they believe everyone should receive the same high quality health care regardless of ability to pay. And in a survey regarding the Constitution, three out of four respondents would support an amendment guaranteeing every citizen's right to adequate health care ( even if he or she could not afford to pay for it). Americans are fair and compassionate people and they recognize the inequities in our present health care system.

2x

The legislation you are considering today would place a question on the ballot asking the people of New Jersey whether they agree that the President and the Congress should enact a national health care program. When a similarly worded question appeared on the ballot in Massachusetts last November, 67% of the voters supported the measure. They sent a strong message to the federal government that it was time to act, time to make national health care THE national priority. I believe that the citizens of New Jersey will do the same thing if given the opportunity to do so by this Committee and the entire legislature.

You will be hearing today from a number of witnesses who will testify in behalf of this legislation. Many of them come prepared with facts and figures which will illustrate for this Committee the breadth and depth of problems surrounding the availability of affordable health care as it exists today. Those of us with district offices know full well of the problem first hand through the many citizens who contact us , fearful of increasing medical bills and their inability to pay. One catastrophic illness can bankrupt a working family, and many of our seniors live in fear that they will become a burden to their children.

I urge this Committee to give this legislation the most serious consideration and release it for a vote by the full Senate. Health care is everyone's issue. New Jersey can once again show its leadership and be in the forefront of the movement to focus national attention on America's major domestic crisis -- that of affordable, quality health care.

Again thank you for being here today.

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April 7, 1987

TESTIMONY FOR N.J. SENATE HEARING ON BILL S1309

FOR REFERENDUM ON NATIONAL HEALTH SYSTEM

## A. REASONS FOR NEEDING THIS REFERENDUM

This non-binding expression of opinion by New Jersey citizens would send a message to Congress as to how much they are concerned about problems of health care, and how much they want Congress to deal with these problems.

It would encourage the necessary public discussion of various approaches to national health care.

## B. REASONS FOR NEEDING A NATIONAL HEALTH CARE SYSTEM

### GENERAL CONCERNS:

1. Medical and hospital costs have risen three times as fast as inflation during the past 20 years.[1] Between 1984 and 1985 they rose more than twice as fast as inflation.[2] In 1986, they rose 7.7%, or seven times as fast as the Consumer Price Index.[3]

2. In 1983, 35 million people (15% of the U.S. population under age 65) were without any kind of health insurance.[4] By 1986 this figure had increased to 37 million,[5] and up to 50 million had policies which did not cover catastrophic illness. In 1987, the number uninsured is calculated to be 40 million.[6] Two-thirds or more of those uninsured are employed workers and their families,[7] who have no employer-paid coverage and who cannot afford private health insurance. Studies[8] show that people with no health insurance are 50% less likely to get physician care, and 90% less likely to get hospital care, than those with insurance.

3. Newly unemployed workers are losing their health insurance along with their jobs. Others are losing health care benefits when their former employers claim bankruptcy.

4.In 1983, one million fewer people were covered by employer health plans than in '82.[9] Currently, some corporations have eliminated health benefits for retirees (e.g., Curtiss-Wright in Woodridge, N.J.). Others are reported to be withdrawing all medical benefits for all employees (e.g., Kaiser Aluminum).

5. Health Insurance at group rates is available to only 11% of uninsured workers.[10]

6. Medicaid covers less than half of all families living below the poverty level (46% in 1983, down from 63% in 1975).[11] In 1982, only 25% with incomes under $7000 were covered.[12] In 1986, 3 out of 10 children living below the poverty level had no coverage.[13]

7. One million people every year are turned away from hospitals - some being denied emergency care, and even more failing to receive routine assistance.[14]

8. The percentage of income paid for health care, per person, nearly doubled between 1966 and 1982 (6.7% to 11%).[15]

9. $20 billion was cut from major health programs between 1981 and 1985,--mostly from Medicare.[16]

10. Under DRG (Diagnostic Related Groups) rules, hospitals are discharging many patients before they are well enough, and before

their physicians think they should leave.[17] They go home "quicker and sicker" - especially the elderly.

