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NEWS FROM THE NORTHWEST

Ballot initiatives threaten health maintenance organizations

■ CARE: Practitioner salaries and patients' choice of doctors are on the November ballot

PORTLAND (AP) — Two citizen initiatives aimed at next November's ballot could mean massive changes in the way health care is delivered to more than 1.2 million Oregonians who belong to health maintenance organizations.

Petitioners say their objectives are to promote quality health care and give patients a choice of health care providers.

HMOs say the initiatives would hamper their successful attempts to hold down health care costs.

At issue are two cost-cutting strategies heavily used by HMOs: giving doctors financial incentives to keep costs down, a system known as capitation; and requiring patients to have their cases assessed first by gatekeepers, usually primary care physicians or nurse practitioners. The gatekeepers decide when — and whether — to let the patient see a specialist.

The "Capitation Initiative," written by Dr. Gordon Miller, a Salem ophthalmologist, would prohibit capitation, which Miller contends can cause doctors to withhold care because of financial self-interest.

Under the capitation system, doctors are paid a certain amount of money per patient per month to provide their health care. If patients' treatment costs more than anticipated, the doctors earn less. If the treatment costs less, doctors get to keep some of what is left over.

The theory is that doctors will work harder to keep their patients well. The fewer services a patient needs, the more money the doctors can keep.

That arrangement hurts patients, Miller says.

In a traditional fee-for-service transaction, he said, "if a physician does too much, the patient's mad but alive. In withholding care, they don't get to be mad. They're happy but dead."

Managed care officials get livid when they hear that kind of talk.

"There is an implicit assumption in the Miller initiative that unmanaged health care is somehow cleaner and better than managed care. I will refute that to my dying day," said Jack A. Friedman, executive director of Providence Health Plans.

But doctors themselves are divided about whether cost containment measures hurt patients.

Almost 40 percent of the 216 doctors who responded to an Oregon Medical Association survey reported that economy efforts in managed care had a "negative effect" on decisions to provide patient care services.

The survey, published in March, showed that 63 percent of the doctors believed cost-cutting efforts in HMOs had an "adverse effect on the quality of patient care."

If Miller's petition were to become law, doctors could be paid only in five ways: For work performed (the traditional fee for service), with an hourly wage, by prearranged salary and benefits, by bonuses based upon work performed and on reimbursement for expenses.

Although the wording is open to some interpretation, most observers agree that the petition implicitly excludes capitation, in which, Miller argues, physicians are paid for not doing work.

The second initiative, the "Health Care Freedoms Initiative," would allow patients to choose what kind of health care providers will treat them — whether medical specialists, chiropractors, naturopaths or other practitioners licensed by the state.

The measure is sponsored by Mary Alice Ford, a former Republican state representative from Portland, and by Rep. Sharon Wylie, D-Gresham, and Sen. Bill Kennemer, R-Milwaukie.

Kevin Earls, a lobbyist for Associated Oregon Industries, made up of some of Oregon's largest employers, said although his organization has not taken a stand on the two initiatives, it undoubtedly would oppose them.

"We've opposed similar measures in the past," he said.

Alphonso O'Neil-White, vice president and general counsel for the Group Health Association of America, said the two initiatives could spell doom for health maintenance organizations in Oregon.

"If you combine these two things you really do eliminate HMOs," he said. "This is the first time anywhere in the country that there has been an attempt to restrict contracting to fee for service."

Union Pacific railroad chugging toward rail change decision in Omaha

■ TRAINS: Officials hope to convince the job-heavy company not to jump the hometown track

OMAHA, Neb. (AP) — Union Pacific Railroad is expected to decide whether to build a new headquarters in Omaha by next summer, but city officials and civic leaders aren't waiting to convince the job-heavy company to stay home.

C.R. Bell, president of the Greater Omaha Chamber of Commerce, said the effort comes from a loosely organized group of politicians and business leaders interested in having more of UP's administrative offices in Omaha.

Members of the group, which includes Mayor Hal Daub, Gov. Ben Nelson, Walter Scott Jr., chief executive of Peter Kiewit Sons' Inc., and John Gottschalk, publisher and chief executive officer of the Omaha World-Herald, don't want to discuss their efforts.

The information, they fear, could be used by other cities to lure UP away from Omaha. Union Pacific Corp. is headquartered in Bethlehem, Pa., but its railroad subsidiary has been located in Omaha since the 19th century.

"If we don't do something that's positive and beneficial, I will guarantee that other communities are going to do things that are positive and beneficial," Scott said last week.

Scott said the retention effort is aimed at creating a better atmosphere for railroad business in Nebraska.

"Finding a site for them is not as big of an issue as some other things, such as the business climate, the tax climate and whether it makes good sense for them to move in relatively high-paid people into our community," Scott said.

Rough plans have been mapped out on possible sites for a new UP headquarters. The chamber also has given UP a report detailing state tax advantages available if the railroad decides to build.

The activity comes as Union Pacific attempts a $4 billion merger with Southern Pacific Rail Corp., a transaction that would make UP the largest railroad in the world. A merger would strain a bulging UP headquarters in Omaha with even more employees.

UP chief executive officer Ron Burns said there's almost no chance of the railroad moving its headquarters out of Omaha. But departments could be located elsewhere, and company executives have met with governors from Colorado and Missouri.

Burns said a sure bet is that UP will bring its employees in Omaha closer together; about 4,000 employees work in at least 12 different buildings in and around Omaha.

Clinton awards local authority federal judgeship

PORTLAND (AP) — President Clinton will nominate Lane County Circuit Judge Ann L. Aiken to a federal judgeship.

"Judge Aiken is a dedicated community volunteer and distinguished judge who enjoys the bipartisan support of the law enforcement and legal communities," Rep. Ron Wyden, D-Ore., said Monday in announcing the nomination.

As Oregon's senior Democrat in Congress, Wyden chose Aiken as the president's nominee to fill the vacancy left by the retirement of Judge James Redden in Portland.

A former chief clerk of the Oregon House of Representatives who earned her law degree from the University of Oregon, Aiken, 43, was named to the Lane County District Court in 1988 and elected to that position in 1990. She was elevated to the Circuit Court in 1993 and won election in 1994.