Business

Aetna to drop all-products clause in Conn.

Connecticut physicians are enthusiastic about the insurer's promised changes but are waiting to see if Aetna follows through.

Julie A. Jacob
AMNEWS STAFF

PROMISING A "SEA CHANGE IN OUR corporate attitude toward working with your profession," Aetna Inc. CEO William H. Donaldson told Connecticut doctors that the company will drop its all-products clause for physicians in the state, except those based in hospitals, by January 2001.

Doctors in the standing-room-only audience at the Connecticut State Medical Society's annual meeting gave Donaldson a standing ovation. They said they were heartened by his words, but will wait to see if Aetna follows through on its promise.

"It's wonderful that we won't have an all-products clause in Connecticut," said Donald Timmerman, MD, a family physician and CSMS president. " It's clear that he came here to make a statement in front of physicians that the whole Aetna U.S. Healthcare organization is undergoing a total change."

"He had a very conciliatory tone, implicit with a desire for a better partnership ... but the devil is in the details," said Brian Van Linda, MD, a gastroenterologist and CSMS secretary. Dr. Van Linda, who cancelled his Aetna contract a few months ago , said he would consider rejoining.

While not guaranteeing that Aetna will drop the all-products clause nationwide, Donaldson hinted the company will make similar changes to its physician contracts in other states. "While local regulatory issues make it difficult to apply the same approach nationally, we are moving quickly to make sensible and thoughtful improvements in other markets."

In his May 11 speech, Donaldson said Hartford, Conn.-based Aetna will also change its contracts with Connecticut physicians by:

- Dropping authorization requirements for lab and radiology referrals.
- Allowing women to use ob-gyns as primary care physicians and allowing some patients with chronic illnesses to use specialists as primary care doctors.
- Expanding external, independent review of coverage decisions.
- Giving physicians a 90-day notice

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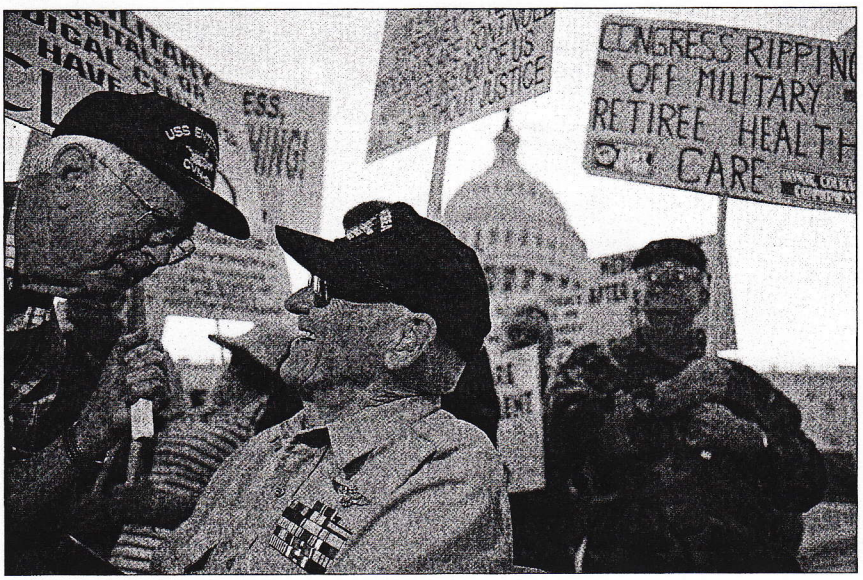

Loyal TO THEIR COUNTRY

In their twilight years, military veterans are fighting to get the medical benefits they say they were promised when they enlisted.

Story by **Julie A. Jacob**

Photo by **JD Talasek**

FOR 28 YEARS, GUY LEONARD FAITHfully served his country. Leonard, a retired Navy captain, served in an underwater demolition unit in the South Pacific during World War II, was stationed on the Bikini Islands during nuclear weapons testing in the 1950s and directed the Navy's drug abuse program in Vietnam.