11. Medicare and Medicaid support for home health care have been slight, and have now become still weaker, even though professional home health care would be of more benefit to many patients than long hospitalization, and would cost much less. Just when people are being turned out of hospitals "quicker and sicker", administrative cut-backs and rigid, arbitrary enforcement of rules deprive more and more patients of the care they need.

12. Medicare funds are available only for <u>acute</u> illness,[18] while those with <u>chronic</u> illness are also in dire need of care, at home or in nursing homes. (N.J. has some exceptions for chronic illness, but with a "spend-down" requirement).

13. <u>Prevention</u> of disease and injury has long been neglected in favor of <u>treatment</u> of sick people.[19] More effort in prevention could reduce overall health care costs.

14. At least sixteen countries are doing a better job than the U.S. in protecting the lives of infants.[20] Although every dollar spent on maternal care saves two dollars in caring for sick children,[21] the Federal Women Infants and Children Program reaches only 3.9% of the <u>eligible</u> population in New Jersey.[22]

15. In 1983, the mortality rate for black infants was 19.2 per 1000, compared with 9.7 per 1000 for whites.[27]

16. Doctors and hospitals are now concentrated in affluent areas, making access to care difficult or impossible for huge

rural regions and large low-income city areas.[24]

17. Costs restrict access to medical education largely to very well-to-do families. (One approach to alleviating this and the previous problem could be an educational subsidy in exchange for a contract for X years of community service in poorly-served areas following licensing.)

18. The combination of rising costs, lack of insurance, and geographic discrimination means that equal access to choice of physicians is denied, resulting in a two-tier society where health care is concerned,--with a third tier composed of people who cannot afford to see a doctor and who must postpone care until their condition deteriorates to the critical stage.

--SPECIAL CONCERNS OF SENIOR CITIZENS:

19. Medicare "deductibles" have grown beyond the reach of many senior citizens, and are still increasing: already (in 1987) $520 out of pocket for each hospital stay,[25] (up from $492 in '86, and only $180 as recently as 1980). This is in addition to a $75.00 annual deductible for physicians' bills, plus a $17.90 monthly premium, the total for physicians' care being $289.80 per year[26] in addition to the hospital "deductibles". Medicare pays only 44% of the cost of physicians' care.

20. Less than 21% of N.J. physicians regularly accept Medicare assignment. Others are free to charge whatever the traffic will bear - generally much more than the Medicare allowance. One result is that senior citizens now pay a higher proportion of their income for medical care than before Medicare was enacted.[27]

21. Medicare provides no help to people who need nursing home care for chronic illness,[28] and covers only 2% of the costs of long term care.[29] Left to their own resources, many families are wiped out financially. To get Medicaid help, patients are forced to "spend down" to a poverty level (and to hunt and wait for a nursing home that will accept them.)

22. In spite of this, the Administration has proposed cuts of $20.2 billion in Medicare for fiscal 1988 through 1992.[30]

23. In 1985, profit-making nursing homes made $158 million - more than a 35% increase over 1984.[31]

24. "Catastrophic Health Insurance", though much needed, would deal with just a tiny part of the problem and would simply toss a meatless bone to most people. 28 million senior citizens are in hospital every year, but only one in 140 stays over 60 days - and even fewer over 90 days. A token approach, focusing only on catastrophic illness <u>in hospital</u>, would neglect the overall reform that is badly needed to improve health care for the entire population and to reduce costs.

<u>SUMMARY</u>:

The Health Care Referendum proposed in Senate bill S1309 would call on Congress to confront serious health care issues, including soaring costs, untreated illness, neglect of preventive care, meagre and short-term home health care, unequal access to health services, and unequal geographic distribution of medical facilities.

The quality of health care is a good measure of the quality of a society: how it deals with birth, death, illness, disability, aging, and the daily well-being of all its people. This is our opportunity to take a big step toward improving the quality of life in America.

--Harry Randall,
--Edwin Purtill,
--Wilma Casella.
Bergen County Coalition of Retirees, Seniors and Disabled Persons.

