# NEW JERSEY'S MOVE TO PRIMARY CARE

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ATLANTA MARRIOTT MARQUIS
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SESSION TITLE: STATE INITIATIVES FOR UNIVERSAL ACCESS OR COVERAGE
SPONSOR: COMMUNITY HEALTH PLANNING AND POLICY DEVELOPMENT

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In October 1990, the New Jersey Governor's Commission on Health Care Costs released its final recommendations for health care system reform. Formed mainly in response to rapid escalation of medical expenditures and the problems of the uninsured, the Commission called for several actions to increase the availability of preventive services and primary care. Many of these recommendations are now embodied in legislation pending before the New Jersey Senate and Assembly.

In its report, the Commission embraced the concept that a reorientation towards prevention could lessen health care costs. In this vein, it proposed that the state's uncompensated care trust fund be changed from its current focus on acute-care hospital finance. While the trust fund is currently funded through a hospital bill surcharge and used to pay only for hospital bad debt and charity care (projected at $912 million in 1991) the Commission proposed that it be funded through a payroll tax and that its focus be broadened to allow it to pay for a limited amount of care in the state's community health centers. This followed not only from the belief that primary care makes good economic sense, but also from the perception that many episodic visits to hospital emergency rooms and outpatient departments could more appropriately occur in non-hospital settings.

The Commission also sought to use dollars flowing to hospital bad debt and charity care for the purchase and subsidization of insurance instead. This would give uninsured individuals an entitlement to defined benefits, including primary care services, rather than having them use hospitals as "a last resort." As part of its work, the Commission reviewed the report of the U.S. Preventive Services Task Force. Insurance plans with such preventive elements were to be developed specifically for this population. At the same time an expansion of the state's Medicaid managed-care program was recommended, in concert with an increase in reimbursement for primary care providers. New Jersey pays a physician $14 - $16 for a Medicaid office visit. Such low fees were seen as another barrier to access to basic services, and as costly in the long run.

The Commission saw prenatal and well-child services as an area where enhanced services could have a major impact on cost. In the "Health Start Plus" program proposal, the Commission recommended not only coverage of pregnant women and children to an income level of 185 percent of poverty, but also subsidy of coverage to a level as high as 300 percent of poverty. Again a major program expansion was seen not as a budget drain but as a prudent use of resources.

Other items oriented around prevention and primary care in the Commission's report include reinstitution of a physician loan repayment

program to bring physicians back to underserved areas of the state and increased funding of school based health clinics. In many of its recommendations the Commission embraced concepts and models which had fallen into disfavor previously, but which now are being looked at again in many policy arenas. One such model is the National Health Service Corps. It also called for a fundamental realignment of New Jersey's health care system, which was built around its acute care hospitals and which was supported in large port by a trust fund which covered indigent care only in those hospitals. All of this relies upon an assumption that increasing access to primary care and preventive services is not only consistent with cost-containment, it is indeed necessary for cost-containment. These directions have, as expected, created great controversy as these recommendations have made their way into proposed legislation. The months ahead will demonstrate whether such a shift is possible in the current political climate which has given cost-cutting a priority over services expansion. This process will certainly contain lessons for policy makers in other states.