

Just before leaving for their vacation bunkers, several clients asked if there would be a “Jordan’s Journal 2000.” Pen and paper being Y2K compliant, we merrily mixed a mélange of millennial musings, served with centenary bon mots, political prose and poetical woes.

Many reviewers remarked they read part of last year’s report all the way through. Understood. But consider our dilemma: when someone asks a penny for your thoughts and you put in your two cents, what happens to the other penny? For those who want their money’s worth, we offer our millennial menu, with take-out:

*Take Off:*

Computers are in compliance, but clients should not have reliance on the continued stability of health care rates. It’s no surprise, but prices will rise.

*Take Note:*

Washington is stalled, but health care got mauled in California. We give a preview of political debates, a master list of mandates and statements about other states.

**Take Over**

Carriers still have the urge to merge but providers are purged as purchasers surge with more united action. Fewer choices, fewer survivors, fewer hopes.

**Take Heart**

Future forecasts show regeneration of bodies, systems and spheres of influence.

*Take Apart:* (separate section):

- 1) Required notice on women’s health care issues
- 2) Message on carrier market positions
- 3) Summary of inflationary cycle hitting health care

And as we take flight on this year’s sojourn, we leave you with an Irish prayer:

May those that love us, love us;  
And those that don’t love us, may God turn their hearts;  
And if He doesn’t turn their hearts, may He turn their ankles;  
So we’ll know them by their limping.

“I saw the best minds of my generation destroyed by madness  
Starving hysterical naked  
Dragging themselves through the (black) streets at dawn  
Looking for an angry fix...  
Hallucinating Arkansas and Blake-light tragedy...  
Burning their money in wastebaskets and listening  
To the terror through the wall”

"Howl" was written in the Fifties but lived in 1998. Dig. The market boomed, then chaos loomed, Clinton looked doomed. But Asian contagion flu by, stocks soared and Republicans were floored. We watched with fascination the Arkansas hallucination -- it seemed so real. Now we say Y2K and survivalists prepare for the millennium bug-out.

Yes, madness takes its toll -- please have exact change. And prepare for the ride into the year 2000.

## FEDERAL FOLLIES

Liberty means responsibility. That's why most people dread it – George Bernard Shaw

There are two enemies to every bill proposed in Congress – the fools who favor it and the lunatics who oppose it  
– author unknown

Hillary meant it, she'd run for Senate after many years of having carried  
The internal ills of infernal Bill's will she even elect to stay married?  
Democrats face an election race where candidates don't divide on issues  
Just on party lines and everyone whines as they fail to pass nothing but tissues  
Al's battle is gory, no guts no glory, at least there's no flaw with his zipper  
His lady falls fast from first to last there'll be no glass slipper for Tipper  
George beats the bushes as his campaign pushes to make hay of early straw polls  
As he absorbs some money from Forbes and the votes that Elizabeth Doles  
McCain won't be able to boast a new label on the eve of the primary  
His adamant views may cause him to lose though he's still a leg up on Bob Kerrey  
Richard Gephardt lacks a lion heart, the election makes even Dan Quayle  
Lamar can't go far, Kemp's a faded star Arney's barmy, Archer quivers, they fail  
Things may go badly for Big Bill Bradley unless he steals votes from those who pass  
To Knick a New Jersey (Bronx beggars aren't chersy), he'll give the White House some class

There's little to rhyme with the recent crime of a Congress that cannot progress  
Picking all the wrong fights over a Bill of Rights who will manage to care for this mess?  
Last year Medicare had a monetary scare now the program is thrivin not dyin  
So as poll numbers dipped Clinton wrote a great script called "Saving Private Buy-In"  
Forget histrionics about economics we trade deficit for projected surplus  
Chopping down our taxes with blunt budget axes and snipe savings vehicles with blunderbuss

President Clinton began his term with promise and ended with promiscuity. Camelot crashed before John John's plane, as Bill bumped the "gal he had" and cavorted as "lance a lot" With his knights in a daze the election looms, the economy booms, so get out the boomer vote. Take credit where none is due and discredit those who are not you. This year, Washington proved why it is described as a 40 square mile district surrounded by reality. Where else:

- 1) Do you have no problem spending money when you don't have it, but can't figure out what to do with it when it's possible you might?
- 2) Can you have a showdown on issues where almost everyone agrees?
- 3) Can you vote yourself a raise when you accomplished less than last year, and even then you didn't do anything of value.
- 4) Do you support a program (Medicare+Choice) because it will save the taxpayers money, then undermine its underpinnings (last year's Balanced Budget Act) and then attack its basic precepts as part of a national forum on patients' rights?