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April 7, 1987

FOOTNOTES TO TESTIMONY FOR N.J. SENATE HEARING
on Bill S1309

1. National Health Care Campaign flyer, 1986-87.

2. "Health Care Spending's Share of GNP Reaches New High", Washington Post, July 30 '86: (8.9% in '85 vs. 3.9% in '84). SEE ALSO "Monthly Labor Review," Nov. '68, Dept. of Labor, Bureau of Labor Statistics.

3. N.Y. Times, Feb. 9 '87.

4. Health U.S. 1985, p. 146, U.S. Public Health Svc., Dec. '85. ALSO Statistical Abstract of U.S., U.S. Dept. of Commerce, 1986, p. 101.

5. N.Y.Times, May 30 '86, "Poor, Sick and Uninsured: Who Pays?" ALSO "Access to Health Care," statement by AFL/CIO Exec. Ccl., Aug. 7 '86.
ALSO Current Policy Reports, Statistical Abstracts, U.S. Census Bureau.

6. Arthur Flemming (former U.S. Secretary of Health, Education and Welfare).

7. A. Munnell, "Ensuring Entitlement to Health Care Services," New England Economic Review, Nov. 12 '85.
ALSO S. Rosenbaum, "Policy Papers on Medical Indigency in America, Defining the Problem," p. 9, Natl. Assn. of Community Health Centers.

8. "Community and Migrant Health Centers," p. 2, Natl. Assn. of Community Health Centers, '86.
ALSO paragr. on "Patient Dumping" in "Study Blasts For-Profit Medical Care System," in Mass. Labor Leader, Spring '85.

9. According to Employee Benefit Research Institute, quoted in "State Programs of Assistance for the Medically Indigent," Intergovernmental Health Policy Project, George Washington University, p. vii, Nov. '85.

10. "Policy Papers on Medical Indigency in America, Defining the Problem," op. cit., p. 10.

11. Robert Woods Johnson Foundation brochure, Nov. '85, quoted p.11, "Facing Facts, Statistical Profile of Health Care in New Jersey," Dec. '86, Natl. Health Care Campaign, Wash.,DC.

12. "Health United States 1985," p. 146. U.S. Dept. of Health and Human Services.

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13. "Smaller Pieces of the Pie," p. 27, Center on Budget and Policy Priorities, Nov. '85.

14. "Health Care U.S.A.," vol. I, p. 10, Oct. '84.

15. "Personal Health Care Expenditure by State," pp. 7 & 31, Health Care Financing Review, Summer '85.

16. "Reagan Administration FY87 Health Budget: Key Facts and Figures", Amer. Public Health Assn., Feb. 5 '86.

17. "Facing Facts: A Statistical Profile...", op. cit., p. 9.

18. "Facing Facts...", ibid, p. 9.

19. "Facing Facts...", ibid, p. 16.

20. "State of the World's Children," U.N.I.C.E.F., 1986. (We understand that a 1987 update says "19 countries.")

21. "Children's Defense Budget," Dec. '85, Children's Defense Fund.

22. "Maternal and Child Health Data Book," pp. 100 & 269, Children's Defense Fund, '86.

23. (Same as 22, above.)

24. "Facing Facts...", op. cit., p. 5.

25. "Facing Facts...", ibid, p. 8.

37. "Facing Facts...", ibid, p. 8.

27. Testimony of Nancy Gordon, Asst. Dirctr. for Human Resources & Community Dvlpmnt., Congressional Budget Office, before House Subcom. on Health & the Envirnmt., March 26, '86. ALSO "Facing Facts...", op. cit., p. 1.

28. "Facing Facts...", ibid, p. 9.

29. Testimony of Nancy Gordon, op. cit., p. 13.

30. "AARP News Bulletin,", American Assn. of Retired Persons, Feb. '87.

31. Natl. Health Care Campaign flyer, op. cit.

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BERGEN COUNTY CENTRAL TRADES AND LABOR COUNCIL (201) 825-2800 EXT. 427 - MESSAGES AT EXT. 441
MEETS THE SECOND WEDNESDAY OF EACH MONTH — 49 NO. DEAN STREET, ENGLEWOOD, N.J. 07631

MAILING ADDRESS: 120 MILLER ROAD, MAHWAH, N.J. 07430

RESOLUTION

NATIONAL HEALTH PROGRAM

Whereas, there are 35 million people in the United States (about 15% of the population) not covered by any health plan.