Throughout his career, he believed that the military would provide for his medical care in his old age — after all, that's what the Navy promised him in talks and retirement manuals that assured him of "continued medical care for you and your dependents in government facilities" if he served 20 years.

So when he was diagnosed with a pancreatic tumor in 1991 at age 65, he was stunned to learn the commanding officer of the Naval Hospital in Charleston, S.C., where Leonard had received free care for years, told Leonard's surgeon that there no longer was space available to treat him.

Now that he was Medicare-eligible, Leonard was told, he had to find a civilian doctor to perform the Whipple's operation that was the only chance to save his life. After civilian doctors told him that Medicare probably would not cover the operation, Leonard returned to the Naval Hospital and appealed to his surgeon.

"If that young Navy officer had not defied his commanding officer and performed the operation, I would be dead," Leonard said.

Today, Leonard and the other 1.4 million elderly veterans — kicked out of the military's Tricare managed care plan at age 65 and turned away from crowded military health centers — are fighting for laws to give them the health benefits they say they were promised when they enlisted decades ago. The veterans are hoping that Congress will let them either stay in Tricare *(http://www.tricare.osd.mil/)* after age 65 or join the health plan for civilian government retirees.

"They were promised medical benefits, and they feel like they've been cut off," said James Waites, MD, a family physician in Laurel, Miss., which has a large military retiree population. "They are having a tough time buying things

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"I THOUGHT THE GOVERNMENT would keep its word, so I didn't get co-insurance or anything," said Joseph Priestley, a retired Navy lieutenant commander, who organized a veterans' rally.

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like cardiac drugs and diabetic medications. ... They are not destitute, but it's tough on them, and they feel like they've been neglected."

"Veterans have a significant scaleback in medical coverage upon reaching age 65 because Medicare ... is not equivalent," said Charles Hart, MD, the military medical liaison at Rapid City (S.D.) Regional Hospital. It's especially hard on retirees who live in areas without Medicare HMOs, he noted.

But opinion is split on whether veterans have a right to anything more than Medicare.

A 1998 Congressional Research Service report *(http://www.pennyhill.com/veterans.html)*, updated in February, concluded that, in fact, they do not. The courts have rejected at least three recent lawsuits filed by military retiree groups seeking benefits; a ruling is expected soon on another lawsuit.

Although the issue directly affects only military retirees, their struggle touches on the emotional health care issues that impact everyone — prescription coverage for Medicare beneficiaries, balancing the needs of various groups clamoring for better health benefits, continuity of care, the government's moral obligation to fulfill promises and even the role of advertising in health care.

> "Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active federal service to earn your retirement."
>
> **1991 Army recruiting brochure**

> "As enforced by the Dept. of Defense, and interpreted by the courts, retirees and their dependents, while eligible for care on a space- or service-available basis, have no entitlement in statute to such care. In other words, they have no right to military health care."
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> **Congressional Research Service report, Dec. 21, 1998**

"The interest in this underscores the intensity around the prescription drug debate," said Tricia Neuman, director of Kaiser Family Foundation's Medicare Policy Project. "The need for prescription drugs that is highlighted in stories about military retirees clearly applies to the whole Medicare population."

More than a dozen bills have been introduced in Congress, ranging from modest proposals to grant all military retirees drug coverage and expand the number of Tricare Senior Prime demonstration projects to bills giving them comprehensive benefits. Congress is expected to take action on the issue this summer.

The roots of the debate over military retiree health benefits go back a half century. Up until 1956, military retirees were treated at military facilities on the same basis as active duty personnel.

In 1956, Congress passed a law formalizing this right — subject, however, "to the availability of space and facilities."

For the next 30 years, the "space available" clause had little impact. Plenty of room was available, and many retirees settled near military bases just for access to the medical care.

In fact, recruitment materials touted retirement health benefits up until the 1990s. One 1991 Army brochure stated, "Health care is provided to you and your family members while you are in the Army, and for the rest of your life if you serve a minimum of 20 years of active federal service to earn your retirement."

VETERANS GATHERED in Washington, D.C., fighting a battle for the lifelong health care coverage they say the government promised when they enlisted. The rally included a moment of remembrance of comrades who died waiting for medical funding.

