

**PUBLIC HEARING**  
**Expanding Health Insurance Coverage in New York**  
**Onondaga Community College**  
**Storer Auditorium**  
**Syracuse, NY**  
**November 13, 2007**  
**Remarks**  
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Ms. Lefebvre, Commissioner Daines, Deputy Superintendent Oechsner —and colleagues, thank you for making the expansion of health care coverage a priority for New York State, for holding this public hearing, and for coming to Central New York.

My name is Marie Harkins. I am a practicing Certified Nurse Midwife and a Nurse Practitioner working with OB/GYN Associates of Ithaca. We are the area's largest practice with 6 physicians, 4 midwives and 2 nurse practitioners recording over 20,000 patient visits per year. We provide the widest range of options for women in the area yet continually struggle to do so given the disregard for the economic realities of private practice shown by those who are responsible for financing care.

I am here today because I think that there is an impending crisis in the NY state health care system, particularly in the area of obstetrics. The Ithaca area has lost 9 obstetric providers over the last two years. This has left women in our community with fewer options and has greatly increased the burden on the remaining practitioners who are struggling to maintain their high standards of care for and increasing patient load. The underlying reason for providers leaving the field of obstetrics in our region is simple economics. Basically, rising overhead expenses, including skyrocketing malpractice premiums, are far outpacing our insurance reimbursements.

I would like to draw particular attention to Medicaid, Medicare and the Empire Plan, all of which are designed to provide the funding for large populations of enrollees, yet rely heavily on "shifting the true cost of care" to others since none of these programs cover the overhead costs of private practice.

Let me take these one at a time. Medicaid – what else do I need to say? Our reality is, by the time Medicaid recipients are able to enroll in a so-called managed Medicaid program, they've already had their babies. The MOMs program provides wonderful services to enrolled women, but has not increased reimbursement rates to us for many years. As you probably know, NY Medicaid was ranked last in the country in average days to payment. All of these factors make it increasingly difficult for us to continue to serve women in these programs, many of whom have complicated health needs and limited resources.

As for Medicare, their reimbursement rates are often used as a benchmark for compensation. This is a flawed concept in light of the games being played by the Federal Government to artificially limit spending by "freezing" the underlying financial formula used to compensate private practitioners. Historically, through a collaborative effort between the Health Care

Financing Administration or HCFA (hic-fa) and the American Medical Association or the AMA, the intent was to have a compensation system that responded to the component parts of the cost of providing care in a private practice setting. At the end of the day, by choosing to artificially limit spending and not keep up with the rate of inflation in health care, congress has not permitted an increase in the so-called dollar conversion factor used to calculate net compensation over the past three years. In fact, each year, congress has attempted to lower compensation in an effort to reduce spending and has reluctantly yielded to political pressure to “restore” funding. However, by not keeping pace with healthcare inflation, compensation has effectively been reduced by about 5 to 6 % per year. Moreover, so-called commercial payers have sought to peg their compensation formulas to Medicare in order to ride those coattails. We are somewhat fortunate in Ithaca and have had an opportunity to work collaboratively with some key payers through our physician hospital organization to mitigate this type of thinking.

Unfortunately, we have not been able to develop this type of relationship with United Healthcare, As you know, United Healthcare is hired by New York State to administer certain elements of the New York State Employee Empire Plan. United Healthcare’s practices, make it clear that they are not in the business of covering people’s health care, they are in the business of making money! Establishing any type of meaningful working relationship with them for the benefit of New York State employees and their dependents is very difficult. United Healthcare has a long history of undermining the financial integrity of medical practices by utilizing compensation formulas that are not based on anything, but are simply set as low as humanly possible without regard to practice overhead. Moreover, adjustments are only made in an effort to stem the tide of provider defections from the program. When questioned as to why changes in compensation are both seldom and arbitrary, United Healthcare representatives are quick to blame the Governor’s Office of Employee Relations and the New York State Department of Civil Service for not permitting any other type of compensation arrangement. United Healthcare reserves the right to retroactively deny compensation for care that has already been provided using a variety of contract “loopholes” that speak to burdensome administrative responsibilities placed on the provider that have nothing to do with actually providing care. When United Healthcare denies this compensation, they prohibit the provider from collecting the cost of care from the patient. The reality is, therefore, the cost of this “uncompensated care” both by an undervalued compensation formula and retroactive denials is passed on to other patients.

So where does all of this leave us when it comes down to providing care to NY state residents in these programs? We simply can’t afford it. As a Licensed Midwife in NY, my malpractice premiums have increased by over 1000% in the last five years. This is not because Midwives are known to give substandard care. In fact, excellent outcomes for women receiving midwifery care are well documented in the literature and are borne out in our practice. Malpractice rates for the physicians in our practice have also increased and are slated to increase even more if something is not done. The lack of TORT reform, particularly caps on non-economic damages, has made NY state an inhospitable place for physicians to practice.

We are desperate for health care reform in NY. I support your efforts to increase insurance coverage for all NY residents. You need to do it in a way that insures that there will be providers to care for them, particularly in the area of obstetrics.