Whereas, it is estimated that the elderly in the United States will spend nearly 20% of their income on medical care by the year 1990.

Whereas, health care costs in the United States absorb 11.3% of our gross national product, and it is rising rapidly.

Whereas, in Canada--by contrast--every resident is covered by the national health program which provides all hospital care and medical services, and health costs absorb only 8.1% of their gross national product.

Whereas, the United States and the Union of South Africa are the only two industrial nations in the entire world that do not have a national health program.

Therefore be it resolved, the Bergen County Central Trades and Labor Council AFL-CIO, at its regular monthly meeting, January 8,1986, voted unanimously to place the following question, for referendum, on the November 1986 New Jersey ballot.

ENACTMENT OF NATIONAL HEALTH CARE PROGRAM

Shall the State urge the United States Congress and the President of the United States to enact a national health care program which: provides high quality comprehensive personal health care inculding preventitive, curative, and occupational health services; is universal in coverage, community controlled, rationally organized, equitably financed, with no out-of-pocket charges; is sensitive to the particular health needs of all persons; and aims at reducing the overall costs of health care?

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Be it further resolved, the Bergen County Central Trades and Labor Council AFL-CIO urges its affiliates to adopt this resolution and for the affiliates and their members to send letters voicing support to the following legislators who are sponsoring bills to place this question on the November 1986 New Jersey ballot.

N.J. Assemblyman Bennett Mazur
448 Main Street
Fort Lee, New Jersey 07024

N.J. Senator Paul Contillo
120 State Street
Hackensack, New Jersey 07601

Be it further resolved, the Bergen County Central Trades and Labor Council AFL-CIO requests that their resolution be submitted to the New Jersey State AFL-CIO at its' Legislative Conference for inclusion on Labor's 1986 Legislative Agenda.

Adopted by the Bergen County Central Trades and Labor Council delegates on January 8,1986.

Philip J. McLewin
President

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201/643-3876

ACNJ

ASSOCIATION FOR CHILDREN OF NEW JERSEY

17 Academy Street, Suite 709
Newark, New Jersey 07102

April 6, 1987

TO: Honorable Richard J. Codey, Chairman
Members, Senate Institutions, Health and Welfare Committee

FROM: Cecilia Zalkind, Government Relations Coordinator
Shirley Geismar, Staff Associate
Association for Children of New Jersey (ACNJ)

SUBJECT: **PUBLIC COMMENT ON SENATE BILL NO.1309, PROVIDING FOR SUBMISSION OF A NONBINDING REFERENDUM ON ENACTMENT OF A NATIONAL HEALTH CARE PROGRAM.**

The Association for Children of New Jersey (ACNJ) is a statewide non-profit child advocacy organization. We are a membership-based association dedicated to improving policies and programs for the children and families of New Jersey through legislative and legal advocacy. We appreciate the opportunity to offer our comments on Bill No.1309, which proposes a state nonbinding referendum with respect to the enactment of a national health care program.

Although our organization has not had the opportunity to study specific proposals for a national health care program - specifying just what it would include and how it would be supported and administered - we do know that there is a great need for a uniform program that will cover all citizens, regardless of age, economic circumstance or physical condition. We have also been active, both in terms of supporting Congressional initiatives and state proposals, in efforts to expand entitlements and access to health care. Congressional committees and national reports indicate that 30 million Americans do not have health insurance and therefore, have no financial help with their purchase of health care. These individuals only go to the doctor as a last resort and are unable to take advantage of preventive or early interventive measures that are commonly available to insured citizens. This very often leads to costly treatment, chronic illness, loss of livelihood and reliance on public assistance, even long-term institutionalization and death when conditions are allowed to deteriorate without timely intervention that is commonly available to others but not to the uninsured.