PHOTOS BY JD TALASEK

However, in the late 1980s, a chain of events squeezed out elderly retirees from military health facilities. Starting in 1988, about 25 military hospitals and 35 clinics closed as the military downsized, said Frank Rohrbough, deputy director for government relations for the Retired Officers Assn. *(http://www.troa.org/)*. There are now 78 major military hospitals and 501 clinics worldwide.

At the same time, more and more active-duty personnel were choosing long-term careers, Rohrbough said, and their spouses and children had priority for care at the shrinking number of military clinics. That means that although about 700,000 retirees still live near military facilities, there's usually no room to treat them.

Meanwhile, the military retirees who enlisted before 1956 were moving into their senior years and developing health problems. The result: Just when they began to need it the most, military retirees found themselves denied the free medical care at military clinics that they had expected.

Not every retiree needs or wants care at military facilities, Rohrbough acknowledged. About 17% have retiree health benefits from postmilitary careers; others are enrolled in Medicare HMOs or have purchased generous supplemental coverage. But many others counted on military facilities to provide them with the drugs and services that Medicare doesn't cover.

"I thought the government would keep its word, so I didn't get co-insurance or anything," said Joseph Priestley, a retired Navy lieutenant commander in Panama City, Fla., who organized a veterans' rally in Washington, D.C., last month. "But the day we turned 65, boom, that was it. To have a halfway decent existence, I've had to cash in my own civilian life insurance," added Priestley, who has undergone several operations and paid thousands of dollars in uncovered bills.

Robert Thompson, a retired Air Force master sergeant in Panama City who enlisted in 1947 and served 21 years, pays $600 a month for drugs to treat his heart disease and his wife's osteoporosis.

Like Priestley, Thompson counted on free medical care and his Air Force pension to tide him over in retirement. "When they took away the medical care, it was like taking away 60% of our retirement pay."

The elephant in the room

BUT THE CONGRESSIONAL Research Service reports argue otherwise.

No matter what the brochures said, the CRS report concluded, only Congress has the authority to establish military personnel benefits — and Congress clearly made care available on a "space available" basis only. (A Dept. of Defense spokesman said it agrees with the court rulings, but wants to find a way to meet retirees' "perceived promise of health care benefits.")

Kaiser's Neuman pointed out that other groups of people are deserving of good health benefits, too. "It's the elephant in the room," Neuman said. "The discussion seems to be very narrowly focused on these military retirees. Of course they are very deserving and were promised benefits, but it does raise questions of others who are in need of prescription drug coverage and are deserving for other reasons."

Extending health care benefits to Medicare-eligible military retirees would be very expensive, critics note. The Congressional Budget Office estimated the cost of various proposals at $650 million to $8 billion a year. Rohrbough, however, said those estimates are too high.

Military retirees don't buy the arguments. A promise is a promise, they say, and the government should live up to it.

Retired Navy Lt. Cmdr. Charles Misuna, who enlisted in 1949 and served 27 years, said, "The recruiter was a chief petty officer, and his word was like God's."

Retirees also point out that every member of Congress and civilian federal employee can stay in the benefits-rich Federal Employees Health Benefit Program upon retirement and pay only 28% of the premium. "If a senator gets sick, where do they go? Bethesda Naval Hospital, because that's where the president goes," Misuna said. "If I went there, would they have space available for me?"

Retirees also say they like getting care at military facilities and don't want to be forced to see civilian doctors in their old age.

"It makes it difficult to continue the patient-physician relationship," Dr. Hart noted.

Retirees say their congressional representatives have urged them to be satisfied if they get a prescription benefit and an expansion of the Tricare Senior Prime and FEHBP demonstration projects.

But the elderly military retirees say they don't have time to wait years until the demonstration projects are over, considering that 3,700 of their group die every month.

Said Leonard, who noted he would gladly pay a monthly premium to join FEHBP: "I'm not asking for something I did not earn. I'm asking for something I was told I would get and which I had planned on having in my retirement." ◆