- 5) Is bearing arms a right when most people only have their bare hands for defense?
- 6) Will a President convene a high profile, bipartisan commission (this one to save Medicare), then reject its findings and appropriate most of them under the guise of his own solution?

Goethe said you don't have to go to an asylum to find lunatics, so here's where we are in a nutshell:

- 1) Patient Bill of Rights faces an impatient Bill Clinton

Two compromise bills square off in the House ring, with premature delivery just after Labor Day, the progeny facing Presidential or Senate rejection

- 2) The Financial Freedom Act will determine how much of our own money they'll let us have back, or keep it for us until we need it, by securing Social Security or providing a prescription for Medicare's health.
- 3) Charlton Heston is the Omega man. Go down, Moses.
- 4) Bill Archer wants to avoid a row, not ruffling feathers to expand MSAs
- 5) The "road to Clintoncare" first paved in 1994 continues, with the "Working Disabled Act" and "Fair Care for the Uninsured Act" He has outlined more ambitious objectives.
- 6) The Majority leader raises an Army of tax credits
- 7) Tobacco legislation sputtered and proceeds filtered back to the states
- 8) Tom Campbell's in the soup with his Quality Health Care Act, to improve doctor's collective bargaining ability

It's clear there's nothing here, so let's turn to the states

## AFFAIRS OF STATE

States are restricted and then afflicted with what Washington legislates  
Bearing most of the cost of opportunity lost when the government hesitates  
Local incubation hatches innovation and public policy dreams  
When change is dictated instead of instated United States rip at the seams

Gray Davis got new clout when Wilson's petered out consumer groups got twitchy and trembly  
The scoreboard now totes less well carried votes term limits create dis-Assembly  
Some bills may pass muster just not in a cluster public leaders are meeting in private  
Business shows industry making bureaucrats see that if reform comes they may not survive it

Programs still expand by invisible hand Healthy Families just got healthier  
Tobacco spells "re-leaf" turning over from thief of state coffers making them wealthier  
United will stand by partners may now apply domestic needs are no longer foreign  
Comp losses rise say reports courts bite into half baked torts and we expect to see even more in

2000. When Hollywood is no longer the entertainment capital and real life takes center stage. Though many features are reruns, they may find new life on the road. This year's national lineup included some costly crowd pleasers:

- 1) 8 came to their senses and passed limited mental health parity – 31 states are still seeking counseling on this matter
- 2) Almost all states allocated tobacco money to health programs before they go up in smoke
- 3) 5 took precautions and require coverage of oral contraceptives
- 4) 10 saw external review with new eyes and mandated it for HMOs
- 5) 5 won't wait for Washington and allow more patient rights today
- 6) 5 had governors who couldn't get their prescriptions filled and now require nonformulary coverage on HMO plans

The biggest egg was laid in managed care, where 37 states deserted torts against HMOs as a liability. Texas had a law already and Georgia joined them – can the rest of the Confederacy be far behind? The debate shifts to DC, where if 2 out of 50 states agree, then the issue is worthy of Congressional consideration.

California continues to merit its moniker as the left state. These bills and more found passage to the floor. Even the California Association of Health Plans, in a fit of lunacy, before they turned to secrecy, with Gray Davis' bureaucracy, were tempted to attempt a preempt and proposed reforms containing all their enemy's list. They proffered packaged rice projections of a 10 to 20% increase, making health insurance truly available at a premium.

- 1) A new department to oversee managed care was offered, but no one cared to manage it
- 2) Single payer prescriptions were liberally dispensed
- 3) Small group reform was to be re-formed but the sponsor became better informed
- 4) Finally, proving politicians have a good memory except it's short, the malpractice crisis of many years ago was forgotten and the MICRA cap was to be lifted

Still some sunlight peaked through Gray's clouds. He signed one of three plans to expand the Healthy Families program, raising the minimum salary requirement to three times the federal poverty level (\$33,180 for a single parent with one child). Employers may now use up to half their sick leave to care for a sick child, parent or spouse.

It's not over yet. September is signing season, though no signals have been sent as to which bills will cut through the smoke and see the light of day. Could it be worse? Yah, you betcha:

Jesse the Body has a mind to sign a law allowing "alternate health plans" devoid of mandates. Let's see how he grapples with the financial fallout.