**LACK OF UNIFORMITY OF HEALTH PROGRAMS**

Even for those who are insured there is the unfortunate fact that not all health policies are alike. Low-income workers - if there are health plans available at their places of employment - usually have coverage of poor quality, with a meager package of benefits. In addition, the plan usually covers only the worker. In such a case, a single mother may not only have a health plan of questionable quality for herself, but is unable to get coverage for her children. Often the worker who receives a minimum wage is unable to afford the personal contribution from salary that is called for, and is therefore unable to be enrolled in the health plan that exists. For all these reasons, a national health care program would be more humane since it could extend a

more uniform package of benefits to all citizens, regardless of the types of jobs they have, their ability to pay premiums or their position as dependents.

## THE IMPORTANCE OF A NATIONAL HEALTH CARE PROGRAM TO FAMILIES

In our national preoccupation with health care for the elderly, we tend to overlook how extremely important an umbrella-like health care program would be for families with children. When unemployment strikes or, as mentioned above, wages are extremely low, health coverage for children might very well be the first casualty. Children are extremely vulnerable, relying upon adults to provide them with immunizations, proper hygienic conditions, nutritional supports and pediatric care for infections and diseases so that they may grow into productive citizens. Before birth they need an environment that gives them adequate nutrients as well as protection, and a mother who is receiving the care and continuous monitoring that trained obstetricians and gynecologists can give. Study after study has shown that early and on-going prenatal care is related to good birth outcomes, to fewer days of costly intensive hospital care and to better developed, healthier infants. But when families are financially hard pressed, these needs may very well be the ones to go because of a lack of health insurance and/or the ability to pay for needed health services.

Families with chronically ill and crippled children also need a national health program that could help them cope with the constant medical demands and exhaustive medical bills that they must assume. The present program for such children in New Jersey, financed entirely by the federal Maternal and Child Health Block Grant, cannot as of this month help these families with their hospital costs. Although in the past the program could help families by subsidizing in-patient hospital care for their crippled children, it can no longer do so. The program is subject to yearly fluctuations as it comes up for its annual appropriation in Washington, and the state is hostage to these changes - not only in this program but in all it must administer through the annual budgetary process. For this reason, a national program which also provides care to the chronically ill is desperately needed by New Jersey families.

Again, we wish to emphasize that to which we have testified in the past - the cost-effectiveness of increasing the access to health care. Prenatal care given early and systematically can dramatically cut the intensive care costs of hospitalization for premature or low-birthweight infants. Comprehensive care for crippled children can help these youngsters develop to their utmost potential and enable their parents to be more productive in the workplace.

## A PIECEMEAL APPROACH

Many new initiatives on the health front have been developed in the past few years in the state of New Jersey. There is a new program taking advantage of recent federal Medicaid regulations that will expand Medicaid coverage to pregnant women, infants and young children and to the elderly, disabled and blind who fall under the poverty level. There has been an attempt to extend a Medically Needy program under Medicaid auspices, to help individuals with income over present eligibility guidelines who cannot afford to pay their medical bills. There are Healthy Mothers/Healthy Babies Coalitions in ten communities around the state, attempting to lower infant mortality rates by concerted community-wide approaches. And there are attempts to establish health clinics near or in about thirty high schools to provide health care to poor at-risk adolescents. However, all these programs suffer from the fact that they reach only a portion of the individuals who are unable to provide for their own medical care. the Health Start initiative, extending Medicaid to all pregnant women and infants/young children under the poverty level, will not treat children over the age



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of five. And anyone with income five dollars over the poverty level will not qualify for the program. The Medically Needy program did not provide services to the parents of the children it covered, did not cover hospital care for most recipients nor did it provide services to individuals between 21 and 65 who were not pregnant. In New Jersey, Medicaid is not extended to individuals on General Assistance. And the examples could go on and on. The programs that are developed are good for those who meet eligibility requirements, but there are inevitably needy and deserving individuals who are not covered. The approach is one that can best be categorized as piecemeal.

For this reason, the Association for Children of New Jersey (ACNJ) feels that it would be in the best interests of all the citizens of the state and the nation to have a national health care program enacted. The United States and South Africa are the only developed countries in the West that do not have such a program in place. The time has come when we join the other Western democracies in providing our citizens with what we view to be a most basic right - namely, access to quality health care.



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