Missouri said "show me" and 300 pieces of health care legislation were considered this session

Or right in our backyard. An associate of mine was visiting his Assemblyman, and spoke to the legislative assistant about a recent price increase in the state health plan. She responded that she was unconcerned, as she was not covered under the state health plan. "Oh, are you covered with your spouse, or an individual plan?" "No," she said. "I decided it was all too confusing, so I decided not to purchase any coverage. I am without health insurance"

Your tax dollars at work. And no wonder we have

## MARKET MAYHEM

Always go to other people's funerals, or they won't come to yours – Yogi Berra

Millennial musing just gets more confusing when what used to be right is all wrong  
Professionals pretend they saw past posted trends and shortcomings were known all along  
IPAs now see red, capitation's dead, doctors look for the union label  
Medpartners divorce, FPA goes off course UC Stanford's deal is unstable  
Improving ability to prove liability lawyers rush more to mount claims for cash  
Employer demands for contracting expand as they face the forefront of backlash

Kaiser continues, to bleed revenues the Northeast gets an amputation  
Medicare once stood tall but Choice profits fall and carriers cut back operations  
Profits grow prices inflate, carriers consolidate the Blues sing a national Anthem  
Omni's bus is Well Pointed, Aetna's merger anointed, fewer plans can beat em so join em

I'm a believer in dot come fever it obviously won't go away  
But while not e-vaded I'm less than e-lated when a site gives me more Q than A  
So I'm naturally nervous when those foreign to service seek to station themselves on the net  
I just can't accept they get the concept and won't make things even worse yet

Despite what you read re what people need, how they'll be richer without a broker  
Their supposed greed hasn't sparked a stampede, so who's the pig in this game of poker?  
Merrill got Lynched, payments were pinched, Charles Schwabs the decks of old fashioned sales  
By all indications, they'll end human relations, so who do customers call as it fails?

Political positions are preferred to pundits perspicacious planning, but neither projections nor elections form the final shape of the health care delivery system. Following are primary precepts for pinheads:

### 1) HMOS are the best financial model for health care price stability – but

They are criticized in Congress, jumped in the judiciary, slammed in the stock market and derided by doctors.

IPAs assumed risk they could not control  
Liability lawsuits are on a roll  
Technology drops funds down a black hole  
Patients feel like they've sold their soul

### 2) Inflation has been tamed – but health costs still move in cycles

Despite the spins of the political wheel, spokesmen frame the same reasons for cost acceleration

Technological improvements  
Aging population  
Room for cost cutting has dissipated  
Consolidation has cut price competition not prices  
Component pricing increases – like 20% for prescription drugs  
Cost shifting  
Underwriting losses and liberal use of conservative cost projections

This year we've added Y2K compliance at an estimated industry cost of \$2 to \$3 billion

Everyone has an opinion, but the consensus is that health insurance rates will rise 10%

3) Doctors control delivery and thus costs -- but

Medpartners exploded nationally then virtually and is in Chapter 11

FPA grew more locally, but their stock went from \$40 a share to a buck – in 2 months

Legislation is considering who is responsible for patient losses when an IPA goes bad

Baycare is belly up, Brown and Toland gave up on their limited Knox Keene license, the AMA reversed itself in less than 6 months and now supports doctor unions. Doctors earn less, practice groups are a mess and now the CMA is proposing that the state set capitation rates

4) Insurance carriers will control funding and administration – but

The Pacific Business Group on Health is considering contracting with providers directly, and when they earn their spurs the next will be PERS

The Minnesota Group Health Coalition will ventur-a risk in this arena, as there are only four major carriers left in the state

Employer groups are proliferating which helps in price negotiating

Large businesses are already finding alternate sources of securitization, which will hit reinsurers first, traditional insurers next

5) The government will help level the playing field with regulations – but

They are always 10 yards behind

The Bill of Rights duplicates what already passed in some states – years ago

Court cases change carrier behavior before laws are in place

The market obviates the need for many laws just as they are being considered – do you think Bill Gates is more worried about the Department of Justice or Linux?

We'll have a budget surplus of over 1 trillion! If the stock market and economy stay this way!

Then there's the Internet, and new worries for brokers

Will the media mediate our immediate disintermediation? Chaos reigns as carriers pore over White papers that make agents see red. Some brokers will not survive. Some carriers will join them. Disintermediation may be good, but you need to know what you want, why you want it, what it should cost, where to find it and what to do with it once you get it. But tell that to the carriers, who don't feel branding will make their customers feel like cattle.

This is not how I want to have it all end – displaced, disgraced, defaced. When I die, I want to go peacefully, like my grandfather did. Not kicking and screaming – like the passengers in